CAB2535(HSG)
FOR DECISION
WARD(S): ALL

CABINET (HOUSING) COMMITTEE

28 NOVEMBER 2013

HOUSING REVENUE ACCOUNT – 2014/15 RENT SETTING AND BUDGET/BUSINESS PLAN OPTIONS

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

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RECENT REFERENCES:

CAB2423(HSG) – Housing Revenue Account – 2013/14 Rent Setting and Budget/Business Plan Options dated 10 December 2012

CAB2445(HSG) – Housing Revenue Account Budget 2013/14 and Business Plan – 2013/14 To 2043/44 dated 30 January 2013

EXECUTIVE SUMMARY:

This report proposes dwelling rent increases for April 2014. The Government has announced that 2014/15 will effectively be the final year of rent restructuring. In light of this, it is recommended that all rents for all properties move to the "target rent" for the property but that the increase be subject to an affordability cap of the September Retail Price Index (3.2%) + 0.5% + £3. This will result in an average rent increase of 5.38%.

The report also considers the impact of the rent increase on the HRA business plan, and discusses options for service delivery and enhancements for 2014 and beyond.

Subject to the outcome of the recommendations included in this report, a further report will be prepared for the January 2014 meeting of this committee with detailed HRA Budget proposals for 2014/15 and an updated business plan.

RECOMMENDATIONS:

That the Committee:

1 Approve the revised budget for 2013/14 as set out in Appendix 1 and consider the options for service enhancements and additional expenditure and income as detailed in paragraph 8 and approve the preparation of a detailed HRA budget and business plan based on these proposals.

2 Note the assumptions used to prepare the draft business plan

That the Committee recommend to Council:

3 That the Assistant Director (Chief Housing Officer) be authorised to implement the social housing rents increase for 2014/15 on the basis that all rents are set at target rent levels for that year subject to an overall maximum increase of RPI plus 0.5% plus £3.00, resulting in an overall average rent increase of 5.38%

4 That when properties on social rents are relet, the policy of setting rents at target rent be retained

5 That the Council policy for social rent increases in future years be amended in accordance with latest Government proposals and limited to an increase based on the September Consumer Price Index + 1%, with no further adjustments towards target rents for existing tenancies.

6 That the Assistant Director (Chief Housing Officer) be authorised to implement an increase in affordable housing rents for 2014/15 of 3.7%

7 That garage rents be increased by 3.2% in line with the inflation provision included in the increase for dwelling rents.

8 That the updated Council New Homes Programme, as detailed in Appendix 4, be approved.

9 That rents at the New Build scheme in Dever Close Micheldever be set at levels as detailed in paragraph 5 of the report.

10 That the Assistant Director (Chief Housing Officer) be given delegated authority to determine actual rents for all new build schemes and newly acquired properties, subject to them being the minimum amount that covers all capital and operating costs over a 30 year period in accordance with the principles set out in the Development Strategy and satisfying the Affordability Test included in the Council's Tenancy Strategy.

CABINET (HOUSING) COMMITTEE

28 NOVEMBER 2013

HOUSING REVENUE ACCOUNT – 2013/14 RENT SETTING AND BUDGET/BUSINESS PLAN OPTIONS

REPORT OF ASSISTANT DIRECTOR (CHIEF HOUSING OFFICER)

DETAIL:

1 Introduction

1.1 This report sets out proposals for increasing Council house rents from April 2014. It also discusses options for additional services to commence in 2014 and summarises the impact on the HRA Business Plan of these changes.

1.2 The Council is no longer constrained by the Housing Subsidy system and has the freedom to set rents at whatever level it chooses. However, it should be noted that the "Self Financing Settlement" (the payment the Council had to make in March 2012 to leave the subsidy system) was calculated on the assumption that the national rent policy of an annual rent increase of inflation + 0.5% would be continued for the next 30 years. It also assumed that convergence with target rents would be achieved in 2015/16 (see section 3).

1.3 Since April 2012, the Council has been able to invest in new housing and increase investment in maintenance of existing homes. It has a 30 year Business Plan which aims to maintain the Decent Homes standard for existing stock, build approximately 30 new homes every year and provide a good standard of service to tenants. This Plan assumes that rents continue to increase at inflation + 0.5% annually and converge in 2015/16. The latest government proposals move away from this and this is one of the key issues in this update of the plan.

2 Winchester Rents Compared to Other Landlords

2.1 Comparing rents with private landlords is difficult, although based on a 3 bed property, Council rents across the district are on average 35% of the average private sector rent (or 47% of the very cheapest private rents).

2.2 Average figures for the registered provider sector are no longer available as social landlords are implementing the new affordable rent regime, with new properties and many relets being up to 80% of market rents.

3 Proposed Changes to National Rent Policy

3.1 In recent years, the Council has followed national rent policy, which set rent increases at the September retail price index + 0.5% and also provided for a phased increase to "target rents" (which is a rent calculation for every property in accordance with a formula set by Government) by 2015/16. Because of the phased approach to the increases to reach target rents most properties are still some way short of the target rent. The Council, in common with virtually all others, has been working on the assumption that the phased move to target rent would continue until all properties reached their target. The Business Plan approved in February 2013 assumed income based on this approach. However, Government proposals currently out to consultation indicate that this will change with effect from April 2015. The consultation period closes on 24 December 2013 so the final guidance might reasonably be expected in January 2014, although this is not certain. The key elements of the proposals are:

a) That the principle of Formula Rents for each property be retained, but with annual uplifts of “Consumer Price Index” + 1% rather than RPI + 0.5%.

b) That from April 2015, any rent increase be limited to CPI + 1% only, with no further phasing towards target rents for those properties still short of target (except when the property is relet).

c) A commitment to this policy for 10 years to 2024-25.

d) Any household with income greater than £60,000pa be moved straight to market rents.

3.2 Whilst these proposals do provide a degree of certainty which assists with business planning, removing the ability to continue phasing towards target rents could mean losses to the Council’s business plan of up to £20m over the 30 year business planning period.

3.3 It should be noted that the latest Government proposals, once finalised, will take the form of new guidance for Councils, just like current rent restructuring policy is also guidance. It is not a legal or regulatory requirement for Councils to follow the guidance so it is therefore open to Councils to consider an approach to rent setting that best suits their needs. The one control that Government currently exerts over council rent levels is the “limit rent”. The “limit rent” does not apply to the rents of individual dwellings but has regard to the overall average rent level. The latest Government consultation proposals retain the limit rent, although they have not yet indicated whether there will be any changes to the method of calculation.

3.4 Each year the Government sets a “Limit Rent”, which is effectively the maximum rent they think the Council should be charging. Any increase above this limit would result in the Council not being able to claim its full entitlement to Housing Benefit subsidy. The Council’s current actual rent is slightly (approximately 0.7%) below the Limit rent. By increasing rents up to the Limit Rent level, the Business Plan losses could be reduced to approximately £13m. The main impact of these losses occurs after year 10 of the business plan. These can be accommodated by refinancing some of the planned debt repayment. It is however, necessary to amend maintenance and new build programmes to ensure the Business Plan remains fully funded in the first 10 years.

3.5 The Governments consultation paper does not make any changes to the guidance on affordable rent increases. The guidance is that rents should be increased by CPI plus 1% each year and rebased at up to 80% of market rents when tenancies end. The first dwellings at an affordable rent are expected to let in 2013/14, so it is recommended that this guidance is followed when setting affordable rents for 2014/15.

4 Options for Rent Increase

4.1 The Government proposal to stop any further phasing to target rents after April 2014 will clearly impact on the Business Plan. The Council could opt to take action in April 2014 to address this, although it obviously has to consider affordability for tenants. One option would be for the Council to increase all rents straight to target with no caps. This would take actual rents above the limit rent in 2014/15 and probably for several years after this. Whilst it does generate additional income it would not be affordable for some tenants as nearly 900 tenants would have rent increases above 10%. This is not recommended. In evaluating other potential options consideration has been given to the impact on 2015/16 and 2016/17 as well as 2014/15. The numbers quoted in this section are based on CPI + 1% totalling 3% in April 2015 and April 2016. The options are:

a) The strict application of the new policy from April 2015 with the rent increase for April 2014 being set in accordance with current rent restructuring policy. For 2014/15, this gives RPI +0.5% and a further phased move towards target, with any increase capped at RPI +0.5%+£2 per week. For 2015/16 the increase would be limited to CPI+1%. This leads to the biggest loss in revenue and is not recommended.

b) The rent increase for 2014/15 to follow current rent restructuring policy as in option (a). For 2015/16, rents would be increased up to the limit rent. This would give tenants a lower increase than would otherwise have applied if the current rent restructuring policy had continued, but is higher than CPI + 1%. For 2016/17, rents would increase by CPI + 1%.

c) Rather than apply a "phased" move towards target as set out in a) above, move straight to target rents but apply an "affordability limit" of a maximum increase of RPI+0.5%+£3 per week. Average rents for this option are expected to match the assumed Government Limit rent for Winchester.

4.2 Option C would result in £13m less income over the life of the Business Plan compared to the current national rent policy and the full implementation of rent restructuring. Option B loses an additional £167,000 in 2014/15. Option A would result in an additional £7m of lost income over 30 years, £650,000 of which would be in the next five years. It is possible to meet all current business plan priorities and maintain minimum balances through Option C. Service cuts/reductions would be required if options A or B are adopted.

4.3 A table setting out the rent increases for each option is given below:

Average Rent Increase	Option A	Option B	Option C
April 2014	4.7%	4.7%	5.4%
April 2015	3.0%	3.7%	3.0%
April 2016	3.0%	3.0%	3.0%

4.4 Further information comparing the options is given below:

Average rent increase	Option (a) and (b)	Option (c)
Less than 3%	16	17
Between 3% and 4%	1,454	1,453
Between 4% and 5%	1,479	760
Between 5% and 6%	1,491	541
Between 6% and 7%	547	1,327
Between 7% and 8%	4	853
Over 8%	0	40

The maximum increase under option (c) is 8.9% (£5.13 cash increase per week). This compares to 7.2% (£4.14) under options (a) and (b).

4.5 Whilst any rent increase above inflation will be challenging for tenants, it must be noted that the principles of self financing and the debt settlement were based on rents increasing ahead of inflation and on all properties reaching target rent. The latest Government proposals already move away from part of that principle, although the HRA Business Plan is only sustainable if rents continue to increase ahead of inflation. The Government clarification that they expect this to continue at least for the next 10 years provides a degree of certainty all social landlords considered essential in return for councils accepting the risks associated with self financing.

4.6 The decision to end rent restructuring ahead of original plans and before all properties reach target will be challenging for all council business plans and will no doubt result in a loss of income compared to what had been assumed and what the self financing assumptions had been based on.

4.7 Previous rent restructuring phasing for City Council tenants has been capped at £2 per week. This limit was set in 2001/02. Some authorities have index linked the cap and others have removed it altogether. If it had been index linked in Winchester, it would be £3.26 next year.

On balance, option c) above is recommended for the following reasons:

a) It is the fairest overall for tenants, as it is the option that ensures as many properties as possible comply with target rents. This provides for consistent rents for neighbouring properties. Under option a) approximately 1,500 would be at target by April 2014 whereas under option c) over 3,200 reach target at this time.

b) It is the option that limits income losses to the current Business Plan

c) It also reduces the risk to income levels because there is no certainty that an increase above CPI+1% would be permitted when the final policy is published.

d) It allows the application of the new Government rent policy with effect from April 2015, whereas this is delayed under option b).

e) The results of the stock survey and long term stock investment needs will not be clear until next year. Until this is clear, any potential loss of income to the Business Plan should be minimised.

f) Whilst 2014/15 increases are higher, average rents in future years will still be less than assumed in the existing business plan.

5 Affordable Rents

5.1 The new build properties at Dever Close Micheldever will be advertised for letting before the end of the year and will be occupied early in the New Year. The Council's Development Strategy determined that rents for all new build property should be set at an "affordable rent" rather than a "social rent", with rent levels calculated on a scheme by scheme basis as the minimum amount possible that covers all capital and operating costs over 30 years, subject to an affordability test that combined rents and service charges do not exceed local housing allowance rates or 80% of market rents.

5.2 On this basis, rents for the Micheldever properties will be:

- 1 Bed - £103 per week for 52 weeks
- 2 Bed - £133 per week for 52 weeks
- 3 Bed - £166 per week for 52 weeks

5.3 These rents are 68% of open market rents and even when service charges (approximately £17) are added, the overall charge is well within the 80% of market rent limit and more importantly within the local housing allowance rate.

5.4 As referred to in 3.5 above, the rents will be subject to an increase of 3.7% (CPI+1%) in April 2014.

5.5 New homes in Otterbourne and in Itchen Abbas will also be ready for letting in 2014/15. Final scheme costs have yet to be determined. Rather than seek separate approvals for actual rents at each scheme, it is recommended that the Assistant Director (Chief Housing Officer) be given delegated authority to determine actual rents for all new build scheme and newly acquired properties based on the principles set out in the Council's Development Strategy and the Affordability Test included in the Council's Tenancy Strategy.

6 Other Income

6.1 The Council collects in excess of £800,000 annually through garage rents. The HRA Business Plan assumes that garage rents increase in line with RPI each year and it is therefore recommended that garage rents increase by 3.2% with effect from April 2014. Members have raised concerns regarding the condition of garages in previous years. In light of this, provision for garage maintenance was increased in the current year and this increased annual investment is proposed to continue throughout the life of the business plan. All garages have been surveyed and an increased programme of maintenance is now underway.

6.2 The Council also recovers the cost of specific services that benefit a limited number of tenants through service charges. This includes contract cleaning and grounds maintenance of communal housing schemes, utilities consumption in communal areas, the cost of caretaking staff etc. Service charges are calculated annually based on actual cost of the specific services and aim to recover full costs. It is proposed that service charges continue to be calculated in this way.

7 Revisions to the HRA 2013/14 Budget

7.1 In most areas, spend for HRA services is projected to be in line with the approved budget. However, some revisions are necessary to reflect changes in the year and the proposed revised budget detailed in Appendix 1 to this report incorporates a number of changes, including:

a) Housing Management General – Employee costs have been reduced by £66,000 as a result of vacancy management since April 2013. This change is already reflected in the working budget in Appendix 1.

b) Removals Incentives – The incentive programme introduced this year is progressing well and has been very positive in supporting tenants to downsize. To date, over 30 tenants have benefited from the programme, although current indications suggest the full £100,000 provision will not be committed this year.

c) Communal Services – The budget for cleaning has been increased by £100,000. Insufficient provision was included in the original budget to cover the costs of the building cleaning contract. This is partially offset by reduced costs for cleaning sheltered housing schemes following the decision last year to reclassify several schemes as general needs communal housing schemes.

d) Estate Maintenance – A reduction of £175,000 is recommended. The original budget included a provisional sum of £100,000 as a contribution towards community projects. No suitable projects are currently anticipated in the current year. The budget for grounds maintenance can also be reduced to reflect reduced contract costs in the current year. This is only recommended as a “one off” reduction at this stage pending an investigation into contract standards.

e) Sheltered Housing – A reduction of £171,600 is recommended to reflect reduced homeloss payments, cleaning and grounds maintenance costs. £80,000 provision was included in the original budget for homeloss payments. However, these costs were fully covered by carry forwards from the 2012/13 budget.

f) Dwelling Rents – An increase of £50,000 is projected to reflect rent received from new tenants moving straight to target rent as well as improved void and debt collection performance.

7.2 In accordance with the Assistant Director (Chief Housing Officer)'s delegated authority as approved in CAB2488(HSG), a number of revisions have been made to the Repairs Programme to rebalance specific elements of the programme in light of emerging demand. The detail of the revisions is included as Appendix 7. Overall, no change to the net cost of the programme is projected

8 <u>The HRA Revenue Budget for 2014/15</u>

8.1 It is not possible at this stage to prepare a detailed budget for next year. This will be reported to this Committee in February 2014. However, set out below are the options which are recommended to the Cabinet (Housing) Committee for additional investment. Unless indicated otherwise the business plan assumes this investment starts next year and is needed each year over the life of the plan.

8.2 At this stage, it is assumed that investment in Maintenance and Repairs in the first 10 years of the business plan remain as previously agreed. However, it will be necessary to review this in light of the results of the current Stock Survey, which should be available in the New Year. Changes to the New Homes Programme are discussed in para 11 below. Investment in the majority of existing housing services is proposed to continue at current levels. Areas where costs are likely to increase or where additional investment needs to be considered include:

a) Caretaker/Concierge Provision at larger communal housing schemes – It is proposed that significant improvements in standards could be achieved at larger communal housing schemes, including Trussell Crescent in Weeke and Woolford Close and Thurmond Crescent in Stanmore. It is proposed that £50,000 be included in the Communal Services budget to fund an additional caretaker, shared across the three schemes. This could be funded by increased service charges, although would be an additional cost initially as any charges are phased in.

b) Sheltered Service Charges/Supporting People Income – The changes currently being implemented to sheltered housing schemes to provide a more flexible support service will allow residents to “opt out” of the service. This is likely to result in a reduction in income estimated at approximately £50,000.

c) Removal of Provision for Community Facilities – The £100,000 provision sum included in the 2013/14 budget to make contributions towards new community facilities in the district could be removed from the budget.

d) Utilities Costs – It is estimated that utilities costs are likely to increase by up to 10% over the next year and provision has been included to reflect this.

e) Garage Income – Proposals to remove charges for garages at Woolford Close in Stanmore as detailed in report CAB2534(HSG) elsewhere on the agenda will result in an estimated reduction of £20,000 income.

f) Grounds Maintenance Monitoring – Significant problems with the grounds maintenance service have been noted in the last year. It is proposed that additional one-off monitoring be put in place for the summer period of 2014 at an estimated cost of £15,000.

8.3 The staff implications arising from these proposed additional investments will be reported to the Personnel committee in January

9 The HRA Business Plan

9.1 All of the above issues have been taken into account when updating the HRA Business Plan for 2014 and beyond. Subject to final approved 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.

9.2 The plan is tight for the first 20 years but surpluses are projected to increase significantly later in the Plan. This is due mainly to plans for repaying loans throughout the period thus reducing interest payments on the debt. Potential for reducing rent or for major changes in plans for investing in new services or more homes will be greater in the later years of the plan.

10 Value for Money

10.1 Ensuring that tenants rents provide value for money to tenants remains a key priority in the Business Plan. The Council complete regular benchmarking against other social landlords. The most recent information made available by Housemark confirmed that 2012/13 operating costs for Housing Management, Resident Involvement, Repairs and Voids Maintenance and Estate

Management all remained well below average for the sector when compared with other social landlords in South East England. The recent tenant satisfaction survey also confirmed that 82% of tenants were satisfied that their rent provided Value for Money.

11 New Build

11.1 The New Build programme approved in May 2013 included provisional information regarding a number of schemes. The revised programme set out in Appendix 4 provides updated timescales and costings for all schemes as well as providing provisional sums for property acquisitions and for future schemes from 2017.

11.2 Further detail and scheme designs for an all housing schemes at the New Queens Head site in Stanmore and for a scheme for 27 flats (9 of which will be for shared ownership) at Victoria House will be brought to Cabinet in the New Year. It is proposed to start on site for both schemes later in 2014.

11.3 Proposals for the development of a 50 bed Extra Care scheme in central Winchester will be brought to Cabinet in December. The Council is able to attract substantial grant and partnership funding to support the development, which addresses an increasing demand for modern supported housing for older people.

11.4 The Development Strategy provides for rents to be set on a site by site basis assuming 30 year viability period. Where site specific information is available this has been included in the business plan. In other cases, a capital cost of £175,000 per unit is allowed which means that an affordable rent of £175 is needed to meet the viability criteria and the business plan assumes this rent level is charged. It would not be possible to reduce rents to social rent levels without making expenditure reductions as balances would fall below the minimum required levels in some years.

12 Assumptions in the Business Plan

12.1 The base income and expenditure on which future years income and expenditure is based is the revised budget for 2013/14. Any one-off items of income and expenditure are removed to establish a base budget for 2014/15. It is then necessary to make assumptions regarding inflation and other factors eg, new items of expenditure, in order to arrive at a 30 year business plan. A number of these items are covered in detail in the report but appendix 5 sets out the other key assumptions used in the compilation of the plan. The main changes since the plan was last prepared are:

a) Income has been adjusted assuming rents and other income increase in line with recommendations in this report

b) Management and service costs have been adjusted to reflect the options set out in paragraphs 6, 7 and 8 above.

c) New build investment has been revised as set out in appendix 4

d) The RPI for September 2013 has been published at 3.2%, compared to the 2.5% assumed before.

e) There has been an increase in Right-to-Buy sales. Sales are now expected to reach 18 this year, compared to 12 in the budget. In the longer term, the number of sales has been increased from 10 to 12 per annum.

f) The allowance for income losses from void dwellings has been reduced from 1.5% to 1.0% to reflect improved performance in releting dwellings.

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.

13 Business Plan borrowing Assumptions

13.1 The changes in the borrowing assumptions since the report in January 2013 are as follows

- The HRA returns to its debt cap in 2015/16, whereas the previous report indicated that it would be £0.8M below the cap.

- There is the need to refinance some of the borrowings in the period 2023/24 to 2031/32 because of the reduction in rent income. 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. At no time is the debt cap exceeded.

13.2 It should be noted that whilst the Business Plan is using reasonable assumptions regarding borrowing – actual future borrowing will be determined by the Council's Treasury Management Strategy and that a Treasury Review of the HRA loan book is planned.

OTHER CONSIDERATIONS:

14 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

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

15 RESOURCE IMPLICATIONS:

15.1 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 £142M. At this point there are also loans outstanding of £67M which means there is a net surplus approximately £75M.

16 RISK MANAGEMENT ISSUES

16.1 The key risks considered as part of these proposals included:

a) Not following national rent restructuring policy and having a lower rent increase – This would have an immediate impact on the HRA Business Plan and the Councils ability to service long term debt. It would also restrict the Council's ability to address backlogs in existing programmes and issues highlighted as priorities by tenants.

b) The Impact on Benefits – The proposed increase is significant and will no doubt have an impact on some tenants having to place increasing reliance on housing benefit. The proposals for universal credits have been assessed and all council rents will continue to fall within limits proposed. There is a risk that this could have a negative impact on arrears. The Council is currently reviewing options with the Citizens Advice Bureau for increasing support to vulnerable tenants.

c) Inflation on expenditure higher than expected – The impact of changes to the rent increase have been covered in the body of the report. The other main sensitivity that needs to be considered is the possibility of inflation on management and maintenance costs exceeding the provisions in the business plan. The current assumptions are set out in appendix 5. The alternative scenario assumes that inflation increases by 0.5% after year 5 of the plan (2017/18). The cumulative effect of these increases shows that by year 30, management expenditure would have increased by £23M and maintenance expenditure by £33M. Whilst the long term effect of this expenditure can be met from the available balances there would be shortfalls in some years which would require some planned spending to be delayed or further borrowing.

17 TACT COMMENT

17.1 TACT will be considering the key recommendations in this report at a special meeting on 20 November 2013. It will prepare a separate comment at the meeting and this will be circulated to Committee members separately.

BACKGROUND PAPERS

HRA Business Plan modelling

APPENDICES:

Appendix 1 - HRA Revised Budget 2013/14 – Service Summary
Appendix 2 - HRA Business Plan 30 year revenue summary
Appendix 3 – HRA Business Plan 30 year capital summary
Appendix 4 – Update HRA new house building programme
Appendix 5 – HRA business planning assumptions
Appendix 6 – HRA external outstanding debt over the 30 year period
Appendix 7 – HRA maintenance programme

Housing Revenue Account Revised Budget 2013/14

Service Summary	2013/14 Original Budget	2013/14 Working Budget	2013/14 Adjustments	2013/14 Revised Budget
Housing Management General	£	£	£	£
Estate Management	839,900	815,709	0	815,709
HRA General	1,572,772	1,635,075	(4,959)	1,630,116
Joint Housing Register	64,640	64,640	0	64,640
Removal Incentive Scheme	106,000	106,000	(36,000)	70,000
Rent Accounting	260,421	260,396	8,500	268,896
Tenants Information	120,487	120,478	0	120,478
Vacant Dwellings	33,305	33,305	0	33,305
New Build Programme Support	457,039	456,868	0	456,868
	3,454,564	3,492,471	(32,459)	3,460,012
Housing Management Special				
Central Control	111,704	83,246	0	83,246
Communal Services	(29,956)	(29,966)	100,000	70,034
Disabled Adaptations	139,902	139,898	0	139,898
Estate Maintenance	538,271	538,271	(175,000)	363,271
Extra Care	0	0	0	0
Homelessness	(54,226)	(54,685)	16,500	(38,185)
Sewage Works	174,011	174,011	0	174,011
Sheltered Housing	1,212,556	1,286,718	(171,600)	1,115,118
	2,092,262	2,137,493	(230,100)	1,907,393
Repairs				
Responsive Maintenance	1,990,000	2,190,000	0	2,190,000
Voids	640,000	440,000	0	440,000
Cyclic	1,150,000	1,150,000	0	1,150,000
Sub-total Repairs Works	3,780,000	3,780,000	0	3,780,000
Repairs Administration	1,195,709	1,526,571	14,959	1,541,530
	4,975,709	5,306,571	14,959	5,321,530
Interest Payable	5,254,000	5,254,000	0	5,254,000
Depreciation of Fixed Assets	5,396,130	5,396,130	0	5,396,130
	10,650,130	10,650,130	0	10,650,130
Rents and Other Income				
Dwelling Rents	(24,435,000)	(24,435,000)	(50,000)	(24,485,000)
Garage Rents	(840,000)	(840,000)	7,000	(833,000)
Other Income	(269,000)	(269,000)	0	(269,000)
Sheltered Charges	(512,305)	(512,305)	12,305	(500,000)
Supporting People	(608,620)	(608,620)	0	(608,620)
Interest Receivable	(4,000)	(4,000)	0	(4,000)
	(26,668,925)	(26,668,925)	(30,695)	(26,699,620)
Surplus for year on HRA Services	**(5,496,260)**	**(5,082,260)**	**(278,295)**	**(5,360,555)**
Capital Expenditure funded by HRA	6,212,000	6,304,000	(1,450,000)	4,854,000
Right to Buy Admin Fees	(15,600)	(15,600)	(7,800)	(23,400)
Net (increase)/decrease in HRA Balance before transfers to or from reserves	**700,140**	**1,206,140**	**(1,736,095)**	**(529,955)**
Transfer re Insurance Reserve	66,300	66,300	0	66,300
(Increase)/ decrease in HRA Balance	**766,440**	**1,272,440**	**(1,736,095)**	**(463,655)**
HRA Working Balance				
Opening Balance	(1,902,636)	(2,703,489)		(2,703,489)
Add Projected Deficit/(Surplus)	**766,440**	**1,272,440**		**(463,655)**
Projected Balance at Year End	(1,136,196)	(1,431,049)		(3,167,144)

Winchester City Council - HRA Business Plan Revenue Account

		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	2013.14	24,555	3,176	27,731	-8,008	-3,773	-5,254	-10,250	-27,285	446	3,149
2	2014.15	25,706	3,198	28,904	-8,009	-3,850	-5,267	-10,608	-27,734	1,170	4,319
3	2015.16	26,464	3,250	29,714	-8,248	-3,937	-5,377	-15,215	-32,777	-3,063	1,256
4	2016.17	27,587	3,311	30,898	-8,469	-4,067	-5,523	-12,782	-30,841	57	1,313
5	2017.18	28,829	3,376	32,205	-8,697	-4,188	-5,624	-13,847	-32,356	-151	1,162
6	2018.19	29,877	3,444	33,321	-8,933	-4,320	-5,624	-14,194	-33,071	250	1,411
7	2019.20	30,992	3,516	34,508	-9,177	-4,452	-5,624	-14,597	-33,850	658	2,070
8	2020.21	32,114	3,593	35,707	-9,414	-4,589	-5,624	-15,047	-34,674	1,033	3,102
9	2021.22	33,272	3,674	36,946	-9,657	-4,729	-5,624	-15,477	-35,487	1,459	4,561
10	2022.23	34,467	3,747	38,214	-9,907	-4,874	-10,623	-15,423	-40,827	-2,613	1,949
11	2023.24	35,702	3,818	39,520	-10,164	-5,023	-9,233	-15,532	-39,952	-432	1,516
12	2024.25	36,977	3,899	40,876	-10,427	-5,176	-8,788	-15,973	-40,364	512	2,028
13	2025.26	38,293	3,982	42,275	-10,697	-5,334	-10,398	-16,424	-42,853	-578	1,450
14	2026.27	39,652	4,066	43,718	-10,975	-5,497	-10,304	-16,886	-43,662	56	1,505
15	2027.28	41,055	4,154	45,209	-11,260	-5,664	-10,891	-17,389	-45,204	5	1,510
16	2028.29	42,503	4,245	46,748	-11,553	-5,836	-12,496	-16,506	-46,391	357	1,867
17	2029.30	43,998	4,347	48,345	-11,854	-6,014	-9,721	-16,995	-44,584	3,761	5,627
18	2030.31	45,541	4,450	49,991	-12,163	-6,196	-14,462	-17,495	-50,316	-325	5,302
19	2031.32	47,134	4,537	51,671	-12,480	-6,384	-18,455	-18,007	-55,326	-3,655	1,646
20	2032.33	48,778	4,655	53,433	-12,806	-6,578	-4,365	-18,531	-42,280	11,153	12,799
21	2033.34	50,475	4,815	55,290	-13,141	-6,777	-3,644	-19,774	-43,336	11,954	24,753
22	2034.35	52,226	4,943	57,169	-13,485	-6,982	-18,639	-20,342	-59,448	-2,279	22,473
23	2035.36	54,033	5,080	59,113	-13,838	-7,193	-3,134	-20,955	-45,120	13,993	36,466
24	2036.37	55,898	5,236	61,134	-14,201	-7,410	-13,134	-21,582	-56,327	4,807	41,272
25	2037.38	57,822	5,401	63,223	-14,574	-7,634	-2,790	-22,225	-47,223	16,000	57,272
26	2038.39	59,807	5,599	65,406	-14,957	-7,864	-2,790	-22,884	-48,495	16,911	74,183
27	2039.40	61,855	5,804	67,659	-15,350	-8,100	-2,790	-23,559	-49,799	17,860	92,042
28	2040.41	63,969	6,017	69,986	-15,755	-8,344	-2,790	-24,279	-51,168	18,818	110,860
29	2041.42	66,149	6,213	72,362	-16,171	-8,595	-12,790	-24,991	-62,547	9,815	120,675
30	2042.43	68,398	6,418	74,816	-16,598	-8,853	-2,440	-25,714	-53,605	21,211	141,885

Winchester City Council - HRA Business Plan Capital Account

		Expenditure							Funding			
Year	Year	Contingency for stock survey	Future Major Repairs	Improve-ments and loft conversions	Disabled Adaptations	New Build Development Costs	Other	Total Expenditure	Borrowing	Capital grants and reserves	From Revenue	Total Funding
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2013.14	0	6,588	1,000	700	2,605	1,120	12,013	0	1,763	10,250	12,013
2	2014.15	0	6,642	664	715	6,575	139	14,735	0	4,127	10,608	14,735
3	2015.16	0	6,791	681	733	12,883	106	21,194	3,500	2,479	15,215	21,194
4	2016.17	0	6,944	698	752	5,736	108	14,238	0	1,456	12,782	14,238
5	2017.18	1,093	6,015	719	774	5,308	111	14,020	0	173	13,847	14,020
6	2018.19	1,123	6,194	740	797	5,400	114	14,368	0	174	14,194	14,368
7	2019.20	1,154	6,397	763	821	5,520	117	14,772	0	175	14,597	14,772
8	2020.21	1,185	6,640	786	846	5,670	120	15,247	0	200	15,047	15,247
9	2021.22	1,218	6,853	809	871	5,820	123	15,694	0	217	15,477	15,694
10	2022.23	2,503	5,320	833	897	5,970	126	15,649	0	226	15,423	15,649
11	2023.24	2,571	5,166	858	924	6,120	129	15,768	0	236	15,532	15,768
12	2024.25	2,642	5,339	884	952	6,270	132	16,219	0	246	15,973	16,219
13	2025.26	2,715	5,518	911	981	6,420	135	16,680	0	256	16,424	16,680
14	2026.27	2,789	5,704	938	1,010	6,570	139	17,150	0	264	16,886	17,150
15	2027.28	2,866	5,897	966	1,040	6,750	142	17,661	0	272	17,389	17,661
16	2028.29	2,944	4,729	995	1,072	6,900	146	16,786	0	280	16,506	16,786
17	2029.30	3,025	4,898	1,025	1,104	7,080	149	17,281	0	286	16,995	17,281
18	2030.31	3,108	5,074	1,056	1,137	7,260	153	17,788	0	293	17,495	17,788
19	2031.32	3,193	5,257	1,087	1,171	7,440	157	18,305	0	298	18,007	18,305
20	2032.33	3,281	5,447	1,120	1,206	7,620	161	18,835	0	304	18,531	18,835
21	2033.34	3,371	6,320	1,154	1,242	7,830	165	20,082	0	308	19,774	20,082
22	2034.35	3,463	6,544	1,188	1,280	8,010	169	20,654	0	312	20,342	20,654
23	2035.36	3,558	6,776	1,224	1,318	8,220	173	21,269	0	314	20,955	21,269
24	2036.37	3,655	7,017	1,261	1,358	8,430	178	21,899	0	317	21,582	21,899
25	2037.38	3,755	7,267	1,298	1,398	8,640	182	22,540	0	315	22,225	22,540
26	2038.39	3,858	7,527	1,337	1,440	8,850	187	23,199	0	315	22,884	23,199
27	2039.40	3,964	7,797	1,377	1,483	9,060	191	23,872	0	313	23,559	23,872
28	2040.41	4,072	8,078	1,419	1,528	9,300	196	24,593	0	314	24,279	24,593
29	2041.42	4,183	8,369	1,461	1,574	9,510	201	25,298	0	307	24,991	25,298
30	2042.43	4,298	8,672	1,505	1,621	9,750	206	26,052	0	338	25,714	26,052

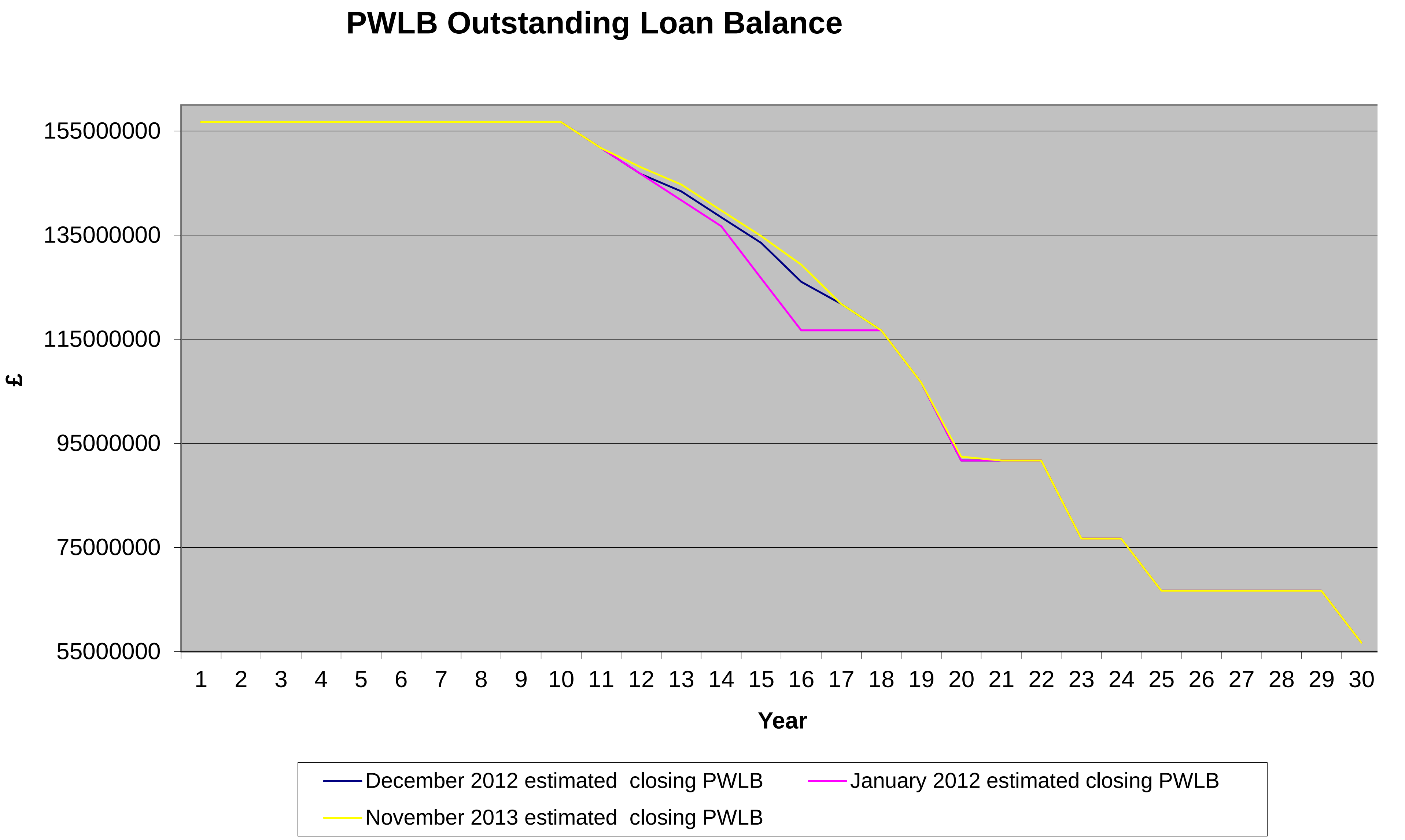
HOUSING REVENUE ACCOUNT NEW BUILD CAPITAL PROGRAMME

Scheme description	Total Units	Rented units	Previous years actuals	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2017/19	Total budget
			£000	£000	£000	£000	£000	£000	£000	£000
Dever Close	5	5	1	739						740
Bourne Close	3	3	24	410	30					464
Pumping Station, Itchen Abbas	5	5	21	550	103	1				675
New Queens Head purchase				986						986
Victoria House	27	18		94	2,174	2,153	3			4,424
Extra Care	50	44		39	3,183	7,389	264	8		10,883
NQH development - Stanmore	21	21		88	685	2,065				2,838
Westman Rd	12	12		60		1,275	800			2,135
Hillier Way (AB)	12	12		69			1,995			2,064
Hussey Close (AB)	4	4		28			719			747
Austen Close (AB)	4	4		28			755			783
Wilberforce Close - Stanmore	20	20					1200	2300		3,500
Property Acquisition	**2**	**2**		**500**	**400**			**0**		**900**
Future schemes to be identified								**3000**	**5400**	**8,400**
Totals per year	**165**	**150**	**46**	**3,591**	**6,575**	**12,883**	**5,736**	**5,308**	**5,400**	**39,539**

HRA Business planning assumptions

Year 1 of the plan is 2013/14 and the assumptions below apply to period 2014/15 to 2042/43

Heading	Business planning assumption	
Inflation RPI	2014/15	3.2%
	Thereafter	2.5%
Voids	Over life of plan	1.0% of gross rent
Bad Debts	Over life of plan	1.08% of gross rent
Revenue spending (excl repairs)	2014/15 Thereafter	3.0% 2.5%
Repairs spending (capital and revenue)	2014/15 2015/16 2016/17 Thereafter	2.2% 2.5% 2.5% 3.0%
Other expenditure	Over life of plan	In line with RPI
Working balance	Set at £1M for 2013/14, increasing by RPI thereafter	
Interest rates: Received Payable – variable rates Payable – fixed rates, based on existing debt portfolio plus new loans totalling £13.3M at 6%, which are repaid over the life of the plan	 2013/14 to 2015/16 Thereafter 2013/14 2014/15 2015/16 2016/17 Thereafter 2013/14 to 2023/24 2024/25 to 2025/26 2026/27 2027/28 to 2028/29 Thereafter	 0.25% 0.5% 1.3% 1.5% 2.5% 3.5% 4.5% 3.3% 3.4% 3.5% 3.6% 3.5%


PWLB Outstanding Loan Balance
155000000
135000000
115000000
95000000
75000000
55000000
£
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
Year
December 2012 estimated closing PWLB
January 2012 estimated closing PWLB
November 2013 estimated closing PWLB

HRA Capital Programme	Original Annual Budget for 2013/14		Revised Budget for 2013/14		Budget Change		Reason
Future Major Repairs							
External envelope works	£	1,230,000	£	1,130,000	-£	100,000	Reduced projected year-end commitment based on current demand
External window/door/screen replacements	£	900,000	£	700,000	-£	200,000	Reduced projected year-end commitment based on current demand
Kitchen/bathroom renewals	£	1,900,000	£	2,200,000	£	300,000	Increased projected year-end commitment based on current demand
Mechanical & Electrical Services	£	1,760,000	£	1,560,000	-£	200,000	Funds re-allocated to more appropriate budget line (Winnall gas main)
Internal structure & finishes	£	390,000	£	390,000	£	-	No change
External Ground Works & Service Mains	£	350,000	£	550,000	£	200,000	Funds re-allocated to more appropriate budget line (Winnall gas main)
Future Major Repairs	£	6,530,000	£	6,530,000	£	-	No change
Improvements and Loft Conversions							
Sheltered Housing Upgrades	£	200,000	£	200,000	£	-	No change
Loft conversions	£	200,000	£	200,000	£	-	No change
	£	400,000	£	400,000	£	-	No change
Disabled Adaptation Works	£	700,000	£	700,000		0	No change
Revenue							
Responsive Maintenance	£	1,990,000	£	2,190,000	£	200,000	Increased projected year-end commitment based on current demand
Voids Maintenance	£	640,000	£	440,000	-£	200,000	Reduced projected year-end commitment based on current demand
Cyclic Maintenance	£	1,150,000	£	1,150,000	£	-	No change
Total Revenue Repairs Works	**£**	**3,780,000**	£	3,780,000	£	-	No change
Disabled Adaptations-Revenue Works	**£**	**100,000**	£	100,000		0	No change