

CABINET (HOUSING) COMMITTEE

26 NOVEMBER 2014

HOUSING REVENUE ACCOUNT RENT SETTING 2015/16 AND  
BUDGET/BUSINESS PLAN OPTIONS

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

Contact Officer: Bob Gath Tel No: 01962 848136

RECENT REFERENCES:

CAB2535(HSG) – Housing Revenue Account – 2014/15 Rent setting and Budget/Business Plan Options dated 28 November 2013

CAB2548(HSG) – Housing Revenue Account Budget 2014/15 and Business Plan – 2014/15 to 2043/44 dated 4 February 2014

EXECUTIVE SUMMARY:

This report proposes dwelling rent increases to be effective from April 2015 which result in an overall average increase for the year of 2.2%. This is in line with the latest Government policy on social rents, which assumes an annual increase in line with the September Consumer Price Index plus 1% at least for the next 10 years.

The report also considers the impact of the rent increase and other recent service changes on the Housing Revenue Account (HRA) Business Plan and discusses options for service delivery and enhancements for 2015 and beyond.

Despite increased demands in relation to maintaining stock, the loss of Supporting People funded services and a lower than anticipated rent increase, it has been possible to present a 30 year business plan that is not only fully funded but that also provides increased resources to support the new build programme, funding an additional 26 properties in the next five years over and above the previous projections.

Subject to the outcome of the recommendations included in this report, a further report will be prepared for the January 2015 meeting of this Committee with detailed HRA budget proposals for 2015/16 and an updated Business Plan.

## RECOMMENDATIONS:

### That the Committee:

- 1 Approve the revised budget for 2014/15 as set out in Appendix 1
- 2 Approve the options for service changes and additional expenditure as detailed in paragraph 7 of the report and approve the preparation of a detailed HRA Budget and Business Plan based on these proposals.
- 3 Agree that service charges be raised to cover the cost of specific accommodation based services at communal housing schemes based on recovering the full cost of services.
- 4 Give the Assistant Director (Chief Housing Officer) delegated authority, in consultation with the Portfolio Holder for Housing, to determine
  - a) the tenure mix for the proposed Extra Care Housing scheme as set out in paragraph 6 of the report; and
  - b) The level of service charges at communal housing schemes.
- 5 Note that more details of the major works spending in 2015/16 and future years will be presented to the February 2015 meeting of the Committee.

### That the Committee recommend to Council:

- 6 That social and hostel rents for 2015/16 be increased by September CPI + 1% from 6 April 2015, giving an overall increase of 2.2%.
- 7 Those affordable rents for 2015/16 be increased by CPI + 1% from 6 April 2015, giving an overall increase of 2.2%.
- 8 That garage rents for 2015/16 be increased by RPI from 6 April 2015, giving an increase of 2.3%.
- 9 That the updated HRA capital programme at Appendix 4 of the report, which includes the updated New Build programme, be approved.

CABINET (HOUSING) COMMITTEE26 NOVEMBER 2014HOUSING REVENUE ACCOUNT RENT SETTING 2015/16 AND  
BUDGET/BUSINESS PLAN OPTIONSREPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)DETAIL:1 Introduction

- 1.1 This report sets out proposals for rent increases to take effect from April 2015 and advises Members of the effect of service changes and improvements on the HRA Business Plan.
- 1.2 Details of changes to HRA service income and expenditure and assumptions made that affect the Business Plan are shown below.

2 Rental Income

- 2.1 Changes to the national rent policy that were announced in 2013 effectively take place from the April 2015 rent year. The revised guidance changed the method by which social rents would be increased each year by switching from the Retail Price Index (RPI) + ½% to the Consumer Price Index (CPI) + 1% for the next 10 years. In addition, the previous policy of the annual convergence for social rents to a formula (or target) rent by additional increases for those properties not at formula rent was removed. However, it is still possible to move rents for individual properties to target rent when they are re-let.
- 2.2 In December 2013, Members agreed that the City Council dwelling rents should be increased in line with the above policy in future years (CAB2535(HSG) refers).
- 2.3 In recent years, CPI has been around ½% lower than RPI, so it was not anticipated that the change in policy guidance would have any real impact. However, the gap between CPI and RPI in September 2014, when these factors are measured for rent increases to take effect from the following April, was significantly higher. CPI was at 1.2%, whereas RPI was at 2.3%.
- 2.4 The amended rates have been factored through the HRA Business Plan. The current Business Plan assumed an increase of 2.5%. However, modelling has indicated that the HRA can support a lower increase of 2.2% for all tenants. This will mean an increase on the current average rent of £2.40 per week.
- 2.5 As mentioned in report CAB632(HSG) elsewhere on the agenda, it is also proposed to move rents to a 52 week calculation method with effect from April

2015. This would, in effect, mean a lower weekly payment for tenants, but with 52 payment weeks rather than the existing 48.. Again using the average rent as a guide, the weekly rent would reduce by approximately £6.46 per week between this year and 2015/16 as a result. The table below gives more information on the rent changes proposed.

<b>Detail</b>	<b>Current 2014/15 Rent</b>	<b>Proposed 2015/16 (with 2.2% increase)</b>
Average weekly rent over 48 weeks	£109.14	£111.54
Average weekly rent over 52 weeks	£100.47	£102.68
Highest social rent	£155.44	£146.64 (52 weeks)
Lowest social rent	£70.77	£66.76 (52 weeks)

- 2.6 With regard to the removal of rent convergence from the annual rent increase process, the Committee may wish to note that, as at the end of September 2014, over 1,660 properties in the Winchester area are not at the formula rent level for their property. The current policy is to move rents to the formula rent when the property is re-let. In the past year, only 70 properties have moved to formula rents as a result of re-letting. Although the rate of change will be slow, the HRA Business Plan has been modelled so that all properties will be at formula rent by year 30.
- 2.7 It is also Government policy that affordable rents should increase by CPI + 1% and it is recommended that this policy is adopted. However, it should be noted that affordable rents need to be re-assessed when a property is re-let to ensure that they remain within the maximum cap of 80% of the market rent.
- 2.8 Overall, rental income is forecast to increase by £529k for the 2015/16 rent year. However, due to the lower CPI rate this year and predicted higher Right to Buy sales, social rent income over 30 years is expected to be lower than previously forecast by £13.5m. On the other hand, affordable rents income is predicted to increase more than forecast by £31m over the same period, due to a larger new build programme and reassessment of some rents caused by higher build costs.
- 3 Service Charges and Supporting People Funding
- 3.1 As previously reported to Members, Supporting People funding is being withdrawn completely from April 2015. Report CAB2613(HSG), on options for the future management of sheltered housing, addressed the service issues and made recommendations with regard to outsourcing the alarm monitoring service and replacing the current sheltered service with a more targeted approach for those customers who need additional support.

- 3.2 Sheltered service charges are being fully reviewed to reflect the change in the service provided and the HRA Business Plan has been updated to allow for the forecasted service charge income from April 2015.
- 3.3 The replacement of the current caretaker service at the Winnall high-rise flats with a District-wide estate service will also impact on service charges for general needs tenants in blocks of flats. The level of charges is still to be finally determined but the HRA Business Plan has been updated with an estimate of income for this new service.
- 3.4 Officers have also been reviewing the types of service for which charges are regularly levied by neighbouring local authorities and registered providers and it is planned to introduce these charges (where not already levied) with effect from April 2015. This includes items such as electrical testing systems, door entry systems and fire alarm monitoring services. Members will wish to note that any such service charges will be eligible for housing benefit, thus protecting those in particular need from an additional cost.
- 3.5 The net loss of supporting people funding to the HRA is over £608,000: however, the estimated combined effect of the proposed changes to service charges and inflationary changes reduces this loss to around £471,000 in 2015/16. This reduction converts to a total loss over the 30 year plan of £15.0m. It is emphasised that these figures are indicative whilst the review on service charges continues and full information will be reported to Cabinet (Housing) Committee in the detailed 2015/16 budget report in February.

#### 4 Revisions to the 2014/15 Revenue Budget

- 4.1 The budget approved by Cabinet (Housing) Committee in February 2014 (Report CAB2548(HSG) refers) showed revenue expenditure of £21,923,453 against income of £27,982,836. Further revenue funding of capital expenditure of £6,617,000 was also agreed and, after RTB admin fees and Insurance Reserve transfers, this left a deficit to the HRA for the 2014/15 year of £608,317.
- 4.2 Report CAB2597(HSG) considered by this Committee in July 2014 also approved carry forwards from 2013/14 of £124,000 revenue and £878,108 capital spend to 2014/15, giving a revised HRA deficit for this year of £1,610,425. However, the balance carried forward from 2013/14 into 2014/15 was £1,626,458 higher than expected leaving HRA balances £624,350 higher than previously planned.
- 4.3 Revisions to the 2014/15 HRA budget have resulted in the reversal of the deficit into a surplus of £506,486. The primary causes of this are:
- a) Allowance for severance and additional pension contribution payments for sheltered service and Central Control staff of £400,000;
  - b) Loss of Supporting People income for Central Control from 1 October at a cost of £45,000;

- c) Reduction in removal incentive scheme budget due to lower demand of £30,000;
- d) Additional dwelling rents income of £49,000 due to improved void performance and lower write off levels;
- e) Increased estate management, HRA general and communal services costs of £32,000 reflecting several small changes for utility costs, professional/consultancy services and agency staff;
- f) Carrying forward £1.647m of capital expenditure to 2015/16 as detailed below.

## 5 Revisions to the 2014/15 and Future Capital Budgets

- 5.1 An allowance of £1m was made in the capital budget for external works to the Winnall flats that has now been moved to next year. Additionally, carry forwards for replacement door and window programmes (£150,000) and conversions and extensions (£147,000) have been moved to 2015/16. Planned estate improvements at Woolford Close are also being re-scheduled to next year, resulting in a further £350,000 switch in funding to next year.
- 5.2 From 2015/16 an additional budget of £200,000 has been allowed for conversions to sheltered schemes to provide an extra 16 flats over an 8 year programme.
- 5.3 The results of the stock condition survey reported to Committee in October (Report CAB2619(HSG) refers) have been added in to the HRA Business Plan from 2015/16. The required changes in expenditure have been smoothed into 5 year bands but with a substantial jump in expenditure being required in 2029/30 before costs subside from 2034/35.
- 5.4 Overall, the cost of major works over the 30 year life of the business plan totals over £320m (inflated prices) in order to maintain stock at current decent homes standards. Appendix 3 shows the impact of the revised major works costs on the Business Plan from 2015/16 onwards.

## 6 Revisions to the New Build Programme

- 6.1 Three schemes have now been completed and occupied (at Micheldever, Itchen Abbas and Otterbourne) although costs have been incurred for the latter 2 projects this year. With regard to the remaining programme, the following actions have impacted on the HRA Business Plan in 2014/15 and future years:
  - a) Revised costs and programme timing for the Victoria House development with expected completion in the 2016/17 year;
  - b) Updated cost details, tenure mix and unit numbers (now 52) at the Chesil Street Extra Care scheme with the majority of costs now

occurring in the 2015/16 and 2016/17 years. Completion is now expected by June 2017 and the scheme has been modelled as a wholly rented scheme with no shared ownership. As a wholly rented scheme has been assessed as viable and affordable, further detailed consideration will be given to the tenure mix. Subject to the final approval of the Homes and Communities Agency, it is proposed that the Assistant Director (Chief Housing Officer) be given delegated authority to determine the final tenure mix, in consultation with the Portfolio Holder for Housing.

- c) Updated costs following the tender process on the New Queens Head development where start on site is due early in 2016 and with completion planned during next year.
  - d) Bringing forward the Westman Road scheme to take advantage of the successful bid to have the debt cap increased from 2015/16 onwards. The majority of costs are now forecast within the 2015/16 year. The success of another bid for an increase in the debt cap under the Local Growth Fund has also enabled us to add a small scheme at Spring Vale, Swanmore to the programme in 2015/16.
  - e) A bid under Round 2 of the Local Growth Fund has been made in respect of the Hillier Way, Abbots Barton scheme. If successful, this project will take shape next year, with the majority of funding required in 2016/17.
  - f) The garage replacement site at Mitford Road, New Alresford is now programmed to be developed in 2016/2017, with completion planned for September 2017.
  - g) £1 million of funds available for property acquisitions has been pushed back to 2015/16, with £288,000 spent this year.
  - h) The small sites and unallocated schemes programme has been revised to make best use of the available debt headroom.
- 6.2 Overall, the updated HRA Business Plan allows for an additional 26 dwellings over the last approved new build programme. This has added £6.6m to the programme cost in the period to 2019/20. Higher estimated future build costs have been built in to the plan to give an increased spend of nearly £35m over the next 30 years.
- 6.3 In terms of resources to help fund the programme, £821,000 of future affordable housing contributions is forecast. In addition, 2 voluntary sales as approved at October Cabinet (Housing) Committee (Report CAB2618(HSG) refers) are included together with additional retained Right to Buy receipts estimated at £3.5m in the period to 2019/20.

## 7 HRA Revenue Budget and Business Plan for 2015/16

7.1 The Business Plan for 2015/16 needs to take account of the proposed rent increase as well as some significant and fundamental changes to current service levels, including:

- a) Increased capital costs for maintaining homes over 30 years as set out in CAB2619(HSG) and in paragraph 5.3 above.
- b) Reduced income to take account of the ending of Supporting People contract arrangements which previously funded many services to sheltered housing and the corresponding reduced management costs following the de-commissioning of support services as set out in CAB2615(HSG) dated October 2014.
- c) Increased borrowing approvals and an increase in completed Right to Buy sales, both of which have resulted in additional resources to support the new build programme.
- d) A number of minor changes across a number of service areas to reflect changes in demand and volumes.

7.2 In addition to the changes set out in 7.1 above, there are a number of additional options that need to be considered to ensure that services to tenants continue to meet customer expectations. These options include:

- a) Sheltered Housing Management – Proposals for staffing changes were detailed in CAB2615(HSG) at the October meeting of this Committee. The report presented the “worst case” with regard to severance costs and staff losses. Following detailed consultation with staff and residents it has been determined that an additional two posts need to be retained within the new management team to ensure an effective level of management and supervisory capacity is retained within the service, reducing net savings from £535,000 to £418,000 and resulting in a reduction of 21 posts rather than 23. In addition, provision of £10,000 has been included in the overall budget to operate an “out of hours” standby service to respond to accommodation related issues (but not to individual support needs of tenants).
- b) Property Services Staffing - The increased expenditure required on major works following the stock condition survey will need additional project support to ensure that the current backlog is tackled and that the decent homes standard is maintained. Current resources in the Property Services team have not increased since the 2012 introduction of Self Financing and the increase in the capital programme of more than £3 million per annum. It is simply not possible to continue to deliver a £12 million capital programme within existing resources. Sufficient vacant capacity exists within the Housing establishment, although an additional £150,000 is needed to fund the recruitment of two senior surveyors and two support staff considered necessary to



ensure the programme can be delivered effectively. Provision for this has been included in the budget for 2015/16 as set out in Appendix 1.

- c) Supporting Families - Phase 2 of the Supporting (Troubled) Families programme is being rolled out from early 2015 and it is accepted that many Council tenants and their families will benefit from the service. A contribution of £20,000 towards the cost of coordinating this service has therefore been included in the budget and business plan.
- d) Wisemove – Whilst the “downsizing” incentive scheme continues to be popular and successful, the experience of the first two years would suggest that it is unlikely that an average of 100 moves per annum can be achieved. It is therefore recommended that the scheme continue in its current form but the budget be reduced to £80,000 per annum.
- e) Communal Cleaning – Significant savings were achieved by retendering the communal cleaning contract last year. The net effect of this is a reduction in communal premises costs of £22,000.
- f) Caretaking/Estate Services - As part of a number of operational changes being made to Tenancy Services teams, it is proposed to replace the existing Caretaker service at Winnall with a wider accommodation based service with Estate Services officers providing an increased on site presence at all communal housing schemes throughout the district. Overall, this will not result in increased employee costs, although it will require the leasing of new vans and incurring additional transport costs, estimated at £20,000 per annum. Whilst most of their time will be spent at larger blocks such as Winnall, Trussell Crescent in Weeke and Woolford Close and Thurmond Crescent in Stanmore, regular visits will also be made to smaller schemes. This service will mirror the new sheltered housing management service to specific sheltered schemes and will also work closely with the Council’s wider Neighbourhood Management team. This new approach will ensure the Council provides a consistent service to all communal housing schemes and will ensure we meet obligations in relation to contract management (cleaning and grounds for example) and will ensure more regular estate inspections, which has been highlighted as a weakness under recent risk management audits. This change will result in reduced service charges for Winnall residents although a small service charge will need to be levied to all other communal housing residents (which will be eligible for benefits) to ensure the full cost of the service is covered.
- g) Management Overheads – The changes to the sheltered housing service and other operational changes made in the last year will result in reduced central charges from other Council teams. Provision for reduced charges totalling £30,000 has been included in the Business Plan, although further work on assessing this will be completed for the detailed budget in February 2015.

7.3 The changes detailed in the text above are summarised in the table below:

Issue	Expenditure	Income
Sheltered Management Staff Changes	-418,000	
Sheltered Out of Hours cover (accommodation, not support)	10,000	
Supporting families Coordinator	20,000	
Estate Services – Vans/Transport	12,000	
Wise Move – reduced Annual Spend	-20,000	
Reduced Communal Cleaning costs	-22,000	
Management Overheads – Reduced Charges	-30,000	
Property Services staffing	150,000	
Net increase in Service Charges (sheltered & general needs)		-100,000
Supporting People Contracts ending		605,000

## 8 Business Plan borrowing assumptions

8.1 The changes in the borrowing assumptions since the report in February 2014 are as follows:

- a) The HRA debt cap can be increased in 2015/16 by £520,000 as a result of the successful bids for increases in the debt cap in relation to the new build schemes at Westman Road and Springvale. It is also assumed that there will be a further increase in the debt cap in 2016/17 for the scheme at Hillier Road. At the time of writing the result of this bid is not known. The business plan assumes that borrowing is undertaken in line with the increases in the debt cap.
- b) The HRA reaches its new increased debt cap in 2017/18, whereas the previous report indicated that this would happen in 2015/16.
- c) There is the need to refinance some of the borrowings in the period 2022/23 to 2034/35, primarily because of the impact of the stock survey spending requirements. There is an extra £31m of refinancing over this period. This has the effect of increasing the level of debt outstanding in this period, although there is no increase in the level of debt outstanding at the end of the plan period as all the new loans are repaid by the end of the plan. At no time is the debt cap exceeded. A comparison of the debt outstanding each year with the February 2014 report is shown in Appendix 6. An interest rate of 6% has been assumed for the refinancing which represents a very cautious approach. The impact of a lower interest rate is assessed in the risk management section.
- d) The additional borrowing for new build and the refinancing for the stock survey expenditure have combined to increase capital financing costs by £21.4m over the life of the plan.

8.2 It should be noted that whilst the business plan is using reasonable assumptions with regard to borrowing, the actual future borrowing will be determined by the Council's Treasury Management Strategy.

## 9 Other assumptions in the business plan

9.1 The base income and expenditure on which future years income and expenditure is based is the revised budget for 2014/15. Any one-off items of income and expenditure are removed to establish a base budget for 2015/16. Any future changes in costs or income are also included where information is available to enable an informed estimate to be made. It is then necessary to make assumptions regarding inflation in order to arrive at a 30 year business plan. A number of these items are covered in detail in the report and Appendix 5 sets out the other key assumptions used in the compilation of the plan.

9.2 In summary, the main changes since the plan was last prepared are:

- a) Income has been adjusted assuming rents and other income increases in line with recommendations in this report
- b) Management and service costs have been adjusted to reflect the issues set out in paragraphs 4.1 to 4.3 and 7.1 above.
- c) New build investment has been revised as set out in paragraph 6 and detailed in Appendix 4
- d) The Major Works capital spending is based on the latest stock survey information as reported to Committee on 1 October (CAB 2619 refers),
- e) The RPI for September 2014 has been published at 2.3%, compared to the 2.5% assumed before. The CPI for September 2014 has been published at 1.2%, compared to the 2.0% assumed before. There is a much larger difference between RPI and CPI than has historically been the case. The longer term plan assumes that RPI is 0.5% higher than CPI which is in line with previous trends.
- f) There has been an increase in Right-to-Buy sales. Sales are now expected to reach 22 this year, compared to 12 in the budget. In the longer term, the number of sales has been increased from 12 to 16 per annum.
- g) The forecast of capital resources now includes £821,000 of forecast future affordable housing contributions. This is a change from before, when only those contributions actually received were included in the forecasts. However, this is considered a cautious forecast and does not include any potential receipts from Silver Hill. It also includes £1m as the net proceeds from the voluntary sales programme.

- h) Increased debt levels and associated interest costs as set out in paragraph 8 above.
- 9.3 It should be noted that the plan already assumed a substantial increase in bad debts as a result of Welfare Reform and at this stage there is no evidence to suggest a larger increase is needed. This is being kept under close review and will be reassessed again when the detailed budget is prepared.
- 10 The HRA Business Plan – overall position
- 10.1 Subject to the final approval of rent levels, it is possible to prepare a Plan that meets all ongoing priorities, funds the additional growth highlighted above and maintains balances at a reasonable level for the next 30 years. Appendix 2 shows the forecast operating (revenue) account for this period and Appendix 3 shows the capital investment and funding.
- 10.2 There are no capital shortfalls in any year of the plan and the revenue account has a surplus in year 30 of £91m. This is £65m lower than reported in February 2014. After allowing for making provision to repay loans outstanding of £67m, and meeting minimum working balance requirements, there is a net surplus of £22m. It should also be noted that these surpluses only arise from year 26 onwards. Prior to this balances are comparatively low (averaging £2.5m), meaning there is little headroom to cope with additional issues.

#### OTHER CONSIDERATIONS:

##### 11 COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

- 11.1 The proposals accord with the principles of making the best use of all available resources by continued clear financial planning.

##### 12 RESOURCE IMPLICATIONS:

- 12.1 These are discussed in the main body of the report. The plan shows that the Council is able to resource a 30 year business plan and make provision to repay all HRA debt. The current operating account (appendix 2) shows a forecast surplus of £91m. At this point there are also loans outstanding of £67m which means there is a forecast net surplus of approximately £24m, which is £22m higher than the minimum working balance requirements.

##### 13 RISK MANAGEMENT ISSUES

- 13.1 The Business Plan is based on a range of assumptions as set out in paragraph 9 above and in Appendix 5. An assessment has been made of how changes in the key assumptions would impact on the viability of the plan, as summarised below:

- a) *Inflation on repairs and major works costs increases by 0.5% pa in each year of the plan* – this would result in a capital shortfall of £29.8m and a reduction in revenue balances of £18m, giving a total impact of £47.8m. This would require a reassessment of expenditure plans within the business plan as the extra costs exceed the net revenue surplus of £22m.
- b) *Service charge income being £100,000 pa lower* – this has an overall adverse impact of £4.3m. This would require some minor reassessment of spending plans in some years but most of this loss could be accommodated by further changes to debt refinancing. There would still be a net revenue surplus at the end of the business plan.
- c) *Interest rates 0.5% lower* – this assumes that all new borrowings will be 0.5% lower, with a refinancing rate of 5.5% rather than 6.0%. This increases the net revenue surplus by £2.8m.

#### 14 TACT COMMENT

- 14.1 This report has been reviewed by the TACT Management Committee prior to dispatch, but was not presented to the main TACT group until after printing. TACT therefore may wish to make further verbal representations at the Committee meeting.
- 14.2 TACT is satisfied that the rent increase proposed for 2015/16 is lower than expected. Whilst accepting the move to 52 week rent charges, TACT remain concerned of the impact it may have on some tenants. TACT is pleased that there are no proposals to move away from an affordable rent policy for new Council homes of “up to 80% rents”.
- 15 TACT welcomes the additional services and investment that are outlined in the paper and is aware that the loss of services to older people is through the withdrawal of Supporting People funding and not down to choices made by the Council.

#### BACKGROUND DOCUMENTS:

None

#### APPENDICES:

- Appendix 1- HRA Revised Budget 2014/15 – Service Summary
- Appendix 2 - HRA Business Plan 30 Year Revenue Summary
- Appendix 3 - HRA Business Plan 30 Year Capital Summary
- Appendix 4 - HRA Capital Programme
- Appendix 5 - HRA Business Planning Assumptions
- Appendix 6 – HRA external outstanding debt over the 30 year period

## HRA Service Summary 2014/15 Revised

## Report CAB2631(HSG) Appendix 1

	2014/15 Original Budget	2014/15 Working Budget	2014/15 Adjustments	2014/15 Revised Budget
	£		£	£
<b>Housing Management General</b>				
Estate Management	884,735	880,369	13,000	893,369
HRA General	1,606,244	1,744,731	15,775	1,760,506
Joint Housing Register	125,640	125,640	0	125,640
Removal Incentive Scheme	100,000	100,000	(30,000)	70,000
Rent Accounting	275,063	268,212	(10,477)	257,735
Tenants Information	105,589	89,778	0	89,778
Vacant Dwellings	34,031	34,031	(12,000)	22,031
New Build Programme Support	464,005	464,005	0	464,005
	<b>3,595,308</b>	<b>3,706,766</b>	<b>(23,702)</b>	<b>3,683,064</b>
<b>Housing Management Special</b>				
Central Control	107,877	86,085	88,715	174,800
Communal Services	113,470	173,716	(21,960)	151,756
Disabled Adaptations	132,181	132,180	0	132,180
Estate Maintenance	478,307	478,307	0	478,307
Homelessness	(12,272)	(23,886)	2,735	(21,151)
Sewage Works	227,354	227,355	(12,000)	215,355
Sheltered Housing	994,732	967,084	235,636	1,202,720
	<b>2,041,649</b>	<b>2,040,841</b>	<b>293,126</b>	<b>2,333,967</b>
<b>Repairs</b>				
Responsive Maintenance	2,220,000	2,220,000	0	2,220,000
Voids	450,000	450,000	0	450,000
Cyclic	1,180,000	1,180,000	0	1,180,000
Sub-total Repairs Works	<b>3,850,000</b>	<b>3,850,000</b>	<b>0</b>	<b>3,850,000</b>
Repairs Administration	1,296,296	1,309,646	23,474	1,333,120
	<b>5,146,296</b>	<b>5,159,646</b>	<b>23,474</b>	<b>5,183,120</b>
Interest Payable	5,222,400	5,222,400	18,529	5,240,929
Depreciation of Fixed Assets	5,917,800	5,917,800	(1,996)	5,915,804
	<b>11,140,200</b>	<b>11,140,200</b>	<b>16,533</b>	<b>11,156,733</b>
<b>Rents and Other Income</b>				
Dwelling Rents	(25,810,400)	(25,810,400)	(48,500)	(25,858,900)
Garage Rents	(819,016)	(819,016)	(14,000)	(833,016)
Other Income	(269,000)	(269,000)	0	(269,000)
Sheltered Charges	(450,000)	(450,000)	(15,734)	(465,734)
Supporting People	(608,620)	(608,620)	0	(608,620)
Interest Receivable	(25,800)	(25,800)	0	(25,800)
	<b>(27,982,836)</b>	<b>(27,982,836)</b>	<b>(78,234)</b>	<b>(28,061,070)</b>
<b>Surplus for year on HRA Services</b>	<b>(6,059,383)</b>	<b>(5,935,383)</b>	<b>231,197</b>	<b>(5,704,186)</b>

Capital Expenditure funded by HRA	6,617,000	7,495,108	(2,335,108)	5,160,000
Right to Buy Admin Fees	(15,600)	(15,600)	(13,000)	(28,600)
<b>Net (increase)/decrease in HRA</b>	<b>542,017</b>	<b>1,544,125</b>	<b>(2,116,911)</b>	<b>(572,786)</b>
<b>Balance before transfers to or from reserves</b>				
Transfer re Insurance Reserve	66,300	66,300	0	66,300
Transfer to Capital Adjustment A/C to reflect Debt Repayment	0	0	0	0
<b>(Increase)/ decrease in HRA Balance</b>	<b>608,317</b>	<b>1,610,425</b>	<b>(2,116,911)</b>	<b>(506,486)</b>

<b>HRA Working Balance</b>				
Opening Balance	(2,015,874)	(3,642,332)		(3,642,332)
Add Projected Deficit/(Surplus)	608,317	1,610,425	(2,116,911)	(506,486)
<b>Projected Balance at Year End</b>	<b>(1,407,557)</b>	<b>(2,031,907)</b>	<b>(2,116,911)</b>	<b>(4,148,818)</b>

Winchester City Council - HRA Business Plan revenue account											Report CAB2631(HSG)	
											APPENDIX 2	
		Income			Expenditure					Balances		
Year	Year	Net rent Income	Other income	Total income	Management	Repairs and Mtnce	Capital Financing	Funding of capital exp	Total Exp		Annual surplus / (deficit)	Working Balance
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000		£,000	£,000
1	2014.15	25,989	3,104	29,093	-8,446	-3,850	-5,215	-11,076	-28,587		506	4,148
2	2015.16	26,518	2,632	29,150	-7,834	-3,946	-5,235	-13,431	-30,446		-1,296	2,852
3	2016.17	27,475	2,699	30,174	-8,068	-4,048	-5,346	-14,418	-31,880		-1,706	1,146
4	2017.18	28,792	2,761	31,553	-8,261	-4,208	-5,534	-13,505	-31,508		45	1,191
5	2018.19	30,232	2,832	33,064	-8,479	-4,348	-5,677	-13,970	-32,474		590	1,781
6	2019.20	32,002	2,909	34,911	-8,702	-4,481	-5,677	-14,377	-33,237		1,674	3,455
7	2020.21	32,506	2,986	35,492	-8,923	-4,618	-5,677	-16,047	-35,265		227	3,682
8	2021.22	33,679	3,063	36,742	-9,149	-4,759	-5,677	-16,528	-36,113		629	4,311
9	2022.23	34,892	3,134	38,026	-9,381	-4,905	-9,706	-17,049	-41,041		-3,015	1,296
10	2023.24	36,140	3,205	39,345	-9,620	-5,055	-7,310	-17,308	-39,293		52	1,348
11	2024.25	38,142	3,285	41,427	-9,864	-5,208	-8,058	-18,303	-41,433		-6	1,342
12	2025.26	38,742	3,368	42,110	-10,114	-5,366	-7,691	-18,844	-42,015		95	1,437
13	2026.27	40,104	3,452	43,556	-10,371	-5,528	-8,267	-19,402	-43,568		-12	1,425
14	2027.28	41,510	3,539	45,049	-10,634	-5,695	-8,719	-19,976	-45,024		25	1,450
15	2028.29	42,961	3,629	46,590	-10,904	-5,867	-8,655	-20,567	-45,993		597	2,047
16	2029.30	44,458	3,726	48,184	-11,181	-6,045	-5,874	-23,394	-46,494		1,690	3,737
17	2030.31	46,887	3,823	50,710	-11,465	-6,227	-9,275	-24,161	-51,128		-418	3,319
18	2031.32	47,596	3,917	51,513	-11,756	-6,416	-8,535	-24,905	-51,612		-99	3,220
19	2032.33	49,241	4,011	53,252	-12,055	-6,610	-10,209	-25,950	-54,824		-1,572	1,648
20	2033.34	50,937	4,116	55,053	-12,361	-6,809	-5,983	-26,468	-51,621		3,432	5,080
21	2034.35	52,688	4,219	56,907	-12,675	-7,015	-18,772	-21,751	-60,213		-3,306	1,774
22	2035.36	55,541	4,317	59,858	-12,997	-7,227	-17,068	-22,405	-59,697		161	1,935
23	2036.37	56,356	4,431	60,787	-13,328	-7,446	-14,918	-23,079	-58,771		2,016	3,951
24	2037.38	58,278	4,545	62,823	-13,667	-7,671	-18,356	-23,774	-63,468		-645	3,306
25	2038.39	60,260	4,657	64,917	-14,014	-7,903	-18,858	-24,489	-65,264		-347	2,959
26	2039.40	62,304	4,816	67,120	-14,370	-8,141	-2,790	-24,567	-49,868		17,252	20,211
27	2040.41	64,412	5,024	69,436	-14,736	-8,388	-2,790	-25,365	-51,279		18,157	38,368
28	2041.42	67,867	5,218	73,085	-15,111	-8,641	-12,786	-26,156	-62,694		10,391	48,759
29	2042.43	68,828	5,420	74,248	-15,495	-8,902	-2,440	-27,129	-53,966		20,282	69,041
30	2043.44	71,141	5,653	76,794	-15,890	-9,171	-2,440	-27,780	-55,281		21,513	90,554



Winchester City Council - HRA Business Plan capital account									Report CAB2631(HSG)				
									APPENDIX 3				
Expenditure									Funding				
Year	Year		Future Major Repairs	Improvements and conversions	Disabled Adaptations	New Build Development Costs	Other	Total Expenditure	Borrowing	RTB receipts	Capital grants and contributions	From Revenue	Total Funding
			£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2014.15		6,324	957	715	4,184	193	12,373	0	1,180	100	11,093	12,373
2	2015.16		7,579	1,392	731	11,358	106	21,166	520	1,231	5,984	13,431	21,166
3	2016.17		6,552	906	750	12,756	108	21,072	4,296	609	1,749	14,418	21,072
4	2017.18		6,729	933	772	9,488	111	18,033	2,900	615	1,013	13,505	18,033
5	2018.19		6,911	961	795	5,810	114	14,591	0	621	0	13,970	14,591
6	2019.20		7,109	990	819	5,970	117	15,005	0	628	0	14,377	15,005
7	2020.21		8,550	1,020	844	6,149	119	16,682	0	635	0	16,047	16,682
8	2021.22		8,793	1,051	869	6,334	122	17,169	0	641	0	16,528	17,169
9	2022.23		9,069	1,082	895	6,524	125	17,695	0	646	0	17,049	17,695
10	2023.24		9,333	857	922	6,719	129	17,960	0	652	0	17,308	17,960
11	2024.25		10,074	882	950	6,921	132	18,959	0	656	0	18,303	18,959
12	2025.26		10,354	909	978	7,128	135	19,504	0	660	0	18,844	19,504
13	2026.27		10,642	936	1,008	7,342	139	20,067	0	665	0	19,402	20,067
14	2027.28		10,938	964	1,038	7,563	142	20,645	0	669	0	19,976	20,645
15	2028.29		11,241	993	1,069	7,789	146	21,238	0	671	0	20,567	21,238
16	2029.30		13,771	1,023	1,101	8,023	149	24,067	0	673	0	23,394	24,067
17	2030.31		14,233	1,054	1,134	8,264	153	24,838	0	677	0	24,161	24,838
18	2031.32		14,661	1,085	1,168	8,512	157	25,583	0	678	0	24,905	25,583
19	2032.33		15,379	1,118	1,203	8,767	161	26,628	0	678	0	25,950	26,628
20	2033.34		15,560	1,151	1,239	9,030	165	27,145	0	677	0	26,468	27,145
21	2034.35		10,496	1,186	1,276	9,301	169	22,428	0	677	0	21,751	22,428
22	2035.36		10,791	1,221	1,315	9,580	173	23,080	0	675	0	22,405	23,080
23	2036.37		11,095	1,258	1,354	9,868	177	23,752	0	673	0	23,079	23,752
24	2037.38		11,407	1,296	1,395	10,164	182	24,444	0	670	0	23,774	24,444
25	2038.39		11,728	1,335	1,437	10,468	186	25,154	0	665	0	24,489	25,154
26	2039.40		11,398	1,375	1,480	10,782	191	25,226	0	659	0	24,567	25,226
27	2040.41		11,777	1,416	1,524	11,106	196	26,019	0	654	0	25,365	26,019
28	2041.42		12,134	1,458	1,570	11,439	201	26,802	0	646	0	26,156	26,802
29	2042.43		12,695	1,502	1,617	11,782	206	27,802	0	673	0	27,129	27,802
30	2043.44		12,884	1,547	1,665	12,136	211	28,443	0	663	0	27,780	28,443
			320,207	33,858	33,633	261,257	4,615	653,570	7,716	20,817	8,846	616,191	653,570

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME								Report CAB2631(HSG)		
								APPENDIX 4		
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Scheme description	Completi on date	Total Units	Previous years actuals	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.	Budget.
			£000	£000	£000	£000	£000	£000	£000	£000
<b>New Build Programme</b>										
Bourne Close	Aug-14	3	255	209						464
Pumping Station, Itchen Abbas	Jun-14	5	362	309						671
NQH development - Stanmore	Nov-15	21	30	743	1,945					2,718
Swanmore / Springvale	Dec-15	2			372					372
Westman Rd	Mar-16	12	50	16	1,891	98				2,055
Victoria House	Dec-16	27	68	161	2,083	2,542				4,854
Hillier Way	Dec-16	12	0	32	468	1,821				2,321
Extra Care	Jun-17	52	63	2,426	3,528	5,236	381			11,634
Mitford road	Sep-17	8	0		25	700	715			1,440
Wilberforce Close - Stanmore	Sep-17	20	0			1,240	2,360			3,600
Property Acquisition	Various	4	197	288	1,015					1,500
Small sites / unallocated programme	Various	69	0		31	1,119	6,032	5,810	5,970	18,962
<b>Total New Build Programme</b>		<b>235</b>	<b>1,025</b>	<b>4,184</b>	<b>11,358</b>	<b>12,756</b>	<b>9,488</b>	<b>5,810</b>	<b>5,970</b>	<b>50,591</b>
<b>Housing Services Programme</b>										
<b>Future Major Repairs</b>										
External Envelope works				842	3,117	2,149	2,206	2,266	2,328	12,908
External window/door/screen replacements				550	322	329	338	347	356	2,242
Kitchen/Bathroom renewals				1,900	1,881	1,922	1,974	2,027	2,082	11,786
Mechanical & Electrical Services				1,932	722	737	757	778	799	5,725
Internal structure & finishes				350	220	225	231	237	243	1,506
External Ground Works & Service Mains				750	778	639	657	675	693	4,192
Other major repairs				0	539	551	566	581	608	2,845
				<b>6,324</b>	<b>7,579</b>	<b>6,552</b>	<b>6,729</b>	<b>6,911</b>	<b>7,109</b>	<b>41,204</b>
<b>Improvements and loft conversions</b>										
Environmental Improvements				336	619	268	276	284	293	2,076
Sheltered Housing Upgrades				371	209	214	220	227	233	1,474
Sheltered Housing Conversions				0	205	210	217	224	230	1,086
Loft conversions				250	359	214	220	227	233	1,503
				<b>957</b>	<b>1,392</b>	<b>906</b>	<b>933</b>	<b>961</b>	<b>990</b>	<b>6,139</b>
<b>Disabled Adaptation works</b>				<b>715</b>	<b>731</b>	<b>750</b>	<b>772</b>	<b>795</b>	<b>819</b>	<b>4,582</b>
<b>Other capital spending</b>										
River Itchen Maintenance				36	0	0	0	0	0	36
Sewage Treatment Works				147	106	108	111	114	117	703
Asset Management Solution				0	0	0	0	0	0	0
Orchard enhancements				10	0	0	0	0	0	10
				<b>193</b>	<b>106</b>	<b>108</b>	<b>111</b>	<b>114</b>	<b>117</b>	<b>749</b>
<b>Total Housing Services Programme</b>				<b>8,189</b>	<b>9,808</b>	<b>8,316</b>	<b>8,545</b>	<b>8,781</b>	<b>9,035</b>	<b>52,674</b>
<b>TOTAL HRA CAPITAL PROGRAMME</b>			<b>1,025</b>	<b>12,373</b>	<b>21,166</b>	<b>21,072</b>	<b>18,033</b>	<b>14,591</b>	<b>15,005</b>	<b>103,265</b>

## HRA Business Planning Assumptions

There are a number of assumptions in the 30 year business plan. The main ones are detailed below.

### Inflation

Year	RPI	CPI	Repairs	Management
2015/16	2.3%	1.2%	2.3%	1.8%
2016/17	2.5%	2.0%	2.5%	2.3%
2017/18	2.5%	2.0%	3.0%	2.3%
Thereafter	2.5%	2.0%	3.0%	2.5%

### Rent increase

Year	Social Rents	Affordable rents
2015/16	2.2%	2.2%
Thereafter	3.0%	3.0%

Please note that affordable rents for individual tenancies will increase by CPI + 1% in April each year, but there is a requirement to “rebase” the rent level in relation to market rents when a property is re-let. In business planning terms, it is assumed that market rent income will increase in line with RPI.

### Voids and Bad Debts – income loss as a % of gross rent

Year	Voids	Bad Debts
2014/15	0.5%	0.4%
2015/16	0.5%	0.5%
2016/17	0.5%	0.6%
2017/18	0.5%	0.7%
2018/19	0.5%	0.8%
2019/20	0.5%	0.9%
Thereafter	0.5%	1.0%

### Right-To-Buy sales

It is assumed that there will be 22 sales in 2014/15, with 16 sales per annum after this.

### Working Balance

Set at £1,032,000 in 2014/15 and increasing by RPI thereafter

## Interest Rates

### Internal

All internal transactions with the General Fund are determined by the Treasury Management Strategy approved by Council. All interest rates are variable and the latest estimated rates are shown below:

Year	Receivable	Payable
2014/15	0.25%	1.3%
2015/16	0.25%	1.6%
2016/17	0.5%	2.6%
2017/18	0.5%	3.6%
Thereafter	0.5%	4.5%

### External

All current external borrowing was undertaken in March 2012 to fund the self-financing payment to DCLG. Loans outstanding currently total £156,722,000, with interest rates ranging from 2.56% to 3.52% depending on the length of the loan. The first repayment is due in March 2023.

The latest business plan assumes that further borrowing of £1,216,000 is undertaken in 2015/16 and 2016/17 at interest rates of 3.8% and 4.8% respectively. Later in the plan, it is necessary to refinance some of the existing loans. This refinancing totals £47,700,000. It is assumed that all these loans have an interest rate of 6.0%. All these loans are repaid by the end of the business plan period.

# HOUSING REVENUE ACCOUNT - CAB2631(HSG) APPENDIX 6

## Debt Outstanding

