

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 18 NOVEMBER 2014

Title of report	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16
Key Decision	<p>a) Financial Yes</p> <p>b) Community Yes</p>
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Purpose of report	To seek approval of the draft 2015/16 Housing Revenue Account (HRA) Budget proposals for consultation.
Reason for Decision	To enable the Council to set a balanced Housing Revenue Account Budget for 2015/16.
Council Priorities	The HRA budget assists the Value for money priority.
<p>Implications:</p> <p>Financial/Staff</p> <p>Link to relevant CAT</p> <p>Risk Management</p>	<p>As included in report.</p> <p>Delivering a HRA Budget for 2015/16 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan and Service Team Business Plans.</p> <p>The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.</p>

Equalities Impact Screening	Depending on the rent increase option adopted, there is the risk that tenants may continue to pay significantly different rental levels for similar properties.
Human Rights	None identified.
Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	Corporate Leadership Team (CLT)
Background papers	None
Recommendations	<p>A. THAT THE ASSURANCE STATEMENT BY THE S151 OFFICER BE NOTED,</p> <p>B. THAT CABINET APPROVE THE DRAFT HRA BUDGET PROPOSAL AS DETAILED IN THIS REPORT AND ASSOCIATED APPENDICES FOR CONSULTATION</p>

1.0 INTRODUCTION

- 1.1 This report seeks Cabinet approval to consult on the draft HRA budget proposals and the rent increase for 2015/16, with the outcome of this consultation exercise being fed back into the subsequent reports to Cabinet and Council to seek approval for the final budget.
- 1.2 Draft proposals for consultation have been prepared in context of a revised approach to annual rent increases following a Department for Communities and Local Government (DCLG) announcement in May of this year regarding new guidance on social rent policy. The impact of this to the HRA and flexibility available in its application is considered in this report.
- 1.3 The formal consultation process with customers adheres to the same consultation timetable as the general fund and will commence on 1 December 2014 and end on 16 January 2015 in readiness of Cabinet and Council approval of final proposals on 10 February and 24 February 2015.

2.0 REVISED BUDGET 2014/15

- 2.1 Cabinet will recall that Council approved the decision to fund the additional resources required for the 2015/16 Decent Homes Improvement Programme on 25 March and 16 September 2014. The impact of these changes on the original budget surplus is a revised budget of £746k deficit which will be funded from HRA balances.

- 2.2 The overall forecast for the current year at period 6 shows a potential further increase in the forecast deficit from £746k to £1.04m. This is largely as a result in a reduction in expected rent income of £300k due to an increased level of empty properties.
- 2.3 As a result of this the balance on the Housing Revenue Account at 31 March 2015 is estimated to be £4.23m. This balance significantly exceeds the agreed minimum working balance on the HRA of £1m and this has been developed to provide a loan repayment reserve provision against the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan. The first maturity loans of £10m and £3m fall due for repayment on 28 March 2022.

3.0 2015/16 BUDGET OVERVIEW

- 3.1 For 2015/16, the level of revenue contribution to capital outlay (RCCO) is proposed to be £2.59m (as opposed to £2.9m in 2014/15) in order to maintain 100% decency in respect of the Decent Homes standard. This significant annual transfer from revenue to capital to fund improvements will be an ongoing feature of the HRA budget going forwards, as the council will no longer be in receipt of any Decent Homes Backlog Funding Grant after 2014/15.
- 3.2 Budget proposals are based on prices and levels of charges for council housing related services at October 2014 plus known increases, for example contractual obligations.
- 3.3 The process of determining the 2015/16 budget includes the capturing of all of the changes required from one budget year to the next within the HRA in the form of a budget “investment” – a request for more funding or a reduction in income collected, or a budget saving” – an increase in income or a budget saving via reduced expenditure.
- 3.4 The budget investment and budget saving proposals for the 2015/16 budget are shown within Appendices A and B.
- 3.5 All budget proposals that have been given an amber or green are included within the draft budget, with amber proposal owners required to seek further approval before implementing proposals, through Corporate Leadership Team (CLT) or Departmental Management Team (DMT) as appropriate.
- 3.6 The budget for 2015/16 is estimated to produce an operating surplus of £28k. Please note that the business plan model is expected to produce one future year with a budget deficit in 2016/17 (of £95k), followed by surpluses in each of the four years going forward from 2017/2018. Annual surpluses are planned to rise incrementally from £162k in 2017/18 to £2.513m in 2020/21.
- 3.7 It is proposed to fund the deficit for the single year of 2016/17 from HRA reserves, which is considered to be a prudent approach, as opposed to the alternative of borrowing money and incurring additional interest costs.

4.0 2014/15 BUDGET – RENTS

- 4.1 Government rent policy guidance, introduced nationally for local authorities in April 2002, has in previous years established the local authority average guideline rent increase by applying RPI inflation at the previous September plus 0.5%, and a convergence factor of up to £2 per week. The £2 per week convergence factor cap reflected the policy objective

of increasing Local Authority rents to similar levels to those charged by Registered Providers (Housing Associations). North West Leicestershire District Council has adhered to this guidance since its implementation.

- 4.2 Following consultation the Government has announced that from 2015/16 this guidance will be replaced by new guidance that requires rent increases to be via a formula of September CPI + 1% for the next 10 years. Historically CPI has been lower than RPI, so the expected impact of this policy would be to reduce annual rent increases, and therefore significantly reduce the rental income predictions on which our business plan is based.
- 4.3 To illustrate the difference, the comparative inflation indices for September 2014 and resultant formula rent increase are as follows:

Inflation Index		Formula increase (RPI + 0.5% / CPI + 1%)
RPI	2.3%	2.8%
CPI	1.2%	2.2%

- 4.4 On the introduction of its new guidance the Government's existing rent restructuring policy will cease from 2015/16, with the exception of re-letting properties at the converged rent level on re-let. Currently approximately 26% of our tenants are paying the target rent for their home, with 74% paying rents below this level. Principally this is because we were historically a lower rent level Council so the increases required for individual properties to reach target rents were larger and the impact of the "cap" has meant most of our properties are yet to reach their target rent level. Because of their lower rent starting point, all homes are not forecast to reach their target rent until 2019/20 under the former rent policy.
- 4.5 Whilst the move to the new social rent policy represents potentially lower rent increases for tenants, the removal of rent convergence and change in formula represents a real, and significant, loss of rental income to the Council. More importantly it maintains the situation where existing tenancies are being charged considerably less rent than incoming new tenants. Currently tenants in neighbouring properties can pay up to £16.90 per week more/less for the same property. If the new guidance is adopted and the Council no longer continues to converge rents, these individual property differentials will only be closed when a property is moved to target rent when re-let.
- 4.6 There is no statutory underpinning for rent setting. Local authorities are free to set any rent they see fit as long as it meets the provisions of the 1985 Housing Act. Section 24 of the 1985 Act states the following:
- 24 (1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses
- 24 (2) The Authority shall from time to time review rents and make such changes, either of rents generally or particular rents, as circumstances may require
- 4.7 The 1989 Local Government and Housing Act added clauses 24 (3) and 24 (4) which stated that in exercising their functions under this section, a local housing authority shall have regard in particular to the principle that the rents of houses of any class or description should bear broadly the same proportion to private sector rents of houses of any other class or description. However, this was repealed in England (it is still extant in

Wales) by the Local Government Act 2003. Therefore, local authorities have no restriction other than reasonableness when deciding on the basis to set rents.

- 4.8 However, Government guidance on rent increases has formed part of the HRA financial world for many years, and in the past factors such as the national Housing Subsidy system controlled rent increases by ensuring that any increase at a rate different to the policy level had a negative impact on income.
- 4.9 With the introduction of HRA Self-Financing in March 2012, the settlement which resulted in loans of £77m being taken on by the Council was calculated on the basis of projected income from rent convergence level increases, albeit with adjustments recognising the impact of the £2 above inflation increases. Therefore rents were increased to meet interest and debt repayment requirements in accordance with the projected levels in the Business Plan.
- 4.10 The application of the new rent policy guidance in North West Leicestershire therefore presents a potentially inequitable outcome which will retain large rental differences between neighbouring properties until they become vacant. A number of other Local Authorities are also considering alternative rent increase options for 2015/16 and beyond. All Councils are at different places in their rent convergence processes, as some started from higher average rent levels so had lower levels of increase to make each year. For those with most of their properties already at convergence levels, the impact of the new rent policy is far less significant on their future income projections than it is for Councils such as ourselves, with a majority of properties not yet at target rent levels.
- 4.11 The policy adopted by Cabinet in April 2008 means that empty properties are only moved to a target rent upon letting to a new tenant. Therefore, under the current approach, if a tenant has a tenancy that pre-dates April 2008 and transfers to another property, they will do so at the lower rent for that property rather than at the advertised target rent. Under a revised approach from 2015/16, it is proposed that all properties are re-let at target rent, regardless of the tenancy status of the incoming tenant.
- 4.12 Following a review of the current rent plan, the following rent increase options have been developed for consideration:

Option A – Former policy

Rents would be increased by the former rent guidance of RPI + 0.5% (+ £2 for those properties not at limit rent) which is due to end in March 2015. This option is a clear departure from the Government's revised guidance through continuation of the current policy and rent convergence.

Under this option, the rent levels of all properties would converge by 2019/20, ensuring all tenants pay the same rent for similar properties.

This option provides the HRA with higher rental income due to the 0.5% favourable position of the RPI based formula.

Subject to the level of future September RPI, our projections suggest that rent increases from 2017/18 may invoke a financial penalty through reduced Housing Benefit Subsidy as a result of the average rent exceeding the rent rebate subsidy limitation figure. Rent increase policy for 2017/18 and beyond should therefore make reference to the rebate subsidy limitation figure as prescribed by Government.

Option B – New Government guidance

This option implements the Government's revised guidance for social rents due to commence from April 2015 and would be followed with annual increases of CPI + 1% only, with no continuation of rent convergence.

Under this option the current inequity of tenants paying different rents for similar properties would remain. The 1,142 (26%) properties that have converged to date will remain at their target rent, with the remaining properties only being converged to target rent upon re-let. Tenants living in properties which have reached target rents would continue to pay lower rent increases, but on higher rent levels than their neighbours.

This option will generate significantly lower rental income than originally anticipated, and will limit future investment in our housing stock.

Since this option adheres to the governments guidance it is expected that the average rent will not exceed the rent rebate subsidy limitation figure and therefore there is a low risk of financial penalty.

Option C – Accelerated Convergence

Under this option the Government's revised guidance for social rents from April 2015 would be followed with annual increases of CPI + 1%, however rent convergence would continue at an accelerated rate of up to £4 per week.

Following this accelerated convergence path the majority of properties (94%) would converge by 2016/17 (and within the rent rebate subsidy limitation), with the remaining 6% by 2019/20. This option therefore presents a more equitable outcome with similar rent values being charged for similar properties.

This option will generate a higher rental income during the early years to 2019/20 as a result of the application of accelerated convergence at up to £4 per week for those properties not at target rent. Rental income and average rent per property will overall be lower than option A from 2017/18 onwards as a result of following the revised guidance in respect of CPI increases.

Subject to the level of converged properties and level of CPI in September 2015, rent increases from 2016/17 may impose a financial penalty through Housing Benefit Subsidy limitation as a result of the average rent exceeding the rent rebate subsidy limitation figure. Rent increase policy for 2016/17 and beyond should therefore make reference to the rebate subsidy limitation figure as prescribed by Government.

- 4.13 In respect of the above, new issues may be presented in future years upon the introduction of Universal Credit (UC). Detailed information is not currently available in respect of how the Housing element of UC will be calculated, however, should it be in line with the new government guidance for CPI formula rent increases, this may cause issues in terms of Housing Benefit eligible tenants UC benefit not being aligned with their rent.
- 4.14 Appendix C contains detailed projections with regards to these rent increase options over the next 10 years to 2024/25 including average rent levels and rent increases per year on a 50 week basis.

- 4.15 In light of the impact to future cash flows within the HRA Business Plan and the ability to meet investment needs and existing loan repayments, covered in section 6.0, it is recommended that Option C – Accelerated Convergence is followed for 2015/16.

5.0 SERVICE CHARGES, FEES AND OTHER CHARGES

- 5.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting and the maintenance of communal areas. Service charges are covered by Housing Benefit, whilst all other fees and charges are not.
- 5.2 For 2015/16 average weekly service charges are proposed to be increased by 1.82%.
- 5.3 Central heating charges are proposed to increase by 10% as a result of proposed energy prices increases anticipated for 2015/16.
- 5.4 Garage rent levels are proposed to rise by 2.3% which is in line with the Retail Prices Index (RPI) as at September 2014.
- 5.5 Appleby Magna Caravan Site is a General Fund asset but managed by the Housing Service. Ground rents for the site are proposed to be increased by 2.3% on the anniversary of each individual rent agreement in 2015/16.
- 5.6 It is proposed that Lifeline Charges are increased by 2.3% from April 2014.
- 5.7 A table detailing each charge increase can be found in Appendix D.

6.0 HRA BUSINESS PLAN

- 6.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan should the commitment to repay debt in 2021/22 be retained. The business plan model (please see Appendix E under HRA In Year Cashflow) shows projected surpluses that rise incrementally from £162k in 2017/18 to £2.513m in 2020/21.
- 6.2 As a result of Council's decision on 16 September to fund the additional costs associated with the Decent Homes programme, a funding shortfall of £3.3m currently exists in year 8, 2021/22, when two maturity loans of £10m and £3m fall due for repayment which must be factored into future planning.
- 6.3 The overall impact to the HRA Business Plan for 2015/16 and future years is ultimately dependant on the rent policy adopted as well as the level of voids which for modelling purposes is set at 1.8% in the medium term. As per the recommendation in 4.10 above, Option C – Accelerated convergence rent policy is recommended for implementation from 2015/16 and is presented within the budget proposals.
- 6.4 The budget for 2015/16 is therefore estimated (subject to the agreement of inclusion of proposals following consultation) to produce an operating surplus of £28k for the year. This will increase the estimated balance on the Housing Revenue Account at 31 March 2016 to £4.26m.
- 6.5 It is proposed to fund the estimated deficit of £95k in 2016/17 from HRA reserves, which is considered to be a prudent approach, as opposed to the alternative of borrowing money

and incurring additional interest costs. This will subsequently reduce the estimated balance on the Housing Revenue Account at 31 March 2017 to £4.16m. The balance on the HRA will subsequently increase to reach an estimated £7.86m by 2020/21.

- 6.6 The current funding shortfall of £3.3m in year 8, 2021/22, reduces to £1.24m as a result of the higher rental income realised under Option C.
- 6.7 The impact of the draft budget under each of the rent increase options presented in section 4 can be found in Appendix E. Under Rent Income, it should be noted that Option C produces an extra £9m of rent income over 10 years as opposed to Option B. Similarly, under HRA Borrowing, Option C assumes that to pay off the two maturity loans in 2021/22 will require a payment from the Council of £1.242m, whilst Option B would require the Council to invest £7.304m.

7.0 CONSULTATION PROCESS

- 7.1 The contents and appendices of this report, with the exception of options surrounding the rent increase, will be used to consult with Council tenants on the proposals for the 2015/16 Housing Revenue Account budget.
- 7.2 This will include consulting with tenant members of the Performance and Finance Working Group (the Council's Resident Involvement technical finance working group) and the Tenants and Leaseholders Consultation Forum (the Council's Resident Involvement decision making body) to review and comment on the proposals.
- 7.3 In addition, the contents and appendices of this report will be published on the Council's Housing internet page and available in hard copy format upon request.
- 7.4 A copy of the consultation timetable can be found in Appendix F.

8.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 8.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 8.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2015/16 are robust and prudent and the proposals are deliverable.
- 8.3 The Section 151 Officer also considers that the overall level of Housing Revenue Account reserves is adequate.

Appendix A

Proposed Savings

Ref	Savings Bid Title	How will the Savings be Made?	Period	Income or Expenditure Budget	14/15 Budget	Value	Revised 15/16 Budget	Status
R1	External painting contract	Reduced provision as a result of the cyclical external painting programme. All external areas painted during 2014/15, future external painting programme schedule for 2019/20.	5 years	expenditure	85,000	20,000	65,000	G
R2	Energy performance certificates (EPC's)	Reduced provision as a result of all properties certification being updated following full stock condition surveys. Remaining budget provision to updated EPC as per government requirement of every 10 years.	on-going	expenditure	21,600	6,000	15,600	G
R3	Cleaning contract	Overall budget saving based on reduction in number of schemes requiring cleaning, including annual contract increase.	on-going	expenditure	83,340	6,100	77,240	G
R4	Reduction in budget for waste disposal	Reduced provision as a result of increase in recycling activity.	on-going	expenditure	37,540	8,450	29,090	G
R7	Reduction in revenue repairs	Reduced provision based on a forecast reduction of 5% in market rates for repairs.	on-going	expenditure	2,596,910	50,000	2,546,910	G
R8	2015/16 Rent increase	Annual rent increase at recommended rent increase option of CPI (1.2%) + 1% + £4 convergence factor where relevant (option c). Budget provision includes void loss of 1.8%	on-going	income	16,741,400	652,600	17,394,000	G
R10	2015/16 Services charge increase	Increased service charges based on assessment of individual cost areas. Proposed increase of 1.82%.	on-going	income	304,550	6,161	310,711	A
R14	Solid Fuel Servicing	Revised budget provision based on reduction in solid fuel properties for servicing. Includes provision for annual contract increase of 2.3%	ongoing	expenditure	38,040	13,960	24,080	G
R15	Recovered court cost fees	Increased provision based on recovery of increase in charges in respect of court costs	ongoing	income	9,800	6,500	16,300	G
R16	Revenue Contribution to Capital Outlay (RCCO)	Reduction in the estimated RCCO required to meet capital expenditure for 2015/16.	ongoing	expenditure	2,922,410	332,595	2,589,815	G
DMR	De-minimus savings (below £5k)	Increase in tenants insurance receipts £700 (R5); DD Promotions budget reduction £2,000 (R6); Reduction in protective clothing budget £1,000 (R9); Increase in Caravan site pitch fees £500 (R11); Increase in garage rent £1,900 (R12); Increase in lifeline charges £3,150 (R13)	ongoing	various		9,250		
TOTAL SAVINGS						1,111,616		

Proposed Investment

Ref	Investments Bid Title	What is the Investment for	Period	Income or Expenditure Budget	14/15 Budget	Value	Revised 15/16 Budget	Status
I4	Annual Servicing of smoke detectors	Provision for biennial servicing of smoke detectors on the basis of a 5 year programme consisting of a single visit to every property.	ongoing	expenditure	0	15,000	15,000	A
I6	Professional fees - court costs	Increased provision based on increase in charges in respect of court costs .	ongoing	expenditure	23,200	10,000	33,200	G
I8	Renewal of defective double glazed units	Provision to complete repairs to a 3 year backlog of defective double glazing.	1 year	expenditure	0	27,000	27,000	G
I9	Environmental repairs and improvements	Increase in provision to carry out programme of external works to pathways and pavements.	ongoing	expenditure	40,000	20,000	60,000	G
I11	Housing 'Health Check' recommendations	Provision to implement report recommendations following review.	1 year initially	expenditure	0	200,000	200,000	G
I14	Mobile working licence costs	Increased provision for annual charges for the mobile working and dynamic scheduling system.	ongoing	expenditure	110,160	21,600	131,760	G
I15	Increase in HRA salary provision	Increase in HRA salary provision based on incremental increases, pension costs and 1% pay of existing posts. Provision is net of changes to the existing structure, which include provision for the Director of Housing, and 0.5FTE Scheduler and removal of ICT Project Officer fixed term post, essential car allowances of x2 0.5FTE Resident Involvement Officer roles, 1FTE Logistics Support Officer, 1FTE Older Persons Project Officer and 0.5FTE Older Persons Team Leader.	ongoing	expenditure		6,800	6,800	A
I17	Housing apprentice	Cost of employing one Housing Apprentice.	ongoing	expenditure	0	6,000	6,000	G
I18	Older Persons service remodelling	Provision for potential costs associated with reshaping the Older Persons Service.	1 year	expenditure	0	20,000	20,000	G
DMI	De-minimus investments (below £5k)	Increase in gas servicing £3,260 (I1); Online document access for involved tenants £1,000 (I12); Increase in maintenance costs of older persons technology £993 (I16); Increase in void garden maintenance £3,670 (I19); Reduction in older persons income stream £610 (I20); budget reduction in central heating charges as a result of void loss £,3220 (I22)	ongoing	various		12,753		
TOTAL INVESTMENT						339,153		

2015/16 Rent Modelling Options Summary

Rent Models

Option A - Current policy RPI (2.3%) + 0.5% + £2

Option B - New Government guidance CPI (1.2%) + 1%

Option C - Accelerated Convergence CPI (1.2%) + 1% + £4

50 Week Rent	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	82.41	85.93	89.28	92.15	94.83	97.68	100.61	103.62	106.73	109.93
Option B - New Government guidance	80.52	82.29	84.10	85.95	87.84	90.48	93.19	95.99	98.87	101.83
Option C - Accelerated Convergence	83.15	86.21	88.23	90.24	92.23	95.00	97.85	100.78	103.81	106.92

Ave Wkly Increase (%)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	4.60%	4.28%	3.89%	3.22%	2.91%	3.00%	3.00%	3.00%	3.00%	3.00%
Option B - New Government guidance	2.20%	2.20%	2.20%	2.20%	2.20%	3.00%	3.00%	3.00%	3.00%	3.00%
Option C - Accelerated Convergence	5.54%	3.68%	2.35%	2.27%	2.21%	3.00%	3.00%	3.00%	3.00%	3.00%

Ave Wkly Increase	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	3.62	3.53	3.34	2.88	2.68	2.84	2.93	3.02	3.11	3.20
Option B - New Government guidance	1.73	1.77	1.81	1.85	1.89	2.64	2.71	2.80	2.88	2.97
Option C - Accelerated Convergence	4.36	3.06	2.03	2.01	1.99	2.77	2.85	2.94	3.02	3.11

No of Units at Convergence	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Option A - Current policy	1399	1970	2889	3965	4139	all at target	all at target	all at target	all at target	all at target
Option B - New Government guidance	1142	1142	1142	1142	1142	1142	1142	1142	1142	1142
Option C - Accelerated Convergence	1987	4012	4188	4259	4279	all at target	all at target	all at target	all at target	all at target

Appendix D

COMPARISON OF 2014/15 AND 2015/16 HOUSING CHARGES							
Chargeable Service	2014/15		2015/16			2015/16 Comments	
	Estimates 2014/15	Charge	Estimates 2015/16	Increase/ (Decrease)	Percentage Change	Charge	Basis of Increase
Service charges	339,159	Varies per property	345,320	6,161	1.82%	Varies per property	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	113,097	0 Bed: £7.58pw 1 Bed: £9.13pw 2 Bed: £10.48pw 3 Bed: £12.04pw	124,557	11,460	10.00%	0 Bed: £8.72pw 1 Bed: £10.50pw 2 Bed: £12.05pw 3 Bed: £13.85pw	Based on market assessment of predicted increase in utility costs during 2015/16.
Garage & Garage Site Rent (before adjustments to income for void loss)	164,251	Garage: £6.11pw Site: £3.92pw	168,029	3,778	2.30%	Garage: £6.25pw Site: £4.01pw	RPI based increase in line with previous years.
Appleby Magna Caravan Site Rent (before adjustments to income for void loss)	22,688	Site: £30.25pw	23,213	525	2.30%	Site: £30.95pw	RPI based increase at anniversary date of each licence in line with previous years.
Shop Leases	14,300	n/a	14,300	0	0.00%	n/a	Proposal currently undetermined. Report to Cabinet timetabled for December 2014.
Tenants Contents Insurance	33,600	Premiums from £0.72p pw to £4.22pw	33,600	0	0.00%	Currently undetermined but expect premiums to be from £0.72p pw to £4.22 pw	Level of premium tenants will pay are currently dependent on negotiation of new contract. Procurement options currently under review are likely to result in no increase in premiums.
Lifelines for private customers	99,360	£42.68 per quarter	101,645	2,285	2.30%	£43.66 per quarter	RPI based increase in line with previous years.
Lifelines (East Midlands Housing Association)	37,350	Various depending on scheme	38,209	859	2.30%	Various depending on scheme	RPI based increase in line with previous years.
Choice Based Lettings Advertising Costs	28,000	n/a	28,000	0	0.00%	n/a	No increase proposed.
Total Services	851,805		876,873	25,068	2.94%		

2015/16 Rent Modelling Options Summary HRA Business Plan Impact

Option A - Current policy	RPI (2.3%) + 0.5% + £2
Option B - New Government guidance	CPI (1.2%) + 1%
Option C - Accelerated Convergence	CPI (1.2%) + 1% + £4

Capital Programme	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total		
Planned Expenditure	8,398	- 7,783	- 7,786	- 7,820	- 7,922	- 6,471	- 4,531	- 4,531	- 55,239		
Rent Income	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	17,240	17,897	18,518	19,047	19,540	20,073	20,626	21,196	21,784	22,389	198,310
Option B - New Government guidance	16,845	17,138	17,445	17,765	18,100	18,594	19,106	19,634	20,179	20,739	185,544
Option C - Accelerated Convergence	17,394	17,953	18,302	18,651	19,004	19,523	20,060	20,615	21,187	21,776	194,466
These values typically lower as affected by RTB's, Rent Loss due to Voids, Disposals etc											
HRA CFR Borrowing	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	-	-	-	-	-	-	-	-	-	-	0
Option B - New Government guidance	-	-	-	-	-	-	7,304	-	-	-	7,304
Option C - Accelerated Convergence	-	-	-	-	-	-	1,242	-	-	-	1,242
RCCO	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	2,590	3,278	3,365	3,457	3,623	2,237	14,543	361	1,766	1,764	36,983
Option B - New Government guidance	2,590	3,278	3,365	3,457	3,623	2,237	7,239	361	1,766	1,764	29,679
Option C - Accelerated Convergence	2,590	3,278	3,365	3,457	3,623	2,237	13,301	361	1,766	1,764	35,741
HRA In Year Cash flow (Deficit) / Surplus	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Option A - Current policy	-125	-152	376	811	1,138	3,064	-7,525	6,348	5,559	6,193	15,686
Option B - New Government guidance	-518	-907	- 696	-474	-311	1,567	-1,837	4,427	3,584	4,162	8,997
Option C - Accelerated Convergence	28	-95	162	418	605	2,513	-6,865	5,704	4,895	5,509	12,875
HRA Closing Balance	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	
Option A - Current policy	4,104	3,952	4,328	5,138	6,277	9,341	1,816	8,164	13,722	19,915	
Option B - New Government guidance	3,712	2,804	2,108	1,634	1,323	2,891	1,053	5,480	9,063	13,226	
Option C - Accelerated Convergence	4,257	4,162	4,325	4,742	5,347	7,860	995	6,699	11,594	17,104	

Consultation and approval of HRA 2015/16 Budget Timetable

Date	Item	Information
1 December 2014 to 16 January 2015	Consultation with customers	Consultation with: <ul style="list-style-type: none">• All customers via NWLDC website• Tenant members of the Performance and Finance Working Group (4 December 2014)• Members of Tenants and Leaseholder Consultation Forum (via letter)
10 February 2015	Cabinet Meeting	Recommendations to Council
24 February 2015	Council	Approval of Budget