

**Housing Revenue Account  
Budget Book and Business Plan  
2013-14**

**GUILDFORD BOROUGH COUNCIL  
HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

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# GUILDFORD BOROUGH COUNCIL

## HRA BUDGET BOOK AND BUSINESS PLAN 2013-14

### Contents

	<b>Page Number</b>
Summary - gross expenditure and income	4
Summary – income detail	5
Graphical analysis of services gross expenditure for 2013-14 by type (subjective analysis)	6
Graphical analysis of services gross income for 2013-14 by type	7
Analysis of HRA gross expenditure and sources of finance for 2013-14	8
HRA revenue balance and major reserve funds' projections to 2016-17	9
Economic Indicators	10
Manpower Establishment used in HRA estimate preparation	11
Salaries and Employee Costs	12
Service budgets	14 – 33
Fees and Charges	34
Housing Investment Programme	36 - 37
Business Plan	38 – 89
Glossary	90 - 96

**GUILDFORD BOROUGH COUNCIL**

**HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

**Summary – gross expenditure and income**

<b>2010-11 Actual £</b>	<b>2011-12 Actual £</b>	<b>Analysis</b>	<b>2012-13 Estimate £</b>	<b>2012-13 Projection £</b>	<b>2013-14 Estimate £</b>
		<b>Borough Housing Services</b>			
549,379	543,636	Income Collection	554,560	536,578	568,760
803,446	819,046	Tenants Services	816,110	808,409	879,100
130,811	119,538	Tenant Participation	138,550	117,205	132,070
83,883	85,048	Garage Management	87,970	83,440	85,200
140,653	83,902	Elderly Persons Dwellings	139,410	82,255	77,730
566,460	341,772	Flats Communal Services	418,840	371,601	418,350
484,291	534,161	Environmental Works to Estates	505,460	510,770	481,210
3,959,629	4,161,480	Responsive and Planned Maintenance	4,734,070	4,478,101	4,918,120
110,694	107,650	SOCH and Equity Share Administration	92,650	84,542	93,230
<b>6,829,247</b>	<b>6,796,233</b>		<b>7,487,620</b>	<b>7,072,900</b>	<b>7,653,770</b>
		<b>Strategic Housing Services</b>			
261,746	260,582	Advice, Registers & Tenant Selection	309,850	255,598	350,420
183,740	165,976	Void Property Management & Lettings	197,310	170,227	199,440
11,059	7,481	Homelessness Hostels	7,740	9,070	5,380
445,947	268,225	Supported Housing Management	219,980	208,242	224,670
253,514	192,809,903	Strategic Support to the HRA	302,260	254,226	397,220
<b>1,156,006</b>	<b>193,512,168</b>		<b>1,037,140</b>	<b>897,363</b>	<b>1,177,130</b>
		<b>Community Services</b>			
946,226	828,572	Sheltered Housing	885,360	843,093	870,050
		<b>Other Items</b>			
65,030,782	8,249,062	Depreciation & Impairment	5,800,000	5,800,000	5,293,520
54,931	86,068	Debt Management	91,620	91,620	96,890
419,854	242,639	Rent Rebates	459,930	459,930	148,200
14,550,240	16,402,845	Negative Subsidy (Housing Element)	0	0	0
0	0	<i>Proposed Growth Bids</i>	0	0	0
165,604	247,887	Other Items	309,870	340,253	299,850
<b>89,152,889</b>	<b>226,365,475</b>	<b>Total Expenditure</b>	<b>16,071,540</b>	<b>15,505,159</b>	<b>15,539,410</b>
(31,833,138)	(32,740,268)	Income	(30,194,890)	(30,270,518)	(30,964,770)
<b>57,319,751</b>	<b>193,625,207</b>	<b>Net Cost of Services(per inc &amp; exp a/c)</b>	<b>(14,123,350)</b>	<b>(14,765,360)</b>	<b>(15,425,360)</b>
<b>248,106</b>	<b>243,379</b>	HRA share of CDC	<b>233,220</b>	<b>233,220</b>	<b>230,490</b>
<b>57,567,857</b>	<b>193,868,586</b>	<b>Net Cost of HRA Services</b>	<b>(13,890,130)</b>	<b>(14,532,140)</b>	<b>(15,194,870)</b>
(73,600)	(100,789)	Investment Income	(75,000)	(214,428)	(174,350)
28,285	124,272	Interest Payable	8,716,720	5,154,876	5,170,000
<b>57,522,542</b>	<b>193,892,069</b>	<b>Deficit for Year on HRA Services</b>	<b>(5,248,410)</b>	<b>(9,591,692)</b>	<b>(10,199,220)</b>
35,116	(4,534)	Amortised Premiums and Discounts	0	0	0
38,000	(1,844)	REFCUS - Revenue expenditure funded from capital	75,000	75,000	75,000
3,332,518	1,956,414	Contrib to/(Use of) RFFC	5,173,410	9,516,692	<b>10,124,220</b>
0		Government Grants deferred re Dep'n	0	0	0
167,160	164,055	Tfr (fr) to Pensions Reserve	0	0	0
(59,996,740)	(2,955,540)	Tfr (from)/to CFR re Impairment charge	0	0	0
0		Tfr (from)/to CFR re Deferred charge	0	0	0
	(192,435,000)	Tfr (from)/to CFR re: Debt settlement	0	0	0
(38,000)		Tfr (from)/to Other Reserves	0	0	0
(1,060,597)	(1,215,620)	Transfer (from)/to MRR	0	0	0
<b>0</b>	<b>(600,000)</b>	<b>HRA Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
(1,900,000)	(1,900,000)	Balance Brought Forward	(2,500,000)	0	(2,500,000)
<b>(1,900,000)</b>	<b>(2,500,000)</b>	<b>Balance Carried Forward</b>	<b>(2,500,000)</b>	<b>0</b>	<b>(2,500,000)</b>

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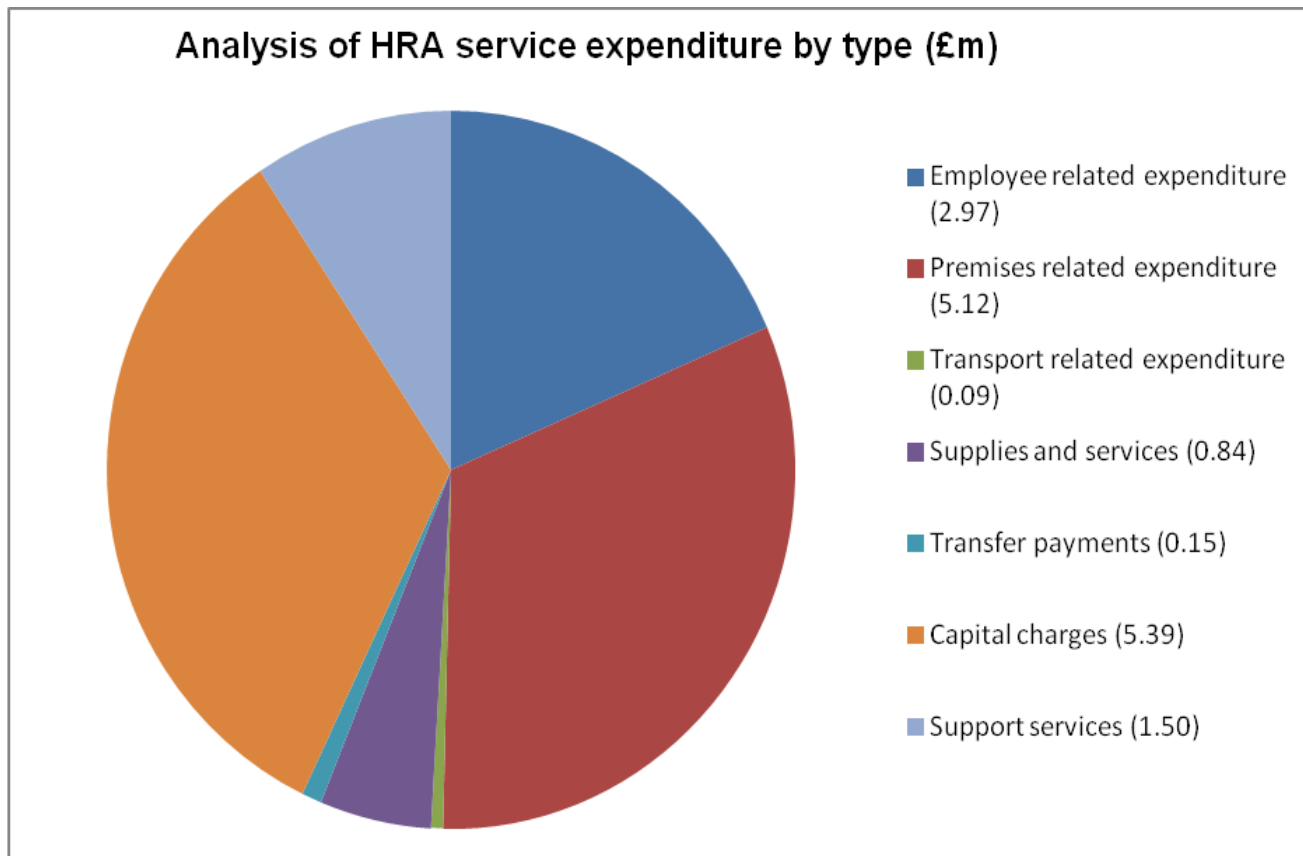
**HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

**Budget summary –income detail**

<b>2010-11 Actual £</b>	<b>2011-12 Actual £</b>	<b>Analysis  Income</b>	<b>2012-13 Estimate £</b>	<b>2012-13 Probable £</b>	<b>2013-14 Estimate £</b>
(24,663,978)	(25,956,980)	Rent Income - Dwellings	(27,333,180)	(27,530,743)	(28,260,000)
(251,478)	(160,225)	Rent Income - Rosebery Hsg Assoc	(210,080)	(210,080)	(196,600)
(269,644)	(276,925)	Rents - Shops, Buildings etc	(244,040)	(258,065)	(155,000)
(634,309)	(649,103)	Rents - Garages	(673,000)	(690,400)	(696,500)
<b>(25,819,409)</b>	<b>(27,043,233)</b>	<b>Total Rent Income</b>	<b>(28,460,300)</b>	<b>(28,689,288)</b>	<b>(29,308,100)</b>
(3,973,445)	(4,077,903)	Major Repairs Allowance	0	0	0
(827,430)	(513,209)	Supporting People Grant	(405,310)	(380,310)	(343,840)
(1,041,323)	(934,075)	Service Charges	(1,087,880)	(960,000)	(968,490)
(2,500)	(2,500)	Contributions	(9,200)	(9,200)	(9,610)
(29,130)	(12,713)	Legal Fees Recovered	(9,860)	(9,860)	(13,620)
(1,680)	(1,135)	Council Tax Recovered	(1,680)	(1,200)	(1,200)
(32,815)	(51,191)	Service Charges Recovered	(64,640)	(64,640)	(50,270)
(105,407)	(104,308)	Miscellaneous Income	(156,020)	(156,020)	(269,640)
<b>(31,833,138)</b>	<b>(32,740,268)</b>	<b>Total Income</b>	<b>(30,194,890)</b>	<b>(30,270,518)</b>	<b>(30,964,770)</b>

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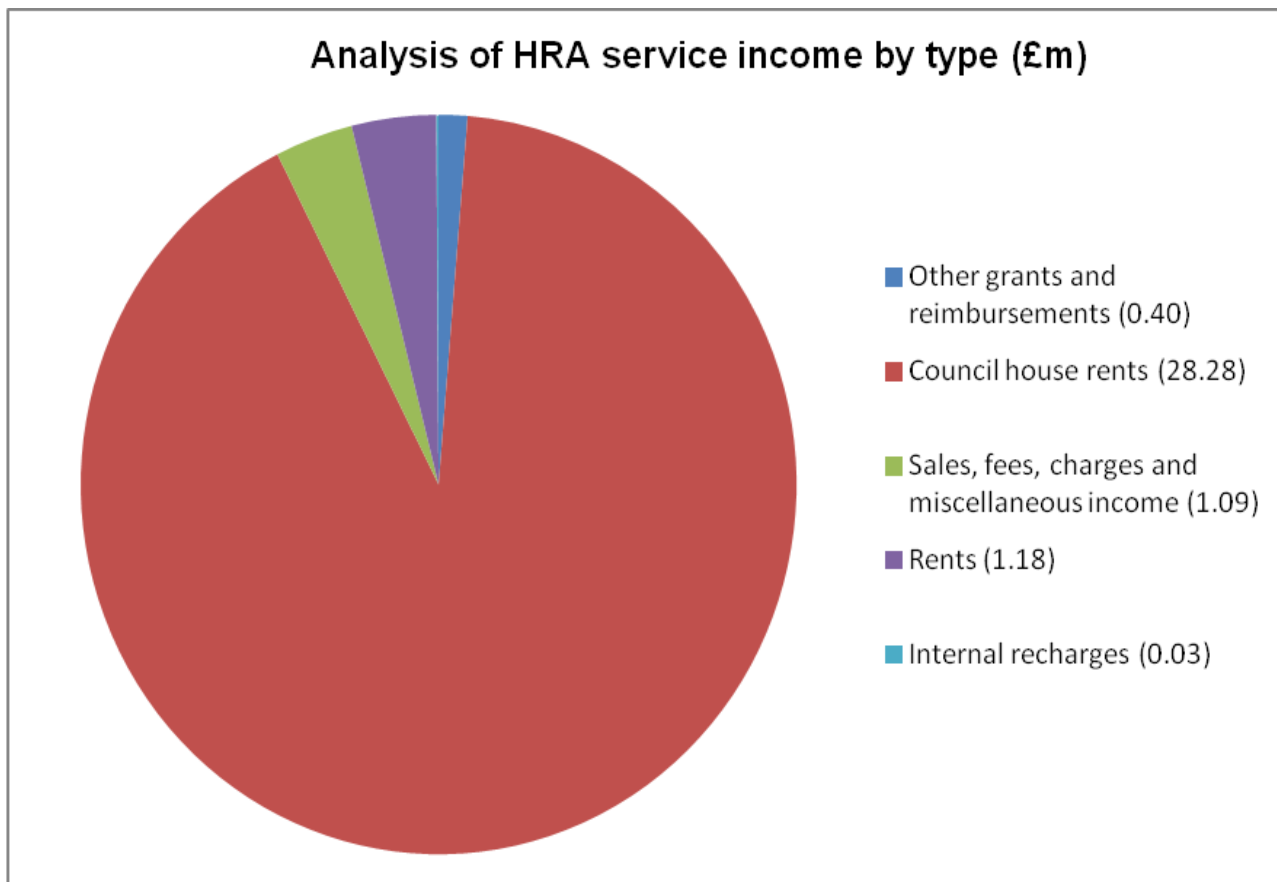
**Graphical analysis of HRA service gross expenditure for 2013-14 by type (subjective analysis)**



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**Graphical analysis of HRA service gross income for 2013-14 by type (subjective analysis)**



## GUILDFORD BOROUGH COUNCIL

### HRA BUDGET BOOK AND BUSINESS PLAN 2013-14

#### Analysis of HRA gross expenditure and sources of finance for 2013-14

	Housing (HRA)	
	%	£000
<b>Gross Expenditure by Service</b>		
Services to tenants	4	1,361
Income collection	2	569
Sheltered Housing and elderly persons dwellings	3	948
Flats communal services	1	418
Environmental works	2	481
Void property and garage management	1	285
Supported housing and homelessness hostels	1	230
Strategic and corporate support	2	628
Other services	1	465
Repairs and Maintenance	16	4,918
Rent rebate subsidy limitation charge	0	148
Depreciation	17	5,294
Transfer to reserves	33	10,124
Interest payable	17	5,170
Revenue contributions to capital outlay	0	75
	<b>100</b>	<b>31,114</b>

	Housing (HRA)	
<b>Gross Expenditure alternatively analysed as:</b>	%	£000
Council house repairs and maintenance	13	4,035
Depreciation	18	5,386
Direct payroll costs (Incl NI & Superannuation)	9	2,898
Housing benefit payments	0	148
Rates	0	58
Energy costs	1	380
Grants	0	1
Other	9	2,839
Business rates retention scheme payments	0	0
Interest payable	17	5,170
Parish Precepts	0	0
Transfer to reserves	33	10,124
Revenue contributions to capital outlay	0	75
	<b>100</b>	<b>31,114</b>
	Housing (HRA)	
<b>Received From:</b>	%	£000
Council House Rents	90	28,279
Interest receivable	1	174
Retained business rates	0	1
Rent income	4	1,175
Fees, charges and miscellaneous income from services	5	1,485
	<b>100</b>	<b>31,114</b>



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## HRA BUDGET BOOK AND BUSINESS PLAN 2013-14

### HRA Balance and Reserve Funds' projections to 2016-17

<b>HRA Reserve for Future Capital</b>		<b>Estimate</b>	<b>Revised</b>	<b>Estimate</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>Actual</b>		<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>2011-12</b>		<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(16,628)	Balance b/f 1 April	(16,428)	(17,256)	<b>(17,977)</b>	(18,771)	(19,690)	(20,740)
1,328	Used in year	400	1,779	<b>1,706</b>	1,706	1,706	1,706
(1,956)	From revenue in year	(2,000)	(2,500)	<b>(2,500)</b>	(2,625)	(2,756)	(2,894)
<b>(17,256)</b>	<b>Balance c/f 31 March</b>	<b>(18,028)</b>	<b>(17,977)</b>	<b>(18,771)</b>	<b>(19,690)</b>	<b>(20,740)</b>	<b>(21,928)</b>
<b>HRA Major Repairs reserve</b>							
<b>Actual</b>		<b>Estimate</b>	<b>Revised</b>	<b>Estimate</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>2011-12</b>		<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
0	Balance b/f 1 April	0	0	<b>0</b>	0	0	0
4,078	Used in year	5,800	5,800	<b>5,294</b>	5,294	5,294	5,294
(4,078)	From revenue in year	(5,800)	(5,800)	<b>(5,294)</b>	(5,294)	(5,294)	(5,294)
<b>0</b>	<b>Balance c/f 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HRA New build reserve</b>							
<b>Actual</b>		<b>Estimate</b>	<b>Revised</b>	<b>Estimate</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>2011-12</b>		<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
0	Balance b/f 1 April	0	0	<b>(7,363)</b>	(7,176)	(7,923)	(15,350)
0	Used in year	0	160	<b>7,700</b>	6,911	279	0
0	From revenue in year	(3,173)	(7,523)	<b>(7,513)</b>	(7,658)	(7,706)	(7,811)
<b>0</b>	<b>Balance c/f 31 March</b>	<b>(3,173)</b>	<b>(7,363)</b>	<b>(7,176)</b>	<b>(7,923)</b>	<b>(15,350)</b>	<b>(23,161)</b>
<b>HRA Revenue Balance</b>							
The Revenue Balance of the HRA is available to meet unexpected fluctuations in the budget. It was increased to £2.5 million in 2011-12 due to increased uncertainties following the reform of housing finance.							
<b>Actual</b>		<b>Estimate</b>	<b>Revised</b>	<b>Estimate</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
<b>2011-12</b>		<b>2012-13</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(1,900)	Balance b/f 1 April	(2,500)	(2,500)	<b>(2,500)</b>	(2,500)	(2,500)	(2,500)
(600)	From revenue in year	0	0	<b>0</b>	0	0	0
<b>(2,500)</b>	<b>Balance c/f 31 March</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>

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**Economic Indicators**

The following assumptions have been made in the detailed preparation of estimates for 2013-14.		A 1 per cent change in the rates assumed opposite would cost/save the HRA as follows:	
Payroll:	Pay award of 1.5 per cent plus incremental progression where appropriate.		<b>£000</b>
Depreciation:	Straight line basis over the estimated life of the asset, taking into account any residual value.	Payroll	29
Repairs and maintenance	Informed by the combination of stock condition survey outcomes, prevailing market rates and historic data. Average increase 2.75 percent	Repairs and maintenance	41
Debt interest - fixed	Average rate of 2.68 per cent for all debt .	Other Expenditure	36
Other Expenses	No general inflation allowance has been included – only contractual increases.	<u>Income</u>	
Income - rents	Average rent increase of 3.34 per cent	Dwelling rents (to be updated)	282
Income – other	3.1 per cent	Other income (to be updated)	27
Average weekly rent	£105.67 (£102.28 in 2012-13)		

**GUILDFORD BOROUGH COUNCIL**

**HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

**Manpower establishment used in the HRA estimate preparation: number of posts, shown as Full Time Equivalents**

Service Unit	2012-13			2013-14		
	Total FTE	Externally Funded	GBC Funded	Total FTE	Externally Funded	GBC Funded
Business Systems	0.00		0.00	0.00		0.00
Community Care Services	14.16		14.16	0.00		0.00
Corporate Development	0.00		0.00	0.00		0.00
Economic Development	0.00		0.00	0.00		0.00
Environmental Health and Licensing	0.00		0.00	0.00		0.00
Financial Services	0.00		0.00	0.00		0.00
Health and Community Care Services	0.00		0.00	15.61		15.61
Housing Advice	20.69		20.69	19.69		19.69
Human Resources	0.00		0.00	0.00		0.00
Legal and Democratic Services	0.00		0.00	0.00		0.00
Leisure Services	0.00		0.00	0.00		0.00
Management Team	0.43		0.43	0.43		0.43
Neighbourhood and Housing Management Services	37.56		37.56	40.67		40.67
Operational Services	0.00		0.00	0.00		0.00
Parks and Countryside Services	0.50		0.50	0.00		0.00
Parks and Leisure Services	0.00		0.00	0.50		0.50
Planning Services	0.00		0.00	0.00		0.00
Revenues and Payments	0.00		0.00	0.00		0.00
	73.34	0.00	73.34	76.90	0.00	76.90

**GUILDFORD BOROUGH COUNCIL**

**HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

**Salaries and employee costs**

<b>2011/12 ACTUAL £</b>	<b>ANALYSIS</b>	<b>2012/13 ESTIMATE £</b>	<b>2013/14 ESTIMATE £</b>
	<i>Salaries (including NI and Superannuation)</i>		
0	Business Systems	0	0
399,815	Community Care Services	427,520	0
0	Corporate Development	0	0
0	Economic Development	0	0
0	Environmental Health and Licensing	0	0
0	Financial Services	0	0
0	Health and Community Care Services	0	445,420
659,749	Housing Advice	701,600	706,150
0	Human Resources	0	0
0	Legal and Democratic Services	0	0
0	Leisure Services	0	0
30,555	Management Team	31,020	31,710
1,130,103	Neighbourhood and Housing Management Services	1,373,210	1,502,750
0	Operational Services	0	0
18,585	Parks and Countryside Services	18,920	0
0	Parks and Leisure Services	0	19,120
0	Planning Services	0	0
0	Revenues and Payments	0	0
240,401	Corporate Costs	241,370	244,790
0	Vacancy Credit	(37,450)	(52,380)
<b>2,479,207</b>	<b>Total Salaries</b>	<b>2,756,190</b>	<b>2,897,560</b>
	<i>Other employee related expenditure</i>		
40,639	Casual Salaries	0	0
22,508	Car Leasing	20,360	22,520
436	Child Care Allowance	0	0
22,520	Insurance Employers Liability	21,420	16,400
6,980	Health/Medical Expenses	5,980	6,070
3,006	Mortgage Subsidy	0	0
0	Criminal Records Bureau Checks	0	0
0	Staff Committee Attendance	0	0
0	Emergency Planning Duties	0	0
0	Practicing Certificate	0	0
0	Staff Concessions	0	0
0	Facilitators and Assessors	0	0
0	Instructors Fees	0	0
1,111	Redundancy and Compromise Agreements	0	0
46	Other Costs	0	0
2,440	Professional Subscriptions	3,220	2,290
5,467	Relocation Costs	3,700	4,000
110	Staff Car Parking	0	0
14,557	Training	8,300	12,390
1,688	Vacancy Advertising	5,100	5,000
<b>121,509</b>	<b>Total Other Employee Related Costs</b>	<b>68,080</b>	<b>68,670</b>
<b>2,600,716</b>		<b>2,824,270</b>	<b>2,966,230</b>

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**HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

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HRA Subjective Summary

2011-12 Actual £	2012-13 Estimate £		2013-14 Estimate £	2014-15 Estimate £	2015-16 Estimate £	2016-17 Estimate £
226,365,475	16,071,540	Gross Expenditure	15,539,410	15,804,000	16,279,000	16,684,000
(32,740,268)	(30,194,890)	Gross Income	(30,964,770)	(31,580,000)	(32,190,000)	(32,770,000)
<b>193,625,207</b>	<b>(14,123,350)</b>	<b>Net Cost of services</b>	<b>(15,425,360)</b>	<b>(15,776,000)</b>	<b>(15,911,000)</b>	<b>(16,086,000)</b>
2,434,456	2,827,340	Employee Related Expenditure	2,973,980	3,063,000	3,155,000	3,250,000
4,535,691	5,126,980	Premises Related Expenditure	5,124,220	5,501,120	5,826,440	6,063,120
86,277	87,310	Transport Related Expenditure	86,080	88,000	90,000	92,000
947,132	700,000	Supplies and Services	841,990	859,000	876,000	894,000
209,080,484	459,930	Transfer Payments	148,200	100	50	20
0	0	Transfer to Capital	0	0	0	0
(246,039)	(290,440)	Transfer to General Fund	(291,620)	(305,220)	(305,490)	(292,140)
<b>216,838,001</b>	<b>8,911,120</b>	<b>Total Direct Expenditure</b>	<b>8,882,850</b>	<b>9,206,000</b>	<b>9,642,000</b>	<b>10,007,000</b>
1,189,744	1,268,800	Support Services	1,266,150	1,304,000	1,343,000	1,383,000
8,337,730	5,891,620	Capital Financing costs	5,390,410	5,294,000	5,294,000	5,294,000
<b>226,365,475</b>	<b>16,071,540</b>	<b>Total Expenditure</b>	<b>15,539,410</b>	<b>15,804,000</b>	<b>16,279,000</b>	<b>16,684,000</b>
(32,740,268)	(30,194,890)	Income	(30,964,770)	(31,580,000)	(32,190,000)	(32,770,000)
0	0	Service Changes	0	0	0	0
<b>193,625,207</b>	<b>(14,123,350)</b>	<b>Net cost of Services(Income &amp; Expenditure a/c)</b>	<b>(15,425,360)</b>	<b>(15,776,000)</b>	<b>(15,911,000)</b>	<b>(16,086,000)</b>
243,379	233,220	HRA share of CDC	230,490	270,000	280,000	290,000
<b>193,868,586</b>	<b>(13,890,130)</b>	<b>Net Cost of HRA services</b>	<b>(15,194,870)</b>	<b>(15,506,000)</b>	<b>(15,631,000)</b>	<b>(15,796,000)</b>
(100,789)	(75,000)	Investment Income	(174,350)	(202,000)	(281,000)	(384,000)
124,272	8,716,720	Interest Payable	5,170,000	5,350,000	5,375,000	5,400,000
<b>193,892,069</b>	<b>(5,248,410)</b>	<b>Deficit for Year on HRA Services</b>	<b>(10,199,220)</b>	<b>(10,358,000)</b>	<b>(10,537,000)</b>	<b>(10,780,000)</b>
(4,534)	0	Amortised Premiums & Discounts	0	0	0	0
(1,844)	75,000	REFCUS - Revenue expenditure funded from Capital	75,000	75,000	75,000	75,000
1,956,414	2,000,410	Contrib to/(Use of) RFFC	2,500,220	2,500,000	2,500,000	2,500,000
0	0	Government Grants Deferred re Depreciation	0	0	0	0
164,055	0	Tfr (fr) to Pensions Reserve	0	0	0	0
(2,955,540)	0	Tfr (from)/to CFR re Impairment charge	0	0	0	0
0	0	Tfr (from)/to CFR re Deferred charge	0	0	0	0
(192,435,000)	0	Tfr (from)/to CFR re Debt Settlement	0	0	0	0
0	3,173,000	Tfr (from)/to Other Reserves	7,624,000	7,783,000	7,962,000	8,205,000
(1,215,620)	0	Transfer (from)/to MRR	0	0	0	0
<b>(600,000)</b>	<b>0</b>	<b>HRA Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(1,900,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>Balance Carried Forward</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>

## Guildford Borough Council Housing Revenue Account Budget 2013-2014

## Housing Portfolio (Housing Revenue Account)

### Service Unit Summary

2011-12 Actual £	2012-13 Estimate £		2013-14 Estimate £	2014-15 Estimate £	2015-16 Estimate £	2016-17 Estimate £
260,582	309,850	Advice, Registers and Tenant Selection	350,420	358,430	366,830	375,420
83,902	139,410	Elderly Persons Dwellings	77,730	78,950	80,180	81,440
534,161	505,460	Environmental Works to Estates	481,210	488,750	496,420	504,190
341,772	418,840	Flats Communal Services	418,350	426,320	434,480	442,790
85,048	87,970	Garage Management	85,200	86,950	88,720	90,520
7,481	7,740	Homelessness Hostels Management	5,380	5,500	5,620	5,750
543,636	554,560	Income Collection	568,760	582,590	596,790	611,300
25,228,503	6,661,420	Other Items of Expenditure	5,838,460	5,845,240	5,852,140	5,859,140
4,161,480	4,734,070	Responsive and Planned Maintenance	4,918,120	5,154,280	5,520,410	5,814,280
107,650	92,650	Sale of Council House and Equity Share Property	93,230	77,920	79,460	81,020
828,572	885,360	Sheltered Housing	870,050	835,360	851,940	868,880
192,809,903	302,260	Strategic Support	397,220	406,770	416,540	426,540
268,225	219,980	Supported Housing Management	224,670	219,580	224,430	229,370
119,538	138,550	Tenant Participation	132,070	134,920	137,850	140,820
819,046	816,110	Tenants' Services	879,100	898,370	918,380	938,850
165,976	197,310	Void Property Management and Lettings	199,440	204,070	208,810	213,690
<b>226,365,475</b>	<b>16,071,540</b>	<b>Total Gross Expenditure</b>	<b>15,539,410</b>	<b>15,804,000</b>	<b>16,279,000</b>	<b>16,684,000</b>

Guildford Borough Council Housing Revenue Account Budget 2013-2014

Housing Portfolio (Housing Revenue Account)

Service Unit Summary

2011-12 Actual £	2012-13 Estimate £		2013-14 Estimate £	2014-15 Estimate £	2015-16 Estimate £	2016-17 Estimate £
<b>226,365,475</b>	<b>16,071,540</b>	<b>Total Gross Expenditure C/F from previous page</b>	<b>15,539,410</b>	<b>15,804,000</b>	<b>16,279,000</b>	<b>16,684,000</b>
(32,740,268)	(30,194,890)	Income	(30,964,770)	(31,580,000)	(32,190,000)	(32,770,000)
<b>193,625,207</b>	<b>(14,123,350)</b>	<b>Net Cost of services (per income &amp; expenditure a/c)</b>	<b>(15,425,360)</b>	<b>(15,776,000)</b>	<b>(15,911,000)</b>	<b>(16,086,000)</b>
243,379	233,220	HRA share of Corporate & Democratic Core	230,490	270,000	280,000	290,000
<b>193,868,586</b>	<b>(13,890,130)</b>	<b>Net Cost of HRA services</b>	<b>(15,194,870)</b>	<b>(15,506,000)</b>	<b>(15,631,000)</b>	<b>(15,796,000)</b>
(100,789)	(75,000)	Investment Income	(174,350)	(202,000)	(281,000)	(384,000)
124,272	8,716,720	Interest Payable	5,170,000	5,350,000	5,375,000	5,400,000
<b>193,892,069</b>	<b>(5,248,410)</b>	<b>Deficit/(Surplus) for Year on HRA Services</b>	<b>(10,199,220)</b>	<b>(10,358,000)</b>	<b>(10,537,000)</b>	<b>(10,780,000)</b>
(4,534)	0	Amortised Premiums & Discounts	0	0	0	0
(1,844)	75,000	REFCUS – Revenue expenditure funded from Capital	75,000	75,000	75,000	75,000
1,956,414	2,000,410	Contrib. to/ (Use of) Reserve for Future Capital Programme	2,500,220	2,500,000	2,500,000	2,500,000
0	0	Government Grants deferred re depreciation	0	0	0	0
164,055	0	Transfer (from) to Pensions Reserve	0	0	0	0
(2,955,540)	0	Transfer (from) to CFR re Impairment charge	0	0	0	0
0	0	Transfer (from) to CFR re Deferred charge	0	0	0	0
(192,435,000)	0	Transfer (from) to CFR re Debt Settlement	0	0	0	0
0	3,173,000	Transfer (from) to Other Reserves	7,624,000	7,783,000	7,962,000	8,205,000
(1,215,620)	0	Transfer (from) to Major Repairs Reserve	0	0	0	0
<b>(600,000)</b>	<b>0</b>	<b>HRA Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(1,900,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>Balance Carried Forward</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>



# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Advice, Registers and Tenant Selection

**Financial Information** Advice, Registers and Tenant Selection

**Ledger Code** SHSTS

**Responsible Officer** Kim Rippet - Head of Housing Advice Services (Tel: 444241)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
398,292	Employee Related Expenditure	472,040	384,836	472,050	<b>Employee Related</b>		
0	Premises Related Expenditure	0	0	0	Insurance - Emps Liab, All Risk	3,620	2,740
4,503	Transport Related Expenditure	6,230	4,082	5,580	Salaries	460,340	455,130
27,854	Supplies and Services	33,500	33,757	75,950	<b>Transport Related</b>		
0	Third Party Payments	0	0	0	Car Leasing and Allowances	5,720	5,080
0	Transfer Payments	0	0	0	<b>Supplies and Services</b>		
<b>430,649</b>	<b>Total Directly Controllable Expenditure</b>	<b>511,770</b>	<b>422,675</b>	<b>553,580</b>	Computer Software Licence	7,020	2,470
(246,040)	Income	(290,440)	(255,597)	(291,620)	IT Renewals	1,080	740
<b>184,609</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>221,330</b>	<b>167,078</b>	<b>261,960</b>	Medical Referees Fees	4,080	5,000
0	Special Works	0	0	0	Printing Services Recharge	8,240	4,560
0	Capital Charges	0	0	0	Telecomms	3,190	3,190
75,972	Support Services	88,520	88,520	88,460	<b>Income</b>		
<b>260,581</b>	<b>Total Service Cost/(Surplus)</b>	<b>309,850</b>	<b>255,598</b>	<b>350,420</b>	Recharged to Other Services	(290,440)	(317,430)
	Full Time Equivalent Staff	0.00		0.00	<b>Support Services</b>		
					Business Services Support Recharg	5,040	4,470
					Customer Tech Support Recharge	9,580	9,830
					Health and Safety Recharge	2,120	2,080
					HR Services Recharge	7,790	8,070
					Information Sys Support Recharge	5,260	5,030
					Legal Services Recharge	3,180	3,330
					Office Services Recharge	10,990	10,380
					Paymaster Recharge	3,520	3,880
					Performance Mngt. Recharge	5,100	5,350
					Public Offices Recharge	29,010	29,320

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Elderly Persons Dwellings

**Financial Information** Elderly Persons Dwellings

**Ledger Code** BHSEPD

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
0	Employee Related Expenditure	0	0	0	<b>Premises Related</b>		
17,779	Premises Related Expenditure	55,850	22,753	20,700	Gas	39,400	5,700
0	Transport Related Expenditure	0	0	0	Snow/Ice Clearance	11,670	12,100
60,569	Supplies and Services	73,330	49,287	51,480	<b>Supplies and Services</b>		
0	Third Party Payments	0	0	0	Emergency Communication System	73,330	51,480
0	Transfer Payments	0	0	0	<b>Support Services</b>		
<b>78,348</b>	<b>Total Directly Controllable Expenditure</b>	<b>129,180</b>	<b>72,040</b>	<b>72,180</b>	Energy Management Recharge	10,100	5,350
0	Income	0	0	0			
<b>78,348</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>129,180</b>	<b>72,040</b>	<b>72,180</b>			
0	Special Works	0	0	0			
0	Capital Charges	0	0	0			
5,556	Support Services	10,230	10,215	5,550			
<b>83,904</b>	<b>Total Service Cost/(Surplus)</b>	<b>139,410</b>	<b>82,255</b>	<b>77,730</b>			
	Full Time Equivalent Staff	0.00		0.00			

## Major Variances 2012-13 v 2013-14

The reduction in gas estimate reflects the transfer of individual units to their own meter from a centrally metered supply recovered through the service charge.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Environmental Works to Estates

**Financial Information** Environmental Works to Estates

**Ledger Code** BHSENV

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
19,559	Employee Related Expenditure	19,230	19,035	19,440	<b>Employee Related</b>		
411,444	Premises Related Expenditure	386,730	393,505	361,920	Salaries	18,920	19,120
2,000	Transport Related Expenditure	2,340	1,188	2,610	<b>Premises Related</b>		
89,940	Supplies and Services	84,700	84,603	85,850	Grounds Maintenance	208,560	214,790
0	Third Party Payments	0	0	0	Offsite Sewer Works	7,650	5,630
0	Transfer Payments	0	0	0	Roads & Footpath Maintenance	2,000	0
<b>522,943</b>	<b>Total Directly Controllable Expenditure</b>	<b>493,000</b>	<b>498,331</b>	<b>469,820</b>	Tree Maintenance	47,400	47,400
0	Income	0	0	0	Works to Gardens	115,000	85,700
<b>522,943</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>493,000</b>	<b>498,331</b>	<b>469,820</b>	<b>Transport Related</b>		
0	Special Works	0	0	0	Officers Car Leasing	2,170	2,370
0	Capital Charges	0	0	0	<b>Supplies and Services</b>		
11,220	Support Services	12,460	12,439	11,390	Games & Playground Equipment	26,120	26,120
<b>534,163</b>	<b>Total Service Cost/(Surplus)</b>	<b>505,460</b>	<b>510,770</b>	<b>481,210</b>	Street Cleansing Contractor	58,450	59,620
	Full Time Equivalent Staff	0.00		0.00	<b>Support Services</b>		
					Business Services Support Recharg	350	310
					Legal Services Recharge	6,590	6,890
					Paymaster Recharge	2,150	2,250

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Flats Communal Services

**Financial Information** Flats Communal Services

**Ledger Code** BHSFCS

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
67,577	Employee Related Expenditure	93,560	59,058	96,970	<b>Employee Related</b>		
132,851	Premises Related Expenditure	210,970	200,237	194,520	Salaries	91,420	94,650
1,443	Transport Related Expenditure	1,200	1,357	1,750	<b>Premises Related</b>		
42,068	Supplies and Services	26,830	24,669	31,620	Contract Cleaning	54,300	44,400
0	Third Party Payments	0	0	0	Electricity	64,910	67,540
0	Transfer Payments	0	0	0	Gas	17,960	18,560
<b>243,939</b>	<b>Total Directly Controllable Expenditure</b>	<b>332,560</b>	<b>285,321</b>	<b>324,860</b>	Grounds Maintenance	3,860	5,860
					Insurance	47,780	46,760
(86,841)	Income	(59,950)	0	(60,730)	R&M General	0	0
<b>157,098</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>272,610</b>	<b>285,321</b>	<b>264,130</b>	Water	4,290	3,280
					Window Cleaning	12,400	6,690
0	Special Works	0	0	0	<b>Transport Related</b>		
0	Capital Charges	0	0	0	Car Leasing and Allowances	1,200	1,750
97,848	Support Services	86,280	86,280	93,490	<b>Supplies and Services</b>		
<b>254,946</b>	<b>Total Service Cost/(Surplus)</b>	<b>358,890</b>	<b>371,601</b>	<b>357,620</b>	Management Fee	2,140	3,400
					Security Services	9,510	9,510
	Full Time Equivalent Staff	0.00		0.00	Sinking Fund Contributions	10,350	12,860
					Telecomms	4,030	4,030
					<b>Support Services</b>		
					Accountancy Services Recharge	35,580	33,570
					Business Services Support Recharg	360	320
					Debtors Section Recharge	31,330	33,840
					Energy Management Recharge	3,190	8,430
					Human Resources Recharge	2,000	2,170
					Paymaster Recharge	8,230	9,270

## Major Variances 2012-13 v 2013-14

Insurance estimate reinstated having been incorrectly allocated in 2011-12 estimate.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Garage Management

**Financial Information** Garage Management

**Ledger Code** BHSGM

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318); Head of Housing Advice Services (Tel: 444238)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
39,597	Employee Related Expenditure	38,500	35,814	35,040	<b>Employee Related</b>		
21,900	Premises Related Expenditure	22,540	22,015	23,740	Salaries	37,700	34,310
62	Transport Related Expenditure	60	35	60	<b>Premises Related</b>		
13,758	Supplies and Services	15,030	13,736	15,180	Grounds Maintenance	21,880	22,540
0	Third Party Payments	0	0	0	<b>Supplies and Services</b>		
0	Transfer Payments	0	0	0	Street Cleansing Contractor	12,820	13,080
<b>75,317</b>	<b>Total Directly Controllable Expenditure</b>	<b>76,130</b>	<b>71,600</b>	<b>74,020</b>	<b>Support Services</b>		
					Audit Services Recharge	870	890
0	Income	0	0	0	Business Services Support Recharg	1,190	1,060
<b>75,317</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>76,130</b>	<b>71,600</b>	<b>74,020</b>	Customer Tech Support Recharge	1,360	1,390
					HR Services Recharge	740	690
0	Special Works	0	0	0	Information Sys Support Recharge	780	750
0	Capital Charges	0	0	0	Office Services Recharge	1,050	880
9,732	Support Services	11,840	11,840	11,180	Public Offices Recharge	2,770	2,490
<b>85,049</b>	<b>Total Service Cost/(Surplus)</b>	<b>87,970</b>	<b>83,440</b>	<b>85,200</b>			
	Full Time Equivalent Staff	0.00		0.00			

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Homelessness Hostels Management

**Financial Information** Homelessness Hostels Management

**Ledger Code** SHSHH

**Responsible Officer** Kim Rippet - Head of Housing Advice Services (Tel: 444241)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
862	Employee Related Expenditure	1,820	3,771	20	<b>Employee Related</b>		
850	Premises Related Expenditure	0	0	0	Salaries	1,780	0
64	Transport Related Expenditure	270	0	0	<b>Premises Related</b>		
329	Supplies and Services	420	69	340	<b>Transport Related</b>		
0	Third Party Payments	0	0	0	Car Allowances	270	0
0	Transfer Payments	0	0	0	<b>Supplies and Services</b>		
<b>2,105</b>	<b>Total Directly Controllable Expenditure</b>	<b>2,510</b>	<b>3,840</b>	<b>360</b>	IT Renewals	10	0
					<b>Support Services</b>		
0	Income	0	0	0	Accountancy Services Recharge	320	200
<b>2,105</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>2,510</b>	<b>3,840</b>	<b>360</b>	Business Services Support Recharg	620	550
					Customer Tech Support Recharge	2,540	2,600
0	Special Works	0	0	0	Information Sys Support Recharge	860	820
0	Capital Charges	0	0	0	Office Services Recharge	90	80
5,376	Support Services	5,230	5,230	5,020	Paymaster Recharge	480	280
<b>7,481</b>	<b>Total Service Cost/(Surplus)</b>	<b>7,740</b>	<b>9,070</b>	<b>5,380</b>	Public Offices Recharge	230	230
	Full Time Equivalent Staff	0.00		0.00			

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Income Collection

**Financial Information** Income Collection

**Ledger Code** BHSINC

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
361,263	Employee Related Expenditure	365,160	355,633	380,980			
0	Premises Related Expenditure	0	0	0	<b>Employee Related</b>		
11,954	Transport Related Expenditure	10,880	10,177	10,670	Salaries	357,920	371,750
49,968	Supplies and Services	53,240	45,488	47,680	<b>Transport Related</b>		
0	Third Party Payments	0	0	0	Car Leasing and Allowances	10,880	10,670
0	Transfer Payments	0	0	0	<b>Supplies and Services</b>		
<b>423,185</b>	<b>Total Directly Controllable Expenditure</b>	<b>429,280</b>	<b>411,298</b>	<b>439,330</b>	Agency Services	690	690
0	Income	0	0	0	Computer Software Licence	11,670	10,880
<b>423,185</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>429,280</b>	<b>411,298</b>	<b>439,330</b>	Giro Fees	15,910	14,690
0	Special Works	0	0	0	IT Renewals	100	20
0	Capital Charges	0	0	0	Legal Expenses	4,680	4,680
120,456	Support Services	125,280	125,280	129,430	Postage	8,360	7,010
<b>543,641</b>	<b>Total Service Cost/(Surplus)</b>	<b>554,560</b>	<b>536,578</b>	<b>568,760</b>	Printing and Stationery	6,130	5,450
	Full Time Equivalent Staff	0.00		0.00	Telecomms	1,420	1,420
					<b>Support Services</b>		
					Audit Services Recharge	4,630	4,720
					Business Services Support Recharg	9,870	8,760
					Customer Tech Support Recharge	13,760	14,120
					HR Services Recharge	6,030	6,490
					Information Sys Support Recharge	5,900	5,650
					Legal Services Recharge	34,720	36,320
					Office Services Recharge	8,500	8,210
					Paymaster Recharge	7,890	9,300
					Public Offices Recharge	22,440	23,200

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Other Items of Expenditure

**Financial Information** Other Items of Expenditure

**Ledger Code** BSOIE

**Responsible Officer** Sue Reekie - Head of Financial Services (Tel: 444829)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
2,567	Employee Related Expenditure	212,720	242,400	201,410	<b>Employee Related</b>		
0	Premises Related Expenditure	0	0	0	Backfunding of Superannuation	185,370	185,370
0	Transport Related Expenditure	0	0	0	Pension Payments for Added Years	56,000	59,420
235,000	Supplies and Services	90,000	90,000	90,000	Vacancies Credit	(37,450)	(52,380)
0	Third Party Payments	0	0	0	<b>Supplies and Services</b>		
16,645,484	Transfer Payments	459,930	459,930	148,200	Contr to Bad Debts Provision	90,000	90,000
<b>16,883,051</b>	<b>Total Directly Controllable Expenditure</b>	<b>762,650</b>	<b>792,330</b>	<b>439,610</b>	<b>Transfer Payments</b>		
0	Income	0	0	0	Negative Subsidy Pymt to DCLG	0	0
<b>16,883,051</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>762,650</b>	<b>792,330</b>	<b>439,610</b>	Rent Rebates	459,930	148,200
0	Special Works	0	0	0	<b>Capital Charges</b>		
8,335,887	Capital Charges	5,891,620	5,892,322	5,390,410	Debt Management expenses	91,620	96,890
9,564	Support Services	7,150	7,151	8,440	Depreciation	5,800,000	5,293,520
<b>25,228,502</b>	<b>Total Service Cost/(Surplus)</b>	<b>6,661,420</b>	<b>6,691,803</b>	<b>5,838,460</b>	<b>Support Services</b>		
	Full Time Equivalent Staff	0.00		0.00	Asset Register Recharge	7,150	8,440

## Major Variances 2012-13 v 2013-14

Following the introduction of HRA self financing from April 2012, the subsidy payment into the national pool has been replaced with an interest charge shown elsewhere in the estimates.



# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Responsive and Planned Maintenance

**Financial Information** Responsive and Planned Maintenance

**Ledger Code** BHSRPM

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
358,628	Employee Related Expenditure	428,160	344,413	425,210	<b>Employee Related</b>		
3,370,553	Premises Related Expenditure	3,843,000	3,708,755	4,038,130	Salaries	418,590	415,880
18,192	Transport Related Expenditure	15,110	16,180	18,410	<b>Premises Related</b>		
85,014	Supplies and Services	54,500	35,359	75,900	Revenue Repairs	3,843,000	4,034,900
0	Third Party Payments	0	0	0	<b>Transport Related</b>		
0	Transfer Payments	0	0	0	Car Leasing and Allowances	15,030	18,330
<b>3,832,387</b>	<b>Total Directly Controllable Expenditure</b>	<b>4,340,770</b>	<b>4,104,707</b>	<b>4,557,650</b>	<b>Supplies and Services</b>		
0	Income	0	0	0	CECS Monitoring	0	0
<b>3,832,387</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>4,340,770</b>	<b>4,104,707</b>	<b>4,557,650</b>	Computer Software Licence	10,650	9,870
0	Special Works	0	0	0	Consultants (Projects)	6,070	35,000
0	Capital Charges	0	0	0	Energy Performance Certificates	12,760	9,060
329,102	Support Services	393,300	373,394	360,470	IT Renewals	190	80
<b>4,161,489</b>	<b>Total Service Cost/(Surplus)</b>	<b>4,734,070</b>	<b>4,478,101</b>	<b>4,918,120</b>	Postage	3,280	3,290
	Full Time Equivalent Staff	0.00		0.00	Storage, Archiving Recharge	7,330	7,450
					Telecomms	3,450	3,450
					Tenants Removal Expenses	4,590	0
					<b>Support Services</b>		
					Accountancy Services Recharge	14,480	7,820
					Audit Services Recharge	2,730	2,830
					Business Services Support Recharg	9,840	8,730
					Customer Tech Support Recharge	12,280	12,600
					Debtors Section Recharge	26,620	11,720
					Engineering and Transport Recharg	7,790	8,110
					Housing Surveying Services	246,820	236,910
					HR Services Recharge	6,730	7,020
					Information Sys Support Recharge	3,790	3,630
					Office Services Recharge	8,890	8,270
					Paymaster Recharge	18,300	17,770
					Public Offices Recharge	23,490	23,360

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Sale of Council House and Equity Share Admin

**Financial Information** Sale of Council House and Equity Share Admin

**Ledger Code** BHSESA

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
16,665	Employee Related Expenditure	20,440	11,920	19,270	<b>Employee Related</b>		
0	Premises Related Expenditure	0	0	0	Salaries	20,080	18,820
381	Transport Related Expenditure	360	396	260	<b>Transport Related</b>		
7,759	Supplies and Services	5,660	3,440	4,570	Car Leasing and Allowances	360	260
0	Third Party Payments	0	0	0	<b>Supplies and Services</b>		
0	Transfer Payments	0	0	0	Valuers Fees	3,500	3,000
<b>24,805</b>	<b>Total Directly Controllable Expenditure</b>	<b>26,460</b>	<b>15,756</b>	<b>24,100</b>	<b>Support Services</b>		
0	Income	0	0	0	Business Services Support Recharg	1,270	1,130
<b>24,805</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>26,460</b>	<b>15,756</b>	<b>24,100</b>	Customer Tech Support Recharge	1,330	1,360
0	Special Works	0	0	0	Debtors Section Recharge	5,800	3,500
0	Capital Charges	0	0	0	Engineering and Transport Recharg	7,760	8,140
82,847	Support Services	66,190	68,786	69,130	Information Sys Support Recharge	480	460
<b>107,652</b>	<b>Total Service Cost/(Surplus)</b>	<b>92,650</b>	<b>84,542</b>	<b>93,230</b>	Legal Services Recharge	46,600	48,750
	Full Time Equivalent Staff	0.00		0.00			

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Sheltered Housing

**Financial Information** Sheltered Housing

**Ledger Code** CSSH

**Responsible Officer** Jane Read - Community Services Manager (Tel: 444214)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
353,872	Employee Related Expenditure	352,820	357,667	370,510	<b>Employee Related</b>		
307,341	Premises Related Expenditure	364,960	345,057	351,920	Salaries	343,580	361,800
8,442	Transport Related Expenditure	12,120	7,637	8,310	Training	1,280	0
67,541	Supplies and Services	72,090	48,805	55,190	<b>Premises Related</b>		
0	Third Party Payments	0	0	0	Electricity	120,700	120,700
0	Transfer Payments	0	0	0	Fixtures & Fittings	21,890	18,550
<b>737,196</b>	<b>Total Directly Controllable Expenditure</b>	<b>801,990</b>	<b>759,166</b>	<b>785,930</b>	Gas	127,750	132,750
					Grounds Maintenance	35,430	36,490
0	Income	0	0	0	Water	18,400	19,000
<b>737,196</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>801,990</b>	<b>759,166</b>	<b>785,930</b>	<b>Transport Related</b>		
					Car Leasing and Allowances	11,970	8,160
0	Special Works	0	0	0	<b>Supplies and Services</b>		
1,844	Capital Charges	0	0	0	CECS Visiting Service	20,880	21,820
89,533	Support Services	83,370	83,927	84,120	Copying Machines	3,980	2,930
<b>828,573</b>	<b>Total Service Cost/(Surplus)</b>	<b>885,360</b>	<b>843,093</b>	<b>870,050</b>	Emergency Communication System	23,630	7,660
					Equipment & Tools Repairs	830	830
	Full Time Equivalent Staff	0.00		0.00	Miscellaneous Expenses	1,510	1,440
					Telecomms	13,030	13,030
					<b>Support Services</b>		
					Business Services Support Recharg	8,710	7,730
					Customer Tech Support Recharge	7,090	7,270
					Energy Management Recharge	7,350	11,460
					Health and Safety Recharge	2,190	2,250
					Human Resources Recharge	8,060	8,750
					Information Sys Support Recharge	3,560	3,400
					Paymaster Recharge	20,530	21,030
					Public Offices Recharge	1,770	1,070

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Strategic Support

Financial Information Strategic Support

Ledger Code SHSSS

Responsible Officer Various

Financial Services Contact Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
68,708	Employee Related Expenditure	108,610	67,186	210,390	<b>Employee Related</b>		
0	Premises Related Expenditure	0	0	0	Salaries	103,490	206,380
2,065	Transport Related Expenditure	1,890	953	3,000	<b>Transport Related</b>		
164,103	Supplies and Services	51,390	45,717	36,770	Car Leasing and Allowances	1,840	2,990
0	Third Party Payments	0	0	0	<b>Supplies and Services</b>		
192,435,000	Transfer Payments	0	0	0	Audit Fee	8,000	2,500
<b>192,669,876</b>	<b>Total Directly Controllable Expenditure</b>	<b>161,890</b>	<b>113,856</b>	<b>250,160</b>	Computer Software Development	7,000	30
					Computer Software Licence	10,730	9,380
0	Income	0	0	0	Consultants Fees	1,950	1,950
<b>192,669,876</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>161,890</b>	<b>113,856</b>	<b>250,160</b>	Credit Union	10,000	10,000
					General Subscriptions	7,460	7,460
0	Special Works	0	0	0	IT Renewals	730	80
0	Capital Charges	0	0	0	Valuers Fees	5,000	5,000
140,028	Support Services	140,370	140,370	147,060	<b>Support Services</b>		
<b>192,809,904</b>	<b>Total Service Cost/(Surplus)</b>	<b>302,260</b>	<b>254,226</b>	<b>397,220</b>	Accountancy Services Recharge	72,920	77,240
					Business Services Support Recharg	5,930	5,290
	Full Time Equivalent Staff	0.00		0.00	Customer Tech Support Recharge	8,220	8,440
					Debtors Section Recharge	4,910	3,280
					HR Services Recharge	1,330	1,460
					Information Sys Support Recharge	4,090	3,930
					Legal Services Recharge	17,740	18,550
					Office Services Recharge	1,880	2,500
					Paymaster Recharge	1,020	1,220
					Public Offices Recharge	4,920	5,230
					Valuation Services Recharge	15,000	17,280

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Supported Housing Management

**Financial Information** Supported Housing Management

**Ledger Code** SHSSHM

**Responsible Officer** Kim Rippet - Head of Housing Advice Services (Tel: 444241)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
197,159	Employee Related Expenditure	126,310	130,734	129,510	<b>Employee Related</b>		
28,080	Premises Related Expenditure	34,140	25,185	36,180	Salaries	123,250	126,750
3,984	Transport Related Expenditure	1,840	1,939	1,980	<b>Premises Related</b>		
13,504	Supplies and Services	17,500	10,194	13,710	Electricity	7,290	7,730
0	Third Party Payments	0	0	0	Fixtures & Fittings	2,550	2,550
0	Transfer Payments	0	0	0	Gas	15,540	16,190
<b>242,727</b>	<b>Total Directly Controllable Expenditure</b>	<b>179,790</b>	<b>168,052</b>	<b>181,380</b>	General Rates	1,260	1,270
					Water	3,090	700
0	Income	0	0	0	<b>Transport Related</b>		
<b>242,727</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>179,790</b>	<b>168,052</b>	<b>181,380</b>	Car Leasing and Allowances	1,790	1,950
					<b>Supplies and Services</b>		
0	Special Works	0	0	0	CECS Monitoring	0	0
0	Capital Charges	0	0	0	Computer Software Licence	1,590	1,590
25,500	Support Services	40,190	40,190	43,290	Furniture	3,550	3,550
<b>268,227</b>	<b>Total Service Cost/(Surplus)</b>	<b>219,980</b>	<b>208,242</b>	<b>224,670</b>	IT Renewals	260	0
					Miscellaneous Expenses	4,410	200
	Full Time Equivalent Staff	0.00		0.00	Telecomms	5,890	5,890
					<b>Support Services</b>		
					Accountancy Services Recharge	770	530
					Business Services Support Recharg	3,270	2,910
					Customer Tech Support Recharge	5,760	5,910
					Energy Management Recharge	3,660	6,270
					Health and Safety Recharge	610	610
					Human Resources Recharge	2,250	2,360
					Information Sys Support Recharge	3,330	3,190
					Office Services Recharge	3,170	2,980
					Paymaster Recharge	5,220	6,210

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Tenant Participation

**Financial Information** Tenant Participation

**Ledger Code** BHSTP

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
67,981	Employee Related Expenditure	80,830	64,292	72,030	<b>Employee Related</b>		
0	Premises Related Expenditure	0	0	0	Salaries	79,130	70,290
3,136	Transport Related Expenditure	3,350	1,685	1,200	<b>Transport Related</b>		
32,056	Supplies and Services	38,200	35,058	48,060	Car Leasing and Allowances	3,350	1,200
0	Third Party Payments	0	0	0	<b>Supplies and Services</b>		
0	Transfer Payments	0	0	0	IT Renewals	260	20
<b>103,173</b>	<b>Total Directly Controllable Expenditure</b>	<b>122,380</b>	<b>101,035</b>	<b>121,290</b>	Postage	1,050	1,120
0	Income	0	0	0	Printing Services Recharge	220	270
<b>103,173</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>122,380</b>	<b>101,035</b>	<b>121,290</b>	Publicity	22,320	22,320
0	Special Works	0	0	0	Tenants Training	1,590	1,590
0	Capital Charges	0	0	0	<b>Support Services</b>		
16,368	Support Services	16,170	16,170	10,780	Business Services Support Recharg	2,170	1,930
<b>119,541</b>	<b>Total Service Cost/(Surplus)</b>	<b>138,550</b>	<b>117,205</b>	<b>132,070</b>	Customer Tech Support Recharge	3,250	3,330
	Full Time Equivalent Staff	0.00		0.00	HR Services Recharge	1,020	1,090
					Information Sys Support Recharge	1,380	1,320
					Office Services Recharge	1,440	0
					Public Offices Recharge	3,790	0

## Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

## Tenants' Services

**Financial Information** Tenants' Services

**Ledger Code** BHSTS

**Responsible Officer** Philip O'Dwyer - Head of Neighbourhood & Housing Management Services (Tel: 444318)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
373,427	Employee Related Expenditure	381,260	390,501	414,090	<b>Employee Related</b>		
243,909	Premises Related Expenditure	208,790	212,554	96,110	Salaries	372,690	405,720
28,089	Transport Related Expenditure	29,140	21,304	29,960	<b>Premises Related</b>		
28,483	Supplies and Services	44,850	31,848	170,930	Disinfestation of Premises	1,000	830
0	Third Party Payments	0	0	0	Electricity	4,000	8,000
0	Transfer Payments	0	0	0	Empty Property Rates	38,500	53,500
<b>673,908</b>	<b>Total Directly Controllable Expenditure</b>	<b>664,040</b>	<b>656,207</b>	<b>711,090</b>	Insurance	153,080	20,800
					Water	10,100	11,790
0	Income	0	0	0	<b>Transport Related</b>		
<b>673,908</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>664,040</b>	<b>656,207</b>	<b>711,090</b>	Car Leasing and Allowances	14,540	14,070
					Fuel and Oil	4,000	4,000
0	Special Works	0	0	0	Transport Pool Hire Charge	10,310	11,240
0	Capital Charges	0	0	0	<b>Supplies and Services</b>		
145,142	Support Services	152,070	152,202	168,010	CECS Monitoring	2,000	0
<b>819,050</b>	<b>Total Service Cost/(Surplus)</b>	<b>816,110</b>	<b>808,409</b>	<b>879,100</b>	Computer Software Licence	2,630	2,410
					IT Renewals	750	150
	Full Time Equivalent Staff	0.00		0.00	Miscellaneous Expenses	3,000	750
					New, Replace Equip & Tools	2,710	2,710
					Postage	3,550	3,480
					Publicity	18,800	18,800
					Telecomms	5,100	5,100
					Tenants Compensation	470	470
					<b>Support Services</b>		
					Business Services Support Recharge	14,860	13,200
					Customer Tech Support Recharge	17,680	18,140
					Health and Safety Recharge	1,590	1,780
					HR Services Recharge	5,850	6,920
					Information Sys Support Recharge	8,810	8,440
					Legal Services Recharge	47,130	49,300
					Office Services Recharge	7,540	10,140
					Paymaster Recharge	15,840	12,680
					Public Offices Recharge	19,920	28,660

### Major Variances 2012-13 v 2013-14

There are no major variances to report.

# Guildford Borough Council Housing Revenue Account Budget 2013-2014

# Void Property Management and Lettings

**Financial Information** Void Property Management and Lettings

**Ledger Code** SHSVP

**Responsible Officer** Kim Rippet - Head of Housing Advice Services (Tel: 444241)

**Financial Services Contact** Mark Jasper - Senior Accountant (Tel: 444846)

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
108,302	Employee Related Expenditure	125,880	102,711	127,060	<b>Employee Related</b>		
1,009	Premises Related Expenditure	0	104	1,000	Salaries	123,380	124,550
1,962	Transport Related Expenditure	2,520	1,833	2,290	<b>Transport Related</b>		
29,206	Supplies and Services	38,760	35,429	38,760	Car Allowances	2,520	2,290
0	Third Party Payments	0	0	0	<b>Supplies and Services</b>		
0	Transfer Payments	0	0	0	Computer Software Licence	8,430	8,430
<b>140,479</b>	<b>Total Directly Controllable Expenditure</b>	<b>167,160</b>	<b>140,077</b>	<b>169,110</b>	IT Renewals	20	0
0	Income	0	0	0	Key Cutting	2,570	2,570
<b>140,479</b>	<b>Net Directly Controllable Expenditure/(Income)</b>	<b>167,160</b>	<b>140,077</b>	<b>169,110</b>	Telecomms	670	670
0	Special Works	0	0	0	Tenants Removal Expenses	25,000	25,000
0	Capital Charges	0	0	0	<b>Support Services</b>		
25,500	Support Services	30,150	30,150	30,330	Audit Services Recharge	1,640	1,670
<b>165,979</b>	<b>Total Service Cost/(Surplus)</b>	<b>197,310</b>	<b>170,227</b>	<b>199,440</b>	Business Services Support Recharg	2,330	2,070
	Full Time Equivalent Staff	0.00		0.00	Customer Tech Support Recharge	5,590	5,740
					HR Services Recharge	2,150	2,240
					Information Sys Support Recharge	1,830	1,750
					Office Services Recharge	3,030	2,840
					Paymaster Recharge	1,320	1,670
					Public Offices Recharge	8,000	8,010

## Major Variances 2012-13 v 2013-14

There are no major variances to report.



Financial Information *Income*  
Responsible Officer *Various*

Ledger Code *M\*\*\**  
Financial Services Contact *Mark Jasper, Senior Accountant (Tel: 444846)*

2011-12 Actual £		2012-13 Estimate £	2012-13 Probable £	2013-14 Estimate £	Major Items	2012-13 Estimate £	2013-14 Estimate £
(25,956,980)	Rent Income - Dwellings	(27,333,180)	(27,530,743)	(28,260,000)			
(160,225)	Rent Income - Rosebery HA	(210,080)	(210,080)	(196,600)			
(276,925)	Rents - Shops, Buildings etc	(244,040)	(258,065)	(155,000)			
(649,103)	Rents - Garages	(673,000)	(690,400)	(696,500)			
<b>(27,043,233)</b>	<b>Total Rent Income</b>	<b>(28,460,300)</b>	<b>(28,689,288)</b>	<b>(29,308,100)</b>			
(4,077,903)	Major Repairs Allowance	0	0	0			
(513,209)	Supporting People Grant	(405,310)	(380,310)	(343,840)			
(934,076)	Service Charges	(1,087,880)	(960,000)	(968,490)			
(2,500)	Contributions	(9,200)	(9,200)	(9,610)			
(12,713)	Legal Fees Recovered	(9,860)	(9,860)	(13,620)			
(1,135)	Council Tax Recovered	(1,680)	(1,200)	(1,200)			
(51,191)	Service Charges Recovered	(64,640)	(64,640)	(50,270)			
(104,308)	Miscellaneous Income	(156,020)	(156,020)	(269,640)			
<b>(32,740,268)</b>	<b>Total Income</b>	<b>(30,194,890)</b>	<b>(30,270,518)</b>	<b>(30,964,770)</b>			
	% Change in Income						
	Full Time Equivalent Staff	0.00		0.00			

## Guildford Borough Council Housing Revenue Account Budget 2013-2014

### Housing Revenue Account - Fees and Charges

	2012-13	2013-14	Increase	
	£	£		
	From 1 April	From 1 April	%	
	2012	2013		
<b>To be approved by Council</b>				
<b>Sheltered Units</b>				
<u>Guest Room Fees:</u>				
Dray Court	15.13	15.60	3.1%	
Japonica Court	16.57	17.08	3.1%	
St Martin's Court	18.61	19.18	3.1%	
St Martha's Court	18.41	18.98	3.1%	
Tarragon Court	17.86	18.41	3.1%	
Millmead Court	15.97	16.47	3.1%	
Per subsequent night	At rate applicable for each court	At rate applicable for each court		
<u>Function Room Hire</u>				
Voluntary /Charity Organisations	- Per Hour	10.87	11.20	3.1%
	- Per Day	54.34	56.02	3.1%
Adult Education/Social Services	- Per Hour	13.04	13.45	3.1%
	- Per Day	81.51	84.04	3.1%
Social/Private Hire	- Per Hour	16.31	16.81	3.1%
	- Per Day	86.94	89.64	3.1%
<u>Total charge</u>				
Dray Court	68.00	66.33	-2.5%	
Japonica Court	72.50	70.51	-2.7%	
St Martha's Court	63.00	65.33	3.7%	
Millmead Court	61.75	65.33	5.8%	
St Martin's Court	70.00	64.22	-8.3%	
Tarragon Court	61.50	61.13	-0.6%	
<b>Friary House (61 flats)</b>				
Heating, Electricity, Cleaning, Caretaking and Security Services	22.51	21.28	-5.5%	
<b>Garages (on Housing Estates) (VAT is applied at the standard rate on private lets only)</b>				
High demand area (non residents)	16.69	17.21	3.1%	
High demand area	10.22	10.53	3.1%	
Elsewhere	8.34	8.60	3.1%	
<b>Castle Cliffe #</b>				
Gas and Electricity Charges - per week	10.50	11.80	12.4%	
<b>Mount &amp; Bishops Court</b>				
Caretaking and Cleaning Charges - per week	2.50	2.56	2.4%	
<b>Malthouse Court</b>				
Caretaking, Cleaning, Gas and Electricity Charges - per week	12.00	13.03	8.6%	
<b>Flats</b>				
<u>Where cleaning provided to communal areas:</u>				
Three times per week	8.31	8.52	2.5%	
Once per week	2.77	2.84	2.5%	
Sandmore (Laundry and Communal Facilities)	4.80	4.92	2.5%	
Ardmore House (Caretaking and Cleaning)	0.98	1.00	#	
Decorating charge (Note: charge is per room)	1.45	1.49	2.8%	
<b>Supported Housing</b>				
William Swayne House;				
- Shared Accommodation	92.33	95.83	3.8%	
- Self Contained bedsits	92.84	96.45	3.9%	
- Self Contained flat	95.60	99.15	3.7%	
William Swayne Place	34.58	31.68	-8.4%	
Dene Road	62.72	70.96	13.1%	
79 York Road	27.66	31.60	14.2%	
Caxtons	48.39	48.38	0.0%	
Dene Court	66.82	68.70	2.8%	
# The Caretaker role is currently vacant pending discussions regarding a new arrangement				
<b>Sold Flats Service Charges - Solicitors' Enquiry</b>				
Sales/purchases	107.70	112.50	4.5%	
Remortgages	54.60	57.00	4.4%	
Service Charge Management Fee	150.00	155.00	3.3%	

\* = inclusive of VAT at relevant rate

**GUILDFORD BOROUGH COUNCIL  
HRA BUDGET BOOK AND BUSINESS PLAN 2013-14**

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**GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2013-14 to 2017-18 : HRA ELEMENT**

	Approved Project Budget £000	2011-12 Actual £000	Project Spend at 31-03-12 £000	2012-13 Estimate £000	2012-13 Projected Outturn £000	2013-14 Estimate £000	2014-15 Estimate £000	2015-16 Estimate £000	2016-17 Estimate £000	2017-18 Estimate £000	Total Project Exp £000
<b>EXPENDITURE</b>											
<b>Acquisition of Land &amp; Buildings</b>		0	0	0	0	0	0	0	0	0	0
<b>Schemes to promote Home-Ownership</b>											
Equity Share Re-purchases	annual	65	0	100	450	250	250	250	250	250	annual
<b>Major Repairs &amp; Improvements</b>											
Major Repairs & Improvements	annual	5,406	0	6,200	6,750	7,000	7,000	7,000	7,000	7,000	annual
<b>Grants</b>											
Cash Incentive Scheme	annual	0	0	75	75	75	75	75	75	75	annual
<b>New Build</b>											
Lakeside Close, Ash	5,100	0	0	50	75	2,000	2,897	128	0	0	5,100
New Road, Gomshall	4,250	0	0	1,000	75	1,700	2,369	106	0	0	4,250
Various small sites & feasibility/Site preparation	1,000	0	0	500	10	500	490	0	0	0	1,000
<b>TOTAL APPROVED SCHEMES</b>		<b>5,470</b>	<b>0</b>	<b>7,925</b>	<b>7,435</b>	<b>11,525</b>	<b>13,081</b>	<b>7,559</b>	<b>7,325</b>	<b>7,325</b>	
<u>Provisional schemes</u>		0	0	0	0	500	1,155	45	0	0	1,700
Wyke Avenue		0	0	0	0	0	0	0	0	0	0
Fire Station/Ladymead		0	0	0	0	0	0	0	0	0	0
Acquisition of Land & Buildings		0	0	0	0	3,000	0	0	0	0	3,000
<b>TOTAL PROVISIONAL SCHEMES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,500</b>	<b>1,155</b>	<b>45</b>	<b>0</b>	<b>0</b>	
<b>Total Expenditure to be financed</b>	<b>10,350</b>	<b>5,470</b>	<b>0</b>	<b>7,925</b>	<b>7,435</b>	<b>15,025</b>	<b>14,236</b>	<b>7,604</b>	<b>7,325</b>	<b>7,325</b>	<b>15,050</b>

	2011-12 Actual £000	2012-13 Estimate £000	2012-13 Projected Outturn £000	2013-14 Estimate £000	2014-15 Estimate £000	2015-16 Estimate £000	2016-17 Estimate £000	2017-18 Estimate £000
<b>FINANCING OF PROGRAMME</b>								
Capital Receipts	64	1,650	450	250	250	250	250	250
Contribution from Housing Revenue a/c (re cash incentives)	0	75	75	75	75	75	75	75
Future Capital Programme reserve	1,328	400	1,456	1,706	1,706	1,706	1,706	1,706
Major Repairs Reserve	4,078	5,800	5,294	5,294	5,294	5,294	5,294	5,294
New Build Reserve	0	0	160	7,446	6,911	279	0	0
1-4-1 receipts	0	0	0	254	0	0	0	0
<b>Total Financing (= Total Expenditure)</b>	<b>5,470</b>	<b>7,925</b>	<b>7,435</b>	<b>15,025</b>	<b>14,236</b>	<b>7,604</b>	<b>7,325</b>	<b>7,325</b>

**GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2013-14 to 2017-18 : HRA ELEMENT**

	2011-12 Actual £000	2012-13 Estimate £000	2012-13 Projected Outturn £000	2013-14 Estimate £000	2014-15 Estimate £000	2015-16 Estimate £000	2016-17 Estimate £000	2017-18 Estimate £000
<b>RESERVES - BALANCES</b>								
<b>Reserve for Future Capital Programme (U01035)</b>								
Balance b/f	16,628	16,428	17,256	17,977	18,771	19,690	20,740	21,928
Contribution in year	1,956	2,000	2,500	2,500	2,625	2,756	2,894	3,039
Used in year	(1,328)	(400)	(1,779)	(1,706)	(1,706)	(1,706)	(1,706)	(1,706)
Balance c/f	<b>17,256</b>	<b>18,028</b>	<b>17,977</b>	<b>18,771</b>	<b>19,690</b>	<b>20,740</b>	<b>21,928</b>	<b>23,261</b>
<b>Major Repairs Reserve (U01036)</b>								
Balance b/f	0	0	0	0	0	0	0	0
Contribution in year	4,078	5,800	5,294	5,294	5,294	5,294	5,294	5,294
Used in Year	(4,078)	(5,800)	(5,294)	(5,294)	(5,294)	(5,294)	(5,294)	(5,294)
Balance c/f	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>New Build Reserve</b>								
Balance b/f	0	0	0	7,363	7,541	8,288	15,715	23,526
Contribution in year	0	3,173	7,523	7,624	7,658	7,706	7,811	7,757
Used in Year	0	0	(160)	(7,446)	(6,911)	(279)	0	0
Balance c/f	<b>0</b>	<b>3,173</b>	<b>7,363</b>	<b>7,541</b>	<b>8,288</b>	<b>15,715</b>	<b>23,526</b>	<b>31,283</b>
<b>Usable Capital Receipts - HRA Debt (T01010)</b>								
Balance b/f	0	0	0	187	287	387	487	587
Contribution in year	0	0	187	100	100	100	100	100
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	<b>0</b>	<b>0</b>	<b>187</b>	<b>287</b>	<b>387</b>	<b>487</b>	<b>587</b>	<b>687</b>

# Housing Revenue Account

2013 -2043 Business Plan

Neighbourhood and Housing Management Services  
Guildford Borough Council

## 2013 – 2043 Business Plan

### Contents

Executive summary

<b>1.0</b>	Introduction.....
<b>2.0</b>	What we want to achieve.....
<b>3.0</b>	What is the business today.....
<b>4.0</b>	Business environment.....
<b>5.0</b>	Our priorities.....
<b>6.0</b>	Financial plan.....
<b>7.0</b>	Operating policies .....
<b>8.0</b>	Business risks .....

### Annexes

<b>1</b>	Geographical property distribution.....
<b>2</b>	Regulatory Framework extract .....
<b>3</b>	Key business indicators .....
<b>4</b>	HRA Development Strategy .....
<b>5</b>	HRA Asset Management Strategy .....Available on request

## Housing Revenue Account

### 2013- 2043 Business Plan

#### Executive Summary

#### 1.0 Introduction

- 1.1 1 April 2012 saw the end of the national subsidy system and for Guildford this meant taking on a loan of £193.2 million.

Our tenants are better off under the new arrangements in that we now retain around 80 percent of rental income to invest in services locally. We were only able to retain just over 50 per cent under the old system.

- 1.2 The weak global financial environment allowed us to borrow at lower rates than we had expected. This will help counter-balance some of the impact of the Welfare Reform changes.

#### 2.0 What we want to achieve

- 2.1 The 2012 Business Plan set out a mission for landlord services together with a series of key objectives. These remain unchanged and are as follows:

##### **Mission**

To make a positive difference to residents lives by providing good quality affordable homes in valued neighbourhoods and excellent services.

##### **Objectives:** These are to:

- operate a sound, viable housing business in a professional and cost-effective manner
- provide good quality homes in settled communities for as long as it is needed by a tenant and is consistent with our Tenancy Strategy
- increase the supply of affordable homes including by direct provision where it is appropriate and viable to do so
- continue to strengthen communities by making our estates places people value and want to live
- value and promote tenant involvement in decision making
- widen the range of housing options open to tenants, ensuring they are in a position to make informed choices.



### **3.0 The business environment**

3.1 The business operates in a complex and changing economic and social environment.

Housing is fundamentally important to our residents affecting many areas of their lives. This, coupled with the fact that over 50 per cent of the cost of social housing is met from the housing benefit system, makes it inevitable that we operate in a regulated environment.

3.2 The regulatory framework places greater emphasis on self-regulation, with tenants being placed at the heart of the process.

3.3 Demand for our properties is high and this will continue over the long term because of the extremely high cost of housing in the borough.

3.4 The Right to Buy scheme has reduced the stock considerably since its introduction in 1980. The number of sales has fallen to around ten each year. The increase in the maximum discount to £75,000 has not to date had a material impact on the number of sales. Right to Buy sales remain a risk to the business but not in the short term subject to there being no significant relaxation of lenders requirements.

### **4.0 Our priorities**

4.1 Looking over the next five years the plan identifies a series of priorities. The business is structured in a way to ensure we deliver against those priorities. Apart from the overarching priority to ensure we continue to operate a sound and viable business, our priorities are to:

- protect the income stream
- protect the asset base
- deliver additional homes
- deliver stronger communities
- maintain high satisfaction levels with core landlord services.

4.2 Staff share the senior management team's commitment to the service and have demonstrated their capacity to meet the challenges presented by the new system.

### **5.0 Financial plan**

5.1 The financial plan recognises the need to effectively manage the £197.2 million debt. The 30 year financial model has been constructed making a range of assumptions. Some of the more significant assumptions include:

- HRA debt as of 1/04/2013 £197.2 million
- Consolidated borrowing rate: 2.68 per cent
- Annual rent increase: September RPI + 0.5 per cent #
- Average 5 year inflation: 2.75 per cent
- 30 year capital investment: £320 million

# Subject to CLG policy on rent setting with existing properties let at social rent levels

5.2 Based on our current assumptions the plan is viable over the 30 year plan period and offers scope to expand through building additional homes.

5.3 The key sensitivities are:

- Interest rates
- Inflation
- Right to Buy activity.
- Income stream levels

5.4 The HRA has immediate access to reserves representing approximately 15 per cent of the debt burden, higher than most similar business in our sector. The reserves are available to support both revenue and capital activities.

## 6.0 Business risks

6.1 The Localism Act 2011 introduces not only opportunities for the business, but some new risks. Mitigation measures are incorporated into the plan with others being developed – for example those relating to our development programme.

6.2 Whilst the inflation and interest rate risks are well understood those flowing from the Government's proposals for welfare reform are less so. Much of the detail has yet to be published however it clearly represents a significant risk to our income stream.

6.3 Action to mitigate the impact of the changes has already started.

6.4 Changes to make the Right to Buy scheme more attractive could increase the number of sales. Countering this incentive is the economic climate which has depressed all housing sales for the last three years. For the time being it has been assumed the level of sales will be minimal.

6.5 Rent setting needs to reflect the basis of the 2012 HRA settlement. At the time the Government restated their policy that rent should increase by 0.5 per cent above RPI. This could change in the future.

Any move to reduce rent increases will put the business plan under pressure. Depending on the scale of a change this pressure could be considerable.

6.6 The coalition government recently announced their intention to define how RPI is calculated. Initial estimates suggest the changes could reduce by the Index by up to one per cent. This would have a material impact on our future rental stream, estimated to be a £17 million reduction over 10 years. The table in paragraph 6.4 reflects a modest uplift in rental income.

## **7.0 Conclusion**

7.1 The business plan is a measured and robust response to the changing environment our housing business operates in.

7.2 The plan will ensure we operate a sound and viable business able to deliver our two central aims of:

- being a major social landlord that delivers high levels of tenant satisfaction but adds value to our local community
- expanding our stock to provide more affordable homes.

7.3 Using the assumptions set out in the plan, the financial model shows the business to be viable both in the short and long term and capable of supporting expansion.

7.4 A number of business risks have been identified but these are capable of being managed to minimise their impact. Naturally the future will bring both new opportunities and risks.

7.5 The senior management team are confident the business plan is sound and deliverable. The business will continue to do what it does best – provide a great added value service to our local community.

## Housing Revenue Account

### 2013-2043 Business Plan

#### 1.0 Introduction

- 1.1 Guildford Borough Council is the largest single provider of social housing in the Borough, accounting for nearly 10 per cent of all homes in the borough.

It is the largest social business run by the Council with an annual turnover of in excess of £30 million. More importantly we provide homes for some of the most vulnerable members of our local community.

- 1.2 The Localism Act 2011 has returned control of this business back to the Council. This business plan sets out how we manage and develop our social housing business for the benefit of our local community.
- 1.3 The Council sees this service as central to delivering a number of its wider objectives and it attaches a high priority to the provision of affordable housing and is fully committed to delivering this plan.

#### 2.0 What we want to achieve

- 2.1 Our overall vision is:

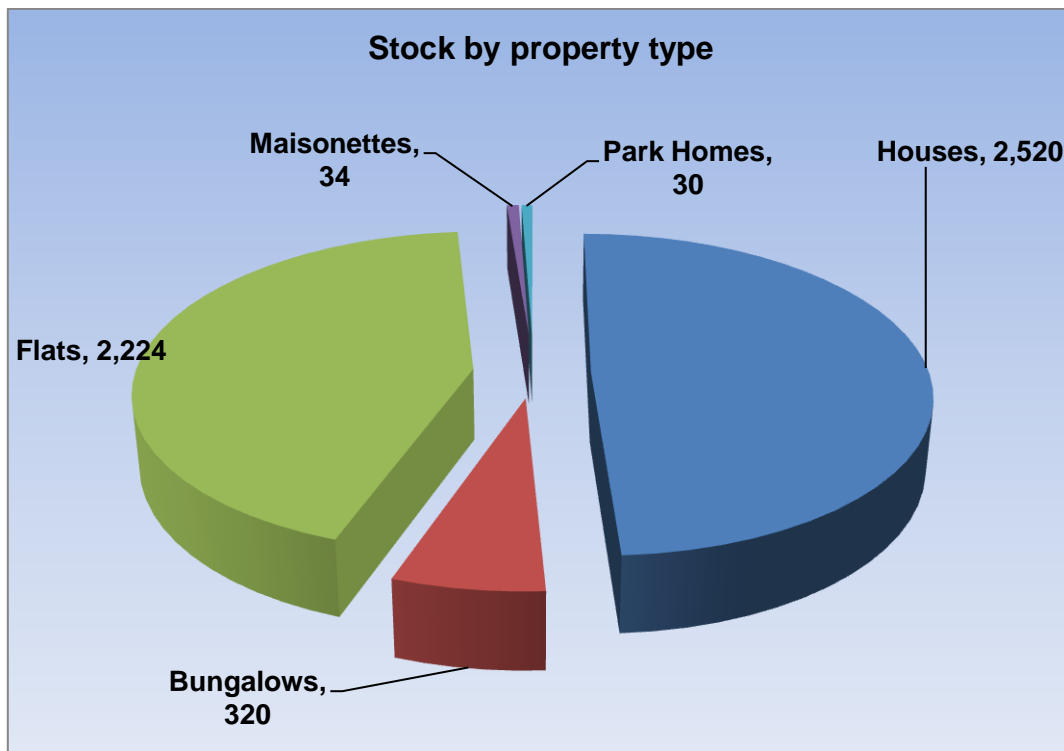
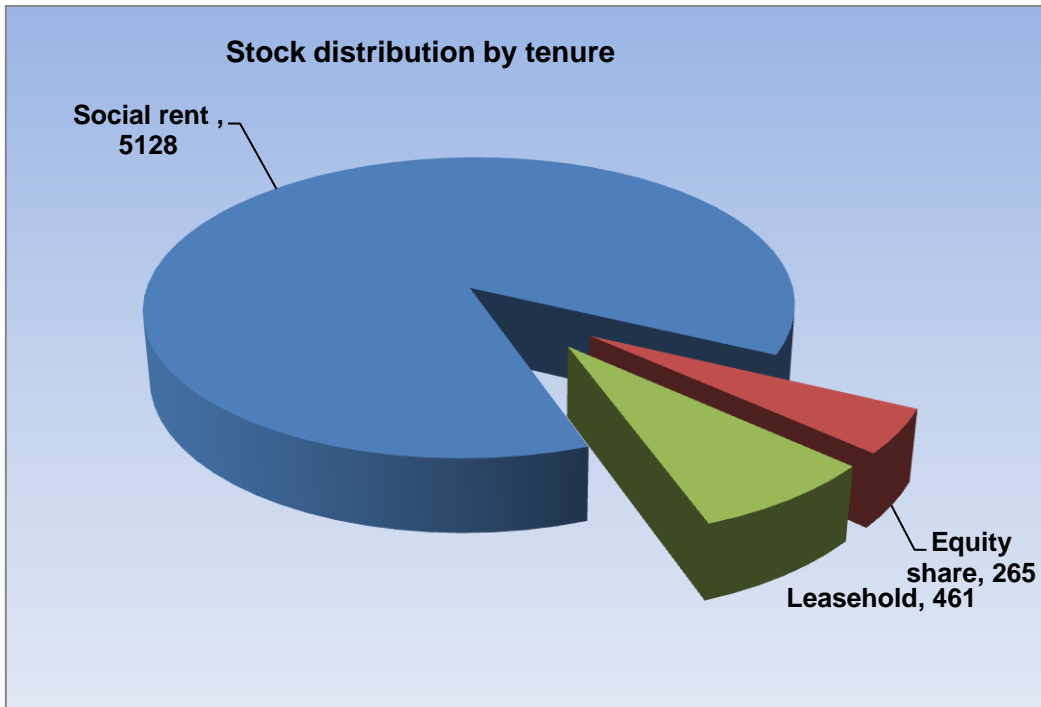
To make a positive difference to residents lives by providing good quality affordable homes in valued neighbourhoods and excellent services.
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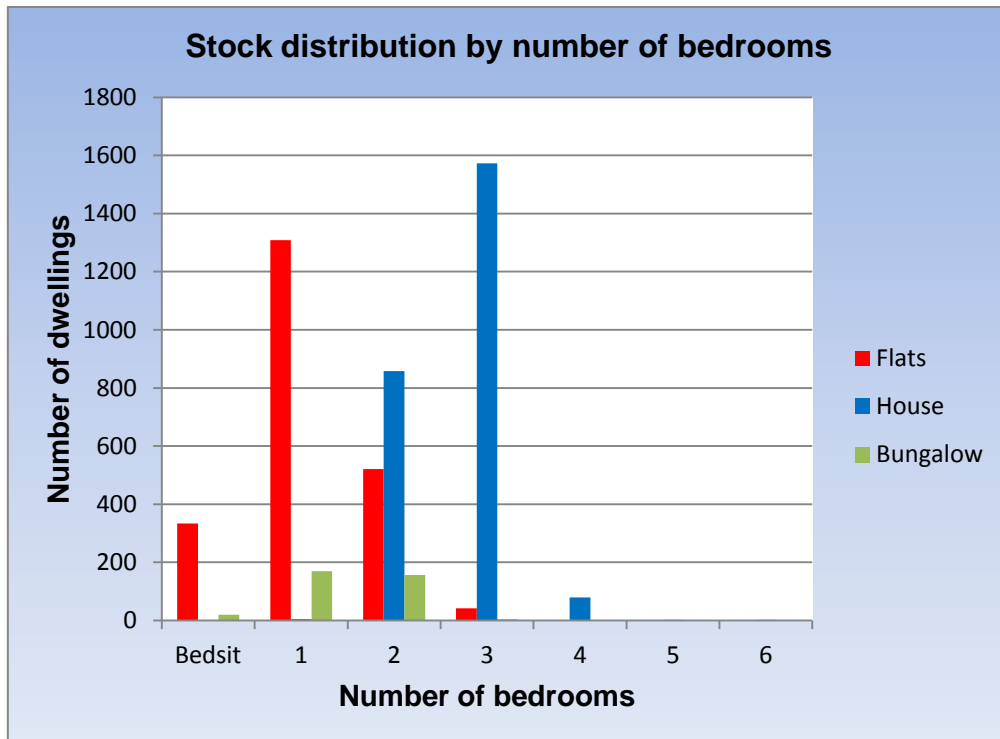
- 2.2 Our objectives are to:

- operate a sound and viable social housing business in a professional and cost effective manner.
- provide good quality homes in settled communities for as long as needed by a tenant and is consistent with our Tenancy Strategy
- continue to strengthen communities by making our estates places people value and want to live
- increase the supply of affordable homes including by direct provision where it is appropriate and viable to do so
- value and promote greater tenant involvement in decision making
- widen the range of housing options open for tenants, ensuring they are in a position to make informed choices

3.0 **What is the business today**

3.1 We provide a range of homes across the borough under a variety of tenures. The charts below describe the stock.





3.2 The stock consists largely of low rise, post war properties with a large percentage being flats. It is largely concentrated in the urban areas around Guildford town and Ash in the west. The remainder is distributed across the more rural parts of the borough.

3.3 The Council has a strong track record in maintaining the stock as confirmed by stock condition surveys carried out in 2012. This assessed the level of decency to be in the region of 95 per cent with the cost of making the remainder decent at only £666,000. This liability is fully covered by reserves.

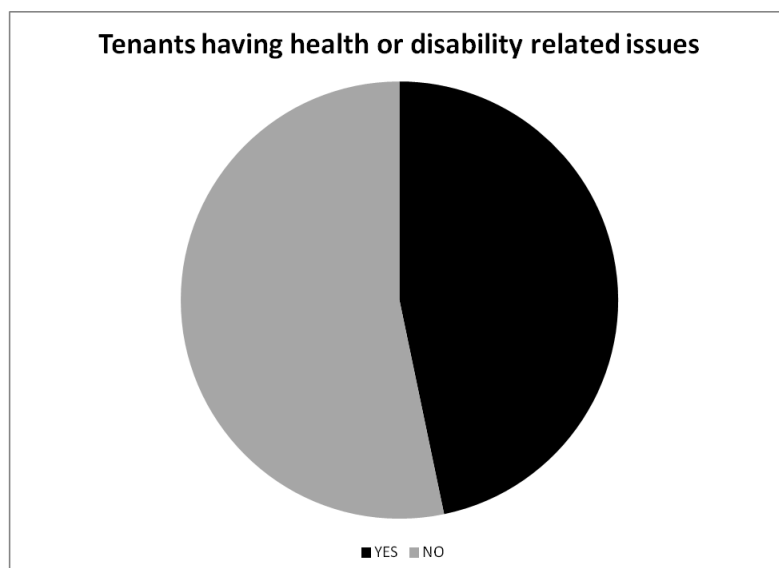
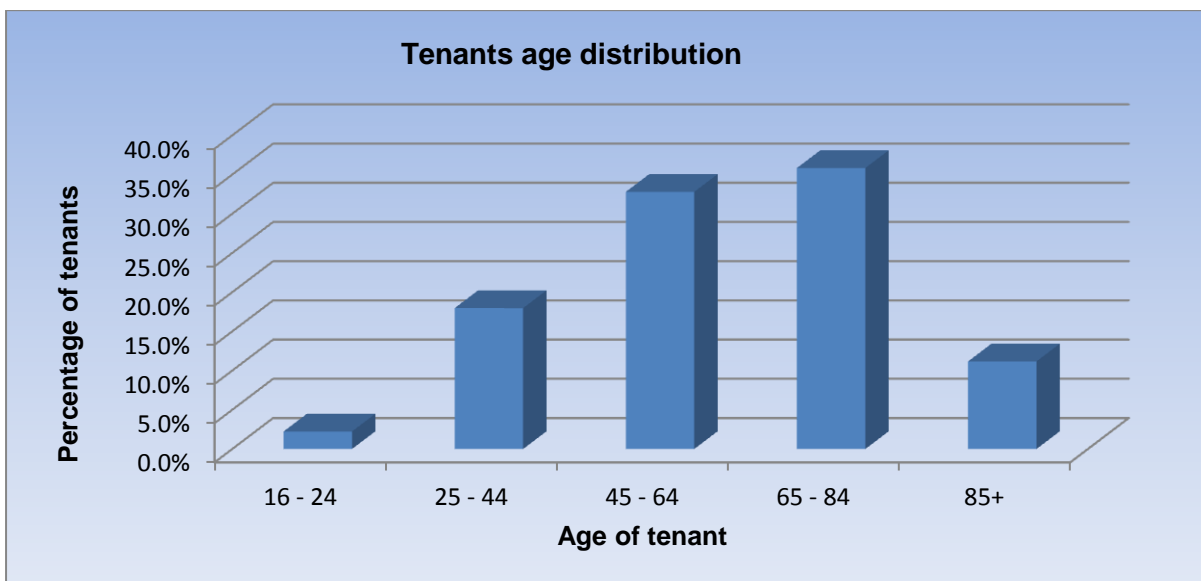
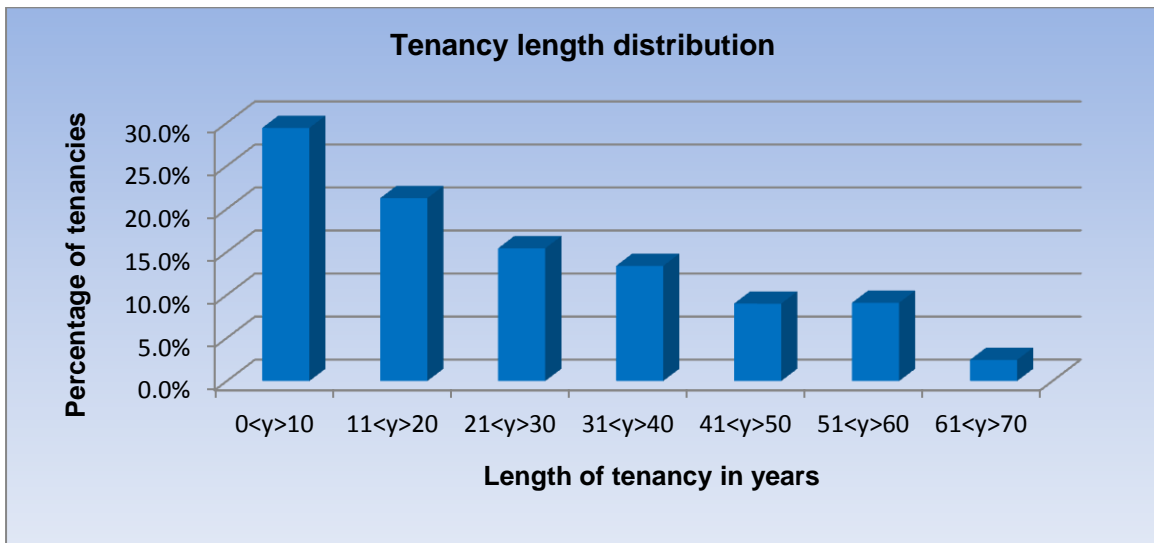
3.4 The principle need is to ensure an on-going repair and replacement programme is delivered to not only protect but enhance the existing asset base.

3.5 We are also a large provider of garages with around 2,000 in rental. This part of the business generates an income valued at £697,000 per annum.

It is important therefore we maintain an investment programme for this element of our asset base.

3.6 All the properties we currently let are rented at social rent level. This is determined by reference to a national formula and increases are subject to influence by the government and our regulator. Newly built properties will be let at higher 'affordable rents'.

3.7 Our customer base reflects the Council's current and historic housing allocation policies and the high cost of housing in the area. The charts below detail some of the characteristics of our existing customer base.



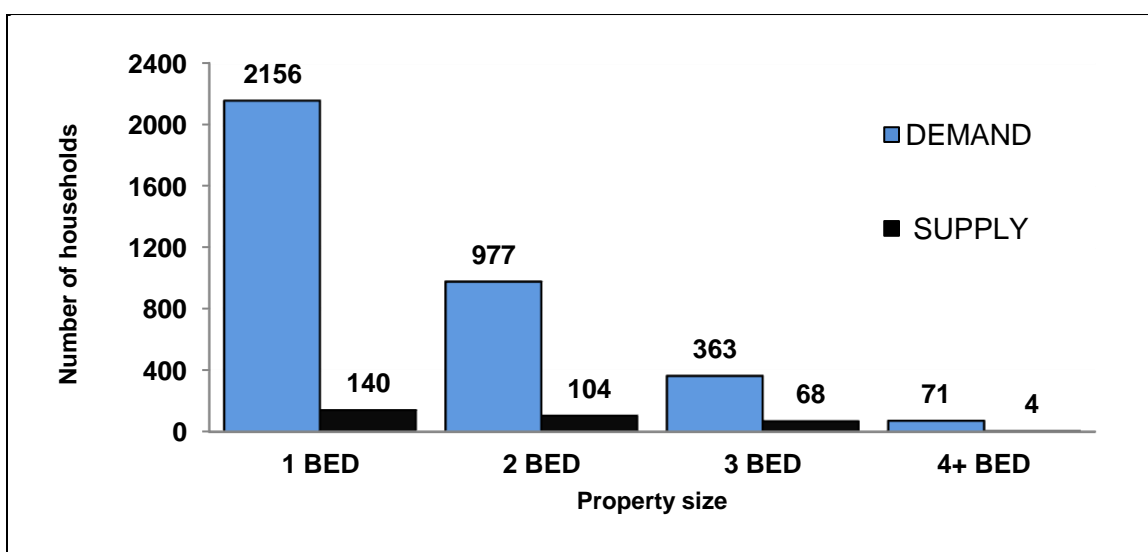
## 4.0 **Business Environment**

- 4.1 All social housing providers operate in an increasingly complex and challenging environment. We are a registered provider and are subject to regulation by the Homes and Communities Agency, formerly the Tenant Services Authority.
- 4.2 **National policy:** The nature and delivery of social housing is critical to a variety of national social and economic policies. Each government has its own agenda and policy objectives which social housing needs to contribute towards.

The coalition government is keen to broaden home ownership and appears to want to move social housing more towards the 'safety net' model. The introduction of flexible tenancies is a key element of this strategy. It has also moved away from the 'brick and mortar' subsidy model to on going subsidy through charging higher rents funded partly through the housing benefit system - the affordable rent model.

- 4.3 The coalition government see increasing house building as one of the ways to generate economic growth and want local Councils to contribute towards this objective. A number of options are being put forward with the possibility of allowing greater HRA supported borrowing not being ruled out. Our HRA has capacity to support additional borrowing should we be allowed to so.
- 4.4 **Regulation:** The importance of housing to the lives of the tenants coupled with the level of national subsidy and lack of effective competition makes it inevitable our business is subject to regulation. The national regulatory framework issued by the Tenants Services Authority sets out the regulatory requirements we must meet.
- 4.5 The framework, issued in 2010, has moved us towards a system of self-regulation. A summary of the framework is set out in Annexe 2. It requires us to place our tenants at the heart of the process, something we and the Tenants' Action Group welcome.
- 4.6 Aligning the interests of the business with that of our existing and future tenants will contribute towards long-term sustainability.
- 4.7 **Demand:** We operate in an area with an extremely high cost of housing. The average cost of a two bedroom property is around £280,000, and over 75% of residents have a household income of less than £50,000. This means that even with a substantial fall in house prices a significant proportion of local people will be unable to afford to buy a house on the open market.
- 4.8 Using the housing needs register as a proxy for demand for social housing shows how far we are unable to meet current demand. The chart below illustrates this with reference to the lettings activity last year.





There is a high likelihood that demand for social housing in this Borough will continue to exceed supply for the life of this business plan.

- 4.9 Whilst some stock over time will become increasingly difficult to let because of its configuration this will only affect a small proportion of the stock – less than 10 per cent.
- 4.10 **Financial environment:** From 2012 we operate in a very different financial environment, one with a greater business focus.
- 4.11 The business operates with an overhanging debt of £197.2 million; this debt initially will be financed largely through a range of loans from the Public Works Loan Board (PWLb) together with some internal borrowing. The loans are a blend of fixed and variable rate instruments with varying refinancing periods.
- The debt has been structured to minimise cost, balancing a need to maintain flexibility whilst at the same time achieving a large degree of cost certainty.
- 4.12 Business operating costs will be met from the rental stream. Rental cover provides sufficient comfort on our ability to meet our debt obligations.
- 4.13 Over 55 per cent of our income stream is reliant on the housing benefit subsidy system. This ratio has remained fairly constant over the last 10 years and is unlikely to reduce.

The Government maintains tight control on its exposure to this cost, through a series of complex measures. It is the stated aim of the coalition government to reduce the

national housing benefit bill and is something we need to be very aware of looking ahead.

- 4.14 **Asset base:** Historically our asset base has shrunk, through a combination of Right to Buy disposals and previous stock rationalisation programmes. Each property we own not only contributes towards the cost of debt and our other operating costs but also generates a surplus over time.

Since 1980 the asset base has shrunk by around a third largely through Right to Buy disposals. The rate has slowed dramatically in recent years to the point where stock rationalisation at the moment causes the greatest loss.

Our ambitions to develop new homes will start to reverse this trend.

## 5.0 **Our priorities**

- 5.1 Against the background of the objectives set out above the following priorities have been identified for our business:

- protecting the income stream and reducing unnecessary costs
- protecting the asset base
- delivering additional homes
- delivering stronger communities
- maintaining high satisfaction levels with core landlord services.

In order to deliver against these priorities the business will continue to tightly focus on controlling all our expenditure, including the costs associated with our debt to ensure we remain viable in these difficult economic circumstances.

Each is briefly considered below.

- 5.2 **Income stream:** It is vital we protect our income stream if we are to sustain a viable business. With over 94 per cent coming from rents this will be the main focus.

- 5.3 To safeguard our income stream we will:

- promote and increase awareness of the changes arising from welfare reform
- ensure sufficient and adequate financial advice is available to our tenants both directly and by working in partnership with third sector agencies
- implement measures to help mitigate fuel poverty
- continue to provide financial and practical assistance by working with partner organisations to support tenants
- work with the Supporting People team to secure adequate funding for the services we are contracted to provide
- explore additional income streams including through a system of fairer charging for some of the services we provide

- actively consider widening the tenure models we offer and the associated rents charged
- closely monitor the risks outlined in Section 8

At the same time the business will continue to tightly focus on controlling all our expenditure, including the costs associated with the debt to ensure we remain remaining viable in these difficult economic circumstances.

5.4 **Protecting the asset base:** Though the demand for social housing is high in the borough some properties are in less demand. We have addressed this through an on-going stock rationalisation programme – the decommissioning of sheltered housing units being the most recent examples.

5.5 It is important we ensure our properties and associated properties remain attractive as measured by the ability to let. We need to maintain the properties in a manner that achieves the greatest return on our investment.

5.6 We will protect the asset base by implementing our asset management strategy set out in Annexe 5 which in summary is:

- fully funding and delivering a planned preventative maintenance programme to prevent early component failures
- fully funding and delivering a responsive maintenance programme that ensures minor defects do not lead to further avoidable expenditure
- increasing the accuracy and extent of stock data information to enable informed decisions to be made on stock maintenance
- ensuring our capital replacement and improvement programmes are correctly targeted at the right time
- implementing timely stock rationalisation programmes where properties are reaching the end of their economic life or become hard to let.

5.7 **Delivering additional homes:** The need for additional affordable homes has been identified by the local community as being one of its top priorities. The Council has acknowledged this by making it one of its key delivery targets.

A draft development strategy is set out in Annexe 4 and Councillors are asked to adopt the strategy as part of this years revision of the business plan.

HRA reform has created opportunities to provide new affordable homes and has allowed us to embark on a new development programme. Planning consent has already been obtained for three schemes with more planned.

5.8 We intend to structure our business to best place us to deliver additional affordable homes. We will do this by:

- creating financial capacity through our revenue streams to support development whilst protecting existing assets and services
- using appropriate delivery mechanisms to achieve the best value solution

- identifying viable redevelopment opportunities across both the HRA portfolio and the wider Council's property estate with a view to adding to the Council's stock of affordable housing
  - using a range of models to deliver the most affordable housing we can – this is likely to involve not only social rent but affordable rent and equity share models.
- 5.9 The draft HRA development strategy sets a target of delivering at least 200 new homes on Council owned land by 2022.
- 5.10 **Delivering stronger communities:** We are very much a social business and intend to be much more than just a residential landlord. We will continue providing considerable added value through a range of measures.
- 5.11 We will help communities to become stronger by promoting and developing the range of opportunities our tenants have to be involved in decision making in a way that suits them:
- developing tenant co-regulation of the business
  - supporting the development of the Tenants' Action Group
  - increasing opportunities for active tenant participation in service delivery through a range of initiatives including social enterprises
  - engaging with initiatives designed to get people back into work
  - working in partnership with the Community Wardens to support and develop grassroots community projects.
- 5.12 **Maintaining core landlord services:** Our tenants rightly expect high standards from the landlord services team in return for the rent they pay. Our reputation as a good landlord is important to us and we are judged daily through the quality of the service we provide.
- 5.13 Though demand for social housing is high there are other alternative providers in the borough. With over 2,200 units a range of other registered providers offer alternative options for tenants. It is important we appeal to a wide range of potential tenants to enable us to deliver sustainable and vibrant neighbourhoods.
- 5.14 We will continue to deliver good quality services, aiming to achieve increasing levels of tenant satisfaction. We will do this by:
- agreeing service standards with tenants and delivering services in the best way to meet those standards
  - maintaining a strong focus on customer service and subject ourselves to regular scrutiny by our tenants and external accreditation providers
  - meeting our financial targets to allow us to fund core landlord services to enable our services to be properly delivered
  - demanding from our contractors and service suppliers the same commitment to customer service that we expect of ourselves.

## 6.0 Financial plan

6.1 From April 2012 key elements of our financial strategy changed. Total HRA borrowing now stands at £197.2 million.

6.2 The plan is built around the need to manage this debt whilst at the same time delivering our business objectives. In order to assure ourselves on the long term viability of the business a 30 year financial model has been constructed.

6.3 **Key assumptions:** The model has been constructed using a number of assumptions. The most important are set out in the table below:

Item	Assumption
Opening stock	5128 units of accommodation
HRA debt	£197.2 Million
Borrowing rate	2.68%
Rent increase RPI	Year 1 2.6% -Year 2 onwards 1.75%
Rent increase mechanism	CLG formula
Garage income increase	As for rents, resistance assumed 1%
Convergence year	2015/16
Bad debt provision	0.3% rising to 1.0% (reviewed annually)
Void rate	1%
Service charge increases	3% 10 year average
RTB	8/yr
Pooling requirement	75%
Retained receipt	Held in reserves
HRA ring fence	Policy of strong ring fence continues
Debt repayment	No provision has been made for the repayment of debt.
Operating balance	£2.5 million
30 yr capital investment	£320 million - funded
Service/investment cost inflation	2.75% 10 year average

6.4 Inevitably the further we look ahead the reliability of the model outputs reduce. The table below sets out our revenue projections over the next 10 years.

**HOUSING REVENUE ACCOUNT PROJECTIONS 2013-14 to 2021-22 (excludes new build implications)**  
**Guildford Borough Council**

Year £'000	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>INCOME:</b>										
Rental Income	(28,260)	(28,860)	(29,430)	(29,970)	(30,480)	(30,970)	(31,430)	(31,860)	(32,260)	(32,630)
Service Charges	(968)	(1,000)	(1,030)	(1,060)	(1,090)	(1,120)	(1,150)	(1,180)	(1,220)	(1,260)
Non-Dwelling Income	(1,048)	(1,060)	(1,070)	(1,080)	(1,090)	(1,100)	(1,110)	(1,120)	(1,130)	(1,140)
Grants & Other Income	(689)	(660)	(660)	(660)	(660)	(660)	(660)	(660)	(660)	(660)
<b>Total Income</b>	<b>(30,965)</b>	<b>(31,580)</b>	<b>(32,190)</b>	<b>(32,770)</b>	<b>(33,320)</b>	<b>(33,850)</b>	<b>(34,350)</b>	<b>(34,820)</b>	<b>(35,270)</b>	<b>(35,690)</b>
<b>EXPENDITURE:</b>										
General Management	2,879	2,960	3,040	3,120	3,210	3,300	3,390	3,480	3,580	3,680
Special Management	2,125	2,180	2,240	2,300	2,360	2,420	2,490	2,560	2,630	2,700
Other Management	219	230	240	250	260	270	280	290	300	310
Rent Rebates	148	100	50	20	5	0	0	0	0	0
Bad Debt Provision	90	150	275	300	300	300	300	300	300	300
Responsive & Cyclical Repairs	4,918	5,160	5,420	5,690	5,970	6,270	6,580	6,910	7,260	7,620
<b>Total Revenue Expenditure</b>	<b>10,379</b>	<b>10,780</b>	<b>11,265</b>	<b>11,680</b>	<b>12,105</b>	<b>12,560</b>	<b>13,040</b>	<b>13,540</b>	<b>14,070</b>	<b>14,610</b>
Interest Paid & Administration	5,267	5,350	5,375	5,400	5,450	5,500	5,500	5,500	5,500	5,500
Interest Received	(174)	(202)	(281)	(384)	(400)	(400)	(400)	(400)	(400)	(400)
Depreciation	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294	5,294
<b>Net Operating Income</b>	<b>(10,199)</b>	<b>(10,358)</b>	<b>(10,537)</b>	<b>(10,780)</b>	<b>(10,871)</b>	<b>(10,896)</b>	<b>(10,916)</b>	<b>(10,886)</b>	<b>(10,806)</b>	<b>(10,686)</b>
<b>APPROPRIATIONS:</b>	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Reserves	10,124	10,283	10,462	10,705	10,796	10,821	10,841	10,811	10,731	10,611
Revenue Contribution to Capital	75	75	75	75	75	75	75	75	75	75
<b>Total Appropriations</b>	<b>10,199</b>	<b>10,358</b>	<b>10,537</b>	<b>10,780</b>	<b>10,871</b>	<b>10,896</b>	<b>10,916</b>	<b>10,886</b>	<b>10,806</b>	<b>10,686</b>
<b>ANNUAL CASHFLOW</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 6.5 A key factor driving our debt management and treasury management strategies is the objective to increase the stock. This will require substantial capital investment over the 30 year plan life over and above our need to maintain and improve the existing stock.

In order to finance this investment physical debt repayment will attract a lower priority. This in turn has influenced the financing structure used to support the business. With this in mind some of the debt instruments stretch over the 30 year plan period. The table below sets out our current loan portfolio.

Loan Type	Principal	Period	Rate
Variable	£45,000,000	10	0.58%
Fixed	£2,070,000	9	3.60%
Fixed	£10,000,000	12	2.70%
Fixed	£10,000,000	13	2.80%
Fixed	£10,000,000	14	2.92%
Fixed	£10,000,000	15	3.01%
Fixed	£25,000,000	17	3.15%
Fixed	£25,000,000	20	3.30%
Fixed	£25,000,000	25	3.44%
Fixed	£15,000,000	29	3.49%
Fixed	£17,435,000	30	3.50%

- 6.6 It is difficult to predict with certainty many of the factors used to construct the model. We have therefore identified the key sensitivities for the business.

These are set out below:

Assumption	Change	Impact - 10 yr cashflow
Borrowing rate	+ 1% -1%	£4.5 million increase £4.5 million decrease
Rent RPI	+1% -1%	£17.8 million increase £16.8 million decrease
Revenue cost inflation	+1% -1%	£3.4 million decrease £3.2 million increase

<b>Assumption</b>	<b>Change</b>	<b>Impact - 10 yr cashflow</b>
Employee/Management	+1% -1%	£1.9 million decrease £1.8 million increase
Right to Buy sales (income from rent foregone)	+15/yr +30/yr	£4.3 million decrease £8.5 million decrease

Note (i) the calculation is predicated on the lost rental income for each property based on a mid-year sale, against which a small allowance has been made to reflect a saving against maintenance costs. The implications around capital receipts would be separately assessed and tied into the priorities of the business plan.

In practice it is unlikely each factor will change in isolation which may mitigate the impact. For example investment cost inflation is likely to generate an increase in the Retail Price Index which in turn will feed into high rent increases.

- 6.7 The model is reviewed on a quarterly basis to identify any significant impacts of changes in the economic environment.
- 6.8 The plan has been constructed on the basis that we will fully fund our existing revenue and capital commitments as the first priority. The plan allows for some enhancement to existing services.
- 6.9 The areas being proposed for 2013-14 are:
- improving the physical environment on some of our estates through an environmental improvements programme
  - providing an enhanced tenancy fraud service
  - increasing incentives to encourage greater tenant mobility to reduce levels of under-occupation
  - increasing support to community strengthening initiatives.

Whilst we continue to seek increased efficiencies, some additional investment will be needed and priority will continue to be given enhancing services to existing tenants as we further develop the plan.

- 6.10 It has been assumed income collection rates will remain strong. Inevitably the worsening economic climate coupled with the welfare reform changes will lead to increasing arrears and ultimately bad debts. A steadily increased provision has been made over the next five years based on our best estimate.
- 6.11 Depreciation represents a real charge to the operating account. This allowance will be used to support the major capital works programme. Under this plan we commit to making appropriate provision to do so. A charge of £5.3 million has been included in the 2013-14 estimates.



- 6.12 Based on current projections over the 30 year plan period we need to spend in the region of £320 million maintaining and improving the stock. The plan as currently structured is affordable.
- 6.13 **HRA reserves:** The HRA has built up significant revenue reserves and as at the 31 March 2013 are estimated to be in the region of £25 million – excluding capital receipts. These can be used for any HRA related purpose. It is proposed that these reserves are set aside to support the major capital works programme. The HRA also has usable capital receipts which have been generated from the sale of HRA land and housing assets. The balance of useable capital receipts is expected to be over £16.7 million as at the 31 March 2013. These funds can only be used to support capital expenditure.

The business plan assumes these receipts will be used to support schemes at Lakeside Close, Ash and New Road, Gomshall which are included in the approved housing capital programme.

- 6.14 Shown below are the cumulative reserves which can be used to support the business plan – they reflect however only approved new build projects and the decision not to repay debt :

Year ending	March 13 Revised	March 14 Revised	March 15 Revised	March 16 Revised	March 17 Revised
	£000	£000	£000	£000	£000
Reserve for future capital works	17,977	18,771	19,690	20,740	21,928
Usable capital receipts	16,765	23,456	22,273	21,343	20,413
New Build Reserve	7,363	7,541	8,288	15,715	23,526
Usable capital receipts (HRA debt)	187	287	387	487	587
<b>Total</b>	<b>42,292</b>	<b>50,055</b>	<b>50,638</b>	<b>58,285</b>	<b>66,454</b>

Note (i) The figure for usable capital receipts assumes the redevelopment of Lakeside Close, Ash and New Road, Gomshall only. Schemes in the pipeline if approved will significantly reduce these balances

(ii) Future development projects will be funded from the usable capital receipts and new build reserves

(iii) No allowance has been made for repayment of debt

(iv) It is intended to maintain the amount held in HRA operating balances at £2.5 million to reflect the heightened risk of rent arrears in the difficult economic climate.

- 6.15 Whilst the table shows a significant accumulation of reserves, it makes no allowance for the repayment of debt or the need to fund both development schemes in the pipeline. Further opportunities will present themselves over the next few years and these will need to be funded from the reserves set out above. The level of reserves

will be kept under review in the context of the evolving development programme along with the anticipated pressures on the revenue account.

- 6.16 HRA related capital receipts will increase by £5.7 million following the sale of the Bellerby Theatre site which included Victoria Court and the associated car park. A further £3.1 million used to support the development of 'G Live' will be returned during 2013-14 to support housing related investment activities.
- 6.17 It is proposed to create a reserve to support new build schemes. This reserve has the ability to support a significant development programme.
- 6.18 In future years the first call on HRA generated capital receipts will be to support the HRA business plan.
- 6.19 **Affordable rents:** These are rents set at up to 80 per cent of local market rents and therefore a greater burden on the Housing Benefit system. Local authorities developing new properties for rent will, subject to both the Homes and Communities Agency and Department of Works and Pension agreement, be able to charge affordable rents. Any consent will be on a scheme by scheme basis.
- 6.20 The plan assumes that new schemes will be let at 70 per cent of local market rents or at the local housing allowance, whichever is the lower.
- Each development will be subject to an individual project appraisal before any firm commitment is made.
- 6.21 **Operating costs:** When benchmarked against other providers generally fall into upper or mid quartile levels. Scope to achieve substantial cost reductions is limited. The plan therefore has been prepared on the basis it is not reliant on unpredictable future possible savings and no savings have been factored into the plan at this stage.
- 6.22 As a matter of on-going policy the practise of maintaining a downward pressure on costs will continue through service and lean reviews to ensure services are delivered in the most cost effective way.
- 6.23 **Operating balances:** The model projects over the first five years, that operating balances before making any provision for debt repayment will be positive, a total around £65 million. There is no requirement to either physically repay debt or make a revenue provision against the debt.
- 6.24 Any remaining surpluses will be used to support either future year's revenue services or the major capital schemes.

## 7.0 Operating policies

7.1 A range of operating policies and strategies are being reviewed. These include:

- Rental policy – to be reviewed 2013/14
- Asset management strategy – updated 2012
- Tenancy policy – agreed by Executive November 2012
- Service standards -
- Tenancy engagement strategy – review underway
- Development strategy - subject to Executive approval

7.2 The plan has been prepared on the assumption the existing policies remain unchanged. In practise this will not be the case as we seek to take advantage of any opportunities the new environment provides to improve and grow our business.

## 8.0 **Business risks**

8.1 Though the reform offers exciting opportunities for the business in the future, the rapidly changing environment presents a series of business risks. In some cases we are well placed to manage the risk, others lie largely outside our control.

The main risks identified are set out below:

8.2 **Inflation:** The subsidy system to some degree isolated the HRA from the effects of inflation, even though it did not seem that way. Our rental stream remains firmly linked to the Retail Price Index prevailing in September. Expenditure on the other hand is not so tightly linked.

8.3 During a volatile period we could face significantly different inflation rates for expenditure and income. A low RPI in September coupled with a high average cost inflation figure for the year is a realistic scenario and would place strain on the plan.

8.4 We recognise that construction related costs are artificially low and the sector will not hesitate to increase margins as soon as the opportunity arises. It is unlikely this will happen though in the next three years. Commodity and material prices are more subject to global influences and have continued to steadily rise.

8.5 **Interest rates:** The annual interest cost is estimated to be £5.2 million for 2013-14. The £45 million of variable rate loans is subject to a six monthly interest rate re-set. A movement of 1 per cent would result in an additional charge to the revenue account of £450,000.

Subsequent interest rate risks will largely be mitigated by an effective treasury management strategy.

Our borrowing strategy insulates the HRA from interest rate volatility on 75 per cent of the fixed debt portfolio. However there remains a refinancing risk, assuming the debt is not repaid when it falls due, which is difficult to quantify.

8.6 **Welfare reform:** The government's stated objectives include:

- reducing national cost of the welfare system
- ensuring the benefit system does not act as a disincentive to work
- placing greater responsibility on individuals
- introducing a degree of localism in respect of Council Tax benefit schemes.

8.7 Though how these objectives will be achieved in detail have yet to be confirmed, the likelihood is that many of our tenants face reductions in their benefits and therefore ability to pay their rent. Older tenants are to be largely protected which will mitigate any short term impact. With over 55 per cent of our income being met via the Housing Benefit system any changes to it are a potential threat to our income stream.

8.8 Perhaps the biggest risk arises from the proposals to cease direct payment to social landlords. This would return the position we were in before the direct payments were introduced. Collection costs will increase along with debt management costs. Additional investment, over that already made, in financial advisory and debt support services may be necessary to counter the risk to our income stream.

8.9 **Right to Buy:** Right to Buy disposals had always been identified as a business risk.

8.10 Unit overheads increase with each sale compounding the adverse financial impact. Based on current RTB activity the plan assumes little impact in the short term from the revised Right to Buy scheme.

8.11 **Regulatory environment:** The regulatory environment has already changed considerably since its introduction in 2009. The burden of external inspection has been reduced and replaced by self-regulation which is to be welcomed. This position could of course reverse.

It is reasonably foreseeable that the regulator will be obliged to reflect future government policies, placing additional investment obligation on our business. Maintaining adequate reserves will help mitigate this risk.

8.12 Rent setting across the sector to a large degree remains in the hands of the government and the regulator. The business plan is based on rents increasing by RPI + 0.5 per cent annually, as has the settlement figure of £193.2 million.

With national government meeting over half of the cost they have little incentive to change the rent charge formulae so as to increase rents. Whilst it has been stated they have no intention to do so, it remains to be seen that this position is left unchanged over the 30 year plan period.

8.13 The government have however indicated they intend to review how RPI is calculated. Initial estimates suggest RPI could be reduced by up to 1 per cent as a direct result of the new arrangements.

8.14 To mitigate this risk alternative income streams will be explored, though we have to recognise the scope is limited.

8.15 **Governance:** We now have greater control of the business in our hands. The Council, despite the degree the level of central Government control, has always managed the service on business lines.

The Executive has committed itself to continue managing the service as a business imposing clear financial discipline. Though it has a strong desire to expand the stock it has in place appropriate governance structures to prevent the business becoming over-stretched or unduly exposed to avoidable risks.

8.16 Tenants, through the Tenants' Action Group, form part of the scrutiny process to ensure identified risks are properly managed.

8.17 Further risks such as further reform of the HRA or reopening of the settlement by the government do exist but these largely remain outside our control. It is important we closely monitor the political environment so we can respond at the earliest opportunity.

## **Appendices**

Annexe 1: Geographical property distribution

Annexe 2: Regulatory Framework extract

Annexe 3: Key business indicators

Annexe 4: HRA Development Strategy

Annexe 5: HRA Asset Management Strategy – available on request

## Geographical property distribution

Area	General Needs	Sheltered
Albury	24	0
Artington	9	0
Ash	220	62
Ash Vale	94	0
Bellfields (North And South)	701	0
Burpham (Misc) Inc Gosden Hill Estate	55	0
Charlottville	33	0
Chilworth	131	37
Compton	53	0
East Horsley	37	31
Effingham	13	0
Gomshall	45	0
Guildford Park (Estate)	168	71
Holmbyury St Mary	15	0
Hurtmore	29	0
Merrow	321	0
Normandy	96	0
Park Barn	652	0
Peaslake	23	0
Pirbright	30	0
Puttenham	25	0
Ripley	82	0
Seale	4	0
Send	117	0
Shalford	52	0
Shepherds Hill	123	0
Shere	14	0
Slyfield	185	0
Stoke	107	0
Stoughton	8	0
The Mount	66	27
Tilehouse	63	39
Tongham	208	0
Town Centre (145 + 38)	183	0
West Clandon	69	0
West Horsley	55	0
Westborough (Estate)	538	0
Wood Street	125	0
Worplesdon	35	0
<b>TOTALS</b>	<b>4808</b>	<b>267</b>

## Extract from Regulatory Framework

This section sets out the standards<sup>1</sup> that will apply from 1 April 2010 to registered providers. It also sets out the products on which standards apply.

**Tenant involvement and empowerment standard****Required outcomes****1 Customer service, choice and complaints**

Registered providers shall:

- provide choices, information and communication that is appropriate to the diverse needs of their tenants in the delivery of all standards
- have an approach to complaints that is clear, simple and accessible that ensures that complaints are resolved promptly, politely and fairly

**2 Involvement and empowerment**

Registered providers shall support co-regulation with their tenants by:

- offering all tenants a wide range of opportunities to be involved in the management of their housing, including the ability to influence strategic priorities, the formulation of housing-related policies and the delivery of housing-related services
- consulting with their tenants and acting reasonably in providing them with opportunities to agree local offers for service delivery
- providing tenants with a range of opportunities to influence how providers meet all the TSA's standards, and to scrutinise their performance against all standards and in the development of the annual report
- providing support to tenants to build their capacity to be more effectively involved

**3 Understanding and responding to the diverse needs of tenants**

Registered providers shall:

- treat all tenants with fairness and respect
- demonstrate that they understand the different needs of their tenants, including in relation to the seven equality strands and tenants with additional support needs

<sup>1</sup> Sections 193 and 194 of the Housing and Regeneration Act 2008.

Registered providers shall set out in an annual report for tenants how they are meeting these obligations and how they intend to meet them in the future. The provider shall then meet the commitments it has made to its tenants. Registered providers shall take the obligations of the Tenant Involvement and Empowerment Standard into account in setting out how they are meeting and intend to meet all the other TSA standards.

## **Specific expectations**

### **1 Customer service, choice and complaints**

1.1 Registered providers shall provide tenants with accessible, relevant and timely information about:

- how tenants can access services
- the standards of housing services their tenants can expect
- how they are performing against those standards
- the service choices available to tenants, including any additional costs that are relevant to specific choices
- progress of any repairs work
- how tenants can communicate with them and provide feedback
- the responsibilities of the tenant and provider
- arrangements for tenant involvement and scrutiny

1.2 Providers shall offer a range of ways for tenants to express a complaint and set out clear service standards for responding to complaints, including complaints about performance against the standards, and details of what to do if they are unhappy with the outcome of a complaint. Providers shall inform tenants how they use complaints to improve their services. Registered providers shall publish information about complaints each year, including their number and nature, and the outcome of the complaints. Providers shall accept complaints made by advocates authorised to act on a tenant's/tenants' behalf.

### **2 Involvement and empowerment**

2.1 Registered providers shall consult with tenants on the desirability and scope of local offers in relation to services to meet the following TSA standards: Tenant Involvement and Empowerment, Home and Neighbourhood and Community. In providing opportunities for tenants to agree local offers by no later than 1 April 2011 they shall offer commitments on:

- local standards for performance
- how performance will be monitored, reported to and scrutinised by tenants
- what happens if local offers are not met (including procedures of redress)
- arrangements for reviewing the local offers on a periodic basis

2.2 Registered providers shall enable tenants' opportunities to scrutinise the effectiveness of their policies in relation to tenant involvement.



- 2.3 Registered providers shall inform tenants about the results of their consultations on issues related to the standards.
- 2.4 Registered providers shall consult with their tenants, setting out clearly the costs and benefits of relevant options, if they are proposing to change their landlord or when proposing a significant change in their management arrangements.
- 2.5 Registered providers shall consult tenants at least once every three years on the best way of involving tenants in the governance and scrutiny of the organisation's housing management service. They shall ensure that any changes to tenant involvement in governance and scrutiny leads to an enhancement of the overall effectiveness of their approach.
- 3 Understanding and responding to diverse needs**
- 3.1 Registered providers shall demonstrate how they respond to tenants' needs in the way they provide services and communicate with tenants.

## Home standard

### Required outcomes

#### 1 Quality of accommodation

Registered providers shall:

- ensure that tenants' homes meet the standard set out in section 5 of the Government's Decent Homes Guidance<sup>2</sup> by 31 December 2010 and continue to maintain their homes to at least this standard after this date
- meet the standards of design and quality that applied when the home was built, and were required as a condition of publicly funded financial assistance<sup>3</sup>, if these standards are higher than the Decent Homes Standard
- in agreeing a local offer, ensure that it is set at a level not less than these standards and have regard to section 6 of the Government's Decent Homes Guidance

#### 2 Repairs and maintenance

Registered providers shall:

- provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time
- meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes

Registered providers shall set out in an annual report for tenants how they are meeting these obligations and how they intend to meet them in the future. The provider shall then meet the commitments it has made to its tenants.

### Specific expectations

#### 1 **Quality of accommodation**

1.1 The TSA may agree with a registered provider an extension to the 31 December 2010 date where this is reasonable. Providers shall ensure their tenants are aware of the reasons for any extension given.

#### 2. **Repairs and maintenance**

2.1 Registered providers shall ensure a prudent, planned approach to repairs and maintenance of homes and communal areas. This should demonstrate an appropriate balance of planned and responsive repairs, and value for money. The

<sup>2</sup> 'Decent Homes Guidance' means A Decent Home: Definition and Guidance for Implementation, published by the Department for Communities and Local Government in June 2006, and any guidance issued by the department or its successors, in relation to that document.

<sup>3</sup> 'Financial assistance' is defined in section 19(3) of the Housing and Regeneration Act, 2008. For the purpose of this standard it means financial assistance provided by the Homes and Communities Agency and its predecessor bodies.

approach should include: responsive and cyclical repairs, planned and capital work, work on empty properties, and adaptations.

- 2.2 Registered providers shall co-operate with relevant organisations to provide an adaptations service that meets tenants' needs.

## Tenancy standard

### Required outcomes

#### 1 Allocations

Registered providers shall let their homes in a fair, transparent and efficient way. They shall take into account the housing needs and aspirations of tenants and potential tenants. They shall demonstrate how they:

- make the best use of available housing
- are compatible with the purpose of the housing
- contribute to local authorities' strategic housing function and sustainable communities

There should be clear application, decision-making and appeals processes.

#### 2 Rents

Registered providers shall charge rents in accordance with the objectives and framework set out in the Government's Direction to the TSA of November 2009.

#### 3 Tenure

Registered providers shall offer and issue the most secure form of tenure compatible with the purpose of the housing and the sustainability of the community. They shall meet all applicable statutory and legal requirements in relation to the form and use of tenancy agreements<sup>4</sup>.

Registered providers shall set out in an annual report for tenants how they are meeting these obligations and how they intend to meet them in the future. The provider shall then meet the commitments it has made to its tenants.

<sup>4</sup> Security of tenure is a matter for the Government and the drafting of this outcome in the Tenancy Standard is aimed at ensuring this is consistent with current Government policy and hence no changes are introduced as a result of the regulatory standard on this issue.

## **Specific expectations**

### **1 Allocations**

- 1.1 Registered providers shall co-operate with local authorities' strategic housing function, and their duties to meet identified local housing needs. This includes assistance with local authorities' homelessness duties, and through meeting obligations in nominations agreements. Where, in exceptional circumstances, registered providers choose not to participate in choice-based lettings schemes in areas where they own homes, they shall publish their reasons for doing so.
- 1.2 Registered providers shall develop and deliver services to address under occupation and overcrowding in their homes, within the resources available to them. These services should meet the needs of their tenants, and will offer choices to them.
- 1.3 Registered providers shall provide tenants wishing to move with access to clear and relevant advice about their housing options. They shall participate in mobility schemes and mutual exchange schemes where these are available.
- 1.4 Registered providers' published policies shall include how they have made use of common housing registers, common allocations policies and local letting policies. Registered providers shall clearly set out, and be able to give reasons for, the criteria they use for excluding actual and potential tenants from consideration for allocations, mobility or mutual exchange schemes.
- 1.5 Registered providers shall develop and deliver allocations processes in a way which supports their effective use by the full range of actual and potential tenants, including those with support needs, those who do not speak English as a first language and others who have difficulties with written English.
- 1.6 Registered providers shall minimise the time that properties are empty between each letting. When doing this, they shall take into account the circumstances of the tenants who have been offered the properties.
- 1.7 Registered providers shall record all lettings and sales in the Continuous Recording of Lettings system.

### **2 Rents**

- 2.1 Registered providers shall ensure they meet the following requirements, which derive from the Government's Direction to the TSA of November 2009 and published within Directions to the TSA – Summary of Responses and Government Response, November 2009, CLG.
- 2.2 Subject to paragraph 2.3, registered providers shall set rents with a view to

achieving the following as far as possible:

2.2.1. Rents conform with the pattern produced by the rent formula set out in rent influencing regime guidance<sup>5</sup> ('target rents') with a five per cent tolerance in individual rents (ten per cent for supported and sheltered housing) ('rent flexibility level') but subject to the maximum rent levels specified in that guidance ('rent caps').

2.2.2. Weekly rent for accommodation increases each year by an amount which is no more than RPI<sup>6</sup> + 0.5 per cent + £2 until it reaches the upper limit of the rent flexibility level or the rent cap, whichever is lower.

2.2.3. Weekly rent for accommodation that has reached or is above the upper limit of the rent flexibility increases each year by an amount that is no more than the increase to the target rents.

2.2.4. Rent caps increase annually by RPI + one per cent.

2.2.5. Target rents increase annually by RPI + 0.5 per cent.

2.3 Where the application of the Rents Standard would cause registered providers to be unable to meet other standards, particularly in respect of financial viability including the risk that a reduction in overall rental income causes them to risk failing to meet existing commitments such as banking or other lending covenants, the TSA may allow extensions to the period over which the requirements of the Rents Standard are met.

2.4 Registered providers shall provide clear information to tenants that explains how their rent and any service charge is set, and how it is changed, including reference to the RPI benchmark to which annual changes to rents should be linked (except where rents are controlled under different legislation).

### **3 Tenure**

3.1 Registered providers shall publish clear and accessible policies which outline their approach to tenancy management. They shall develop and provide services that will support tenants to maintain their tenancy and prevent unnecessary evictions. The approach should set out how registered providers will make sure that the home continues to be occupied by the tenant they let the home to.

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<sup>5</sup> 'Rent influencing regime guidance' means the Rent Influencing Regime Guidance published by the Housing Corporation in October 2001, and any guidance issued by the Housing Corporation or TSA, or its successors, in relation to that document.

<sup>6</sup> 'RPI' means the general index of retail prices (for all items) published by the Office of National Statistics or, if that index is not published for any month, any substituted index or index figures published by that office.

## Neighbourhood and community standard

### Required outcomes

#### 1 Neighbourhood management

Registered providers shall keep the neighbourhood and communal areas associated with the homes that they own clean and safe. They shall work in partnership with their tenants and other providers and public bodies where it is effective to do so.

#### 2 Local area co-operation

Registered providers shall co-operate with relevant partners to help promote social, environmental and economic wellbeing in the areas where they own properties.

#### 3 Anti-social behaviour

Registered providers shall work in partnership with other public agencies to prevent and tackle anti-social behaviour in the neighbourhoods where they own homes.

Registered providers shall set out in an annual report for tenants how they are meeting these obligations and how they intend to meet them in the future. The provider shall then meet the commitments it has made to its tenants.

### Specific expectations

#### 1 **Neighbourhood management**

- 1.1 Registered providers shall consult with tenants in developing a published policy for maintaining and improving the neighbourhoods associated with their homes. This applies where the registered provider has a responsibility (either exclusively or in part) for the condition of that neighbourhood. The policy shall include any communal areas associated with the registered provider's homes.

#### 2 **Local area co-operation**

- 2.1 Registered providers, having taken account of their presence and impact within the areas where they own properties, shall:

- identify and publish the roles they are able to play within the areas where they have properties
- co-operate with Local Strategic Partnerships and strategic housing functions of local authorities where they are able to assist them in achieving their objectives

#### 3 **Anti-social behaviour**

- 3.1 Registered providers shall publish a policy on how they work with relevant partners to prevent and tackle anti-social behaviour (ASB) in areas where they own properties.

3.2 In their work to prevent and address ASB, registered providers shall demonstrate:

- that tenants are made aware of their responsibilities and rights in relation to ASB
- strong leadership, commitment and accountability on preventing and tackling ASB that reflects a shared understanding of responsibilities with other local agencies
- a strong focus exists on preventative measures tailored towards the needs of tenants and their families
- prompt, appropriate and decisive action is taken to deal with ASB before it escalates, which focuses on resolving the problem having regard to the full range of tools and legal powers available
- all tenants and residents can easily report ASB, are kept informed about the status of their case where responsibility rests with the organisation and are appropriately signposted where it does not
- provision of support to victims and witnesses

## Value for money standard

### Required outcomes

#### 1 Value for money

In meeting all TSA standards, including their local offers, registered providers shall have a comprehensive approach to managing their resources to provide cost-effective, efficient, quality services and homes to meet tenants' and potential tenants' needs.

Registered providers shall set out in an annual report for tenants how they are meeting these obligations and how they intend to meet them in the future. The provider shall then meet the commitments it has made to its tenants.

### Specific expectations

#### 1 **Value for money**

1.1 Registered providers shall demonstrate to their tenants:

- how expenditure has been prioritised in relation to each of the standards and in the delivery of local offers, and in meeting other needs such as investment in new social housing provision
- how they have ensured value for money has been secured and tested
- plans and priorities for delivery of further value for money improvements

1.2 Registered providers shall have arrangements for tenants to influence the services delivered and the cost of those services that result in service charges to tenants.



## Governance and financial viability standard

### Required outcome

#### 1 Governance

Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. Governance arrangements shall ensure they:

- adhere to all relevant legislation
- comply with their governing documents and all regulatory requirements
- are accountable to tenants, the TSA and relevant stakeholders
- safeguard taxpayers' interests and the reputation of the sector
- have an effective risk management framework

#### 2 Financial viability

Registered providers shall manage their resources effectively to ensure their viability is maintained.

### Specific expectations

#### 1 **Governance**

- 1.1 Registered providers shall adopt and comply with an appropriate code of governance. They shall give the reasons for their choice and explain areas of non-compliance with their chosen code.
- 1.2 Registered providers shall establish and maintain clear roles, responsibilities and accountabilities for their board, chair and chief executive and produce an annual assessment of the effectiveness of their arrangements.
- 1.3 Registered providers shall submit an annual return, on an accurate and timely basis in a form determined by the TSA. This is currently the Regulatory and Statistical Return (and its successor, the National Register of Social Housing).
- 1.4 Where there is a non-regulated element<sup>7</sup>, the registered provider shall demonstrate to the TSA that it has in place effective mechanisms (such as

<sup>7</sup> A "non-regulated element" refers to the activities, organisations or parts of organisations carrying out non-social housing activity within an organisation:

- (1) which is a registered provider and which also carries out activities which are not regulated by the TSA;
- (2) which is not a registered provider but which has as part of its organisation, corporate structure or group of organisations, a registered provider; or
- (3) which is a registered provider and is controlled or substantially influenced by another organisation which is not a registered provider.

commitments, undertakings or other assurances between itself and the non-regulated element) which ensure that:

- 1.4.1 it is and will be able to comply with the TSA's standards and other regulatory requirements;
- 1.4.2 its ability to meet the TSA's standards and other regulatory requirements is not and cannot be prejudiced by the activities or influence of the non-regulated element;
- 1.4.3 in the event that the registered provider does not or may not be able to comply with the TSA's standards or other regulatory requirements:
  - a. the non-regulated element will give any necessary support or assistance to enable compliance; and
  - b. the registered provider has the ability to require the support or assistance of the non-regulated element to enable compliance.

In some situations it may be appropriate for the TSA to be a party to such arrangements.

## **2 Financial viability**

2.1 Registered providers shall ensure that:

- effective controls and procedures are in place to ensure security of assets and the proper use of public funds
- effective systems are in place to monitor and accurately report delivery of their plans
- the risks to delivery of financial plans are identified and effectively managed

2.2 Registered providers shall ensure that they have a robust and prudent business planning and control framework. Through this framework they will ensure:

- there is access to sufficient liquidity at all times
- financial forecasts are based on appropriate and reasonable assumptions
- planning sufficiently considers the financial implications of risks to the delivery of plans
- they monitor, report on and comply with their funders' financial covenants

2.3 Registered providers shall provide to the TSA accurate and timely statutory and regulatory financial returns and an annual report on any losses from fraudulent activity.

## Summary of how the standards apply to different types of provider and products

This section sets out the way in which the standards apply in respect of different types of provider or different types of social housing<sup>8</sup>.

**Table 1 – application of standards to different types of provider and social housing**

Standard	Apply to local authorities?	Apply to non-profit registered providers (RPs)?	Apply to for-profit RPs?	Apply to low-cost rental?	Apply to low-cost home ownership or intermediate rent <sup>9</sup> ?
Involvement and empowerment	Yes	Yes	Yes	Yes	Yes
Home	Yes	Yes	Yes	Yes	Yes
Tenancy	Yes (apart from rents)	Yes	Yes	Yes	No
Neighbourhood and community	Yes	Yes	Yes	Yes	Yes
Value for money	Yes	Yes	Yes	Yes	Yes
Governance and financial viability	No	Yes	Yes	Yes	Yes

<sup>8</sup> This is the same as our November 2009 proposals.

<sup>9</sup> See footnote 2 in the summary of key terms for scope of application of standards.

**Key business indicators**

Indicator	Monitoring period
% of rent collected	Quarterly
Arrears as a percentage of debit	Quarterly
Write offs as % rent roll	Annual
Former tenant arrears	Annual
% repairs completed in timescale	Quarterly
% satisfaction with repairs service	Quarterly
% repairs completed on first visit	Quarterly
% satisfaction with capital projects	Quarterly
% revenue spend against profile	Quarterly
% capital spend against budget	Quarterly
Average cost/void	Quarterly
Average maintenance cost/unit/week	Annual
Gas % safety checks completed on time	Quarterly
Average time taken to complete non- urgent repairs (days)	Annual
Average SAP rating (using 2005 methodology)	Annual
% Non decent homes	Annual
Average management cost/unit/week	Annual
% satisfaction with ASB case handling	Quarterly
% satisfaction with ASB case outcome	Quarterly
% new tenancies first visited within 4 weeks	Quarterly
Number of complaints received and resolved at first stage	Quarterly
% complaints dealt within target	Quarterly
Sickness - No of days lost due to sickness absence	Monthly

## Housing Revenue Account

### Development Strategy

#### 1.0 Introduction

- 1.1 One of the Council's key objectives is to enable the provision of more affordable housing in the borough. There are a range of housing providers operating in our area and a number of delivery mechanisms exist to support the achievement of this objective.
- 1.2 The Housing Revenue Account Business Plan, approved by the Council in February 2012, offers a further option – that of direct development.
- 1.3 The demand for affordable housing in this area greatly outstrips supply and this position will not change in the foreseeable future. Whilst any contribution the HRA is able to make is welcomed it can only form part of a wider delivery strategy.
- 1.4 This paper focuses on how we can deliver on the element of the HRA Business Plan dealing with providing additional affordable homes in the borough.
- 1.5 In order to achieve this, three strands need to be addressed. These are:
- Funding
  - Land availability
  - Capacity.

#### 2.0 Funding - Appendix 1

- 2.1 The HRA Business Plan, based on our latest projections, is considered to be robust. External validation has identified it has considerable capacity to withstand external shocks. Having said this, the economic situation continues to deteriorate and the impact of global risks is very hard to quantify.
- 2.2 Public services face a prolonged period of contraction and there is no doubt the 2014 CSR will be tough. It is recognised however that construction activities are likely to support economic recovery and there is a possibility additional house building will be supported.
- 2.3 The loan portfolio used to support the debt settlement was a more favourable than anticipated at the time of developing the HRA Business Plan. This arrangement allows the loan in effect to be largely fixed until 2022. It is only then that refinancing

starts to become a risk. The exception is the £45 million is held on a very low variable rate, with the ability to move to a fixed rate every six months.

- 2.4 The Business Plan takes account of the £16.76 million (1 April 2013) usable housing capital receipts we hold. These have been identified as being predominantly available to support development activities in the borough. This reserve offers the ability to translate the desire to carry out direct development into reality.

The reserve allows us to compensate for our inability to increase total HRA borrowing in the early stage of the business plan.

- 2.5 Whilst there is considerable logic in allowing councils in similar positions to us to carry out prudential HRA borrowing over the debt ceiling, it is thought unlikely this will be permitted by HM Treasury.

- 2.6 For the foreseeable future any development by the HRA will have to be funded through:

- Usable capital receipts
- Revenue generated reserves.

It is still too early to quantify with any accuracy the impact of the new Right to Buy regime in terms of additional receipts. The mortgage market is very difficult, particularly for many tenants who might be interested in buying. It appears unlikely that in the short term we will see significant right to buy sales, based upon the last nine months activity.

- 2.7 Under the settlement we are currently in the region of £8 million per annum better off. However it is essential we adequately protect our existing asset base and associated income stream. We also need to recognise the potential impact of welfare reform and possibly lower RPI environment during the second half of this year.

Some provision may be required to mitigate the refinancing risk we will face in 2022.

- 2.8 The Business Plan applies £10 million of the projected surplus as follows:

Contribution to reserve to support major repairs and improvement programme	£2,500,000
New build reserve	£7,500,000

The last call on the operating surplus will be the new build reserve and associated programme.

This is felt to be a prudent approach that acknowledges the potentially difficult times ahead.

- 2.9 Over the next 10 years a revenue cash funded development programme of at least £45 million can be supported whilst retaining a reserve equal to at least six months' gross income. Further details on the financial position of the HRA Business Plan taking into account the latest projections is set out Para 6.4.
- 2.10 A sensitivity analysis identifies inflation as our largest financial risk in the short term impacting on both income and expenditure projections. Any development programme will need to take account of this to ensure the HRA is at no time overstretched and existing services materially put at risk.
- 2.11 The other principle risk involves welfare reform and the downward pressure the Government is exerting on the cost of benefits. Many tenants are receiving some form of financial support from the state and some will struggle to pay their rent.<sup>5</sup>
- 2.12 Whilst the HRA, through its reserves can develop on the basis we do not recover our costs, this is only possible in the short term and is not a sustainable model.

In order for the Council to have a long-term on-going development programme it is important we develop a model that enables individual developments to break even at some point.

- 2.13 Experience shows that on average a property will require a major refit in the region of every 25 years. Taking this into account and the need to develop a sustainable development model we should aim for developments to break even within 30 to 35 years of construction. In exceptional cases this could be extended to 40 years.
- 2.14 To achieve this without external subsidy, rents need to be set in the range of 65-100 per cent of market rents. As rents approach open market rents levels the ability of those on our waiting list to pay the rents rapidly diminishes.
- 2.15 Specific software to assess the viability of individual schemes that is widely used across the sector has been purchased. This will increase our ability to assess sites, particularly where land acquisition is involved.
- 2.16 Looking ahead we will need to develop models that generate cross-subsidies if we are to continue offering properties at rents our tenants can afford and at a scale that makes a significant contribution to meeting demand in the Borough. Registered providers are increasingly developing models that incorporate elements of market sale and/or rent as a way of delivering the level of cross-subsidy sought.
- 2.17 Local authorities are restricted in ways that other providers are not. There are significant disadvantages to developing outside the local authority framework which include VAT and Corporation Tax liabilities and increased borrowing costs. We will need to develop arms-length models that may enable us to develop a wider range of schemes than current rules permit.

- 2.18 One model which can increase the number of affordable units developed involves the creation of a wholly owned company which is funded by the Council in two ways:
- Loan capital – repayable at an agreed rate of interest
  - Share capital – an investment by the Council.

The Council would fund the loan and investment through General Fund prudential borrowing from the Public Works Loan Board.

- 2.19 Based on prevailing interest rates, the Council could charge the company in the region of 7 per cent interest on loan capital provided it did not expect a return on the share capital. The arrangement provides the subsidiary with capital at an effective rate of around 5.5 per cent and the Council with a margin of around 1.25 per cent over its own borrowing costs.
- 2.20 To ensure the company has adequate capitalisation we need to maintain a loan: share capital ratio of 3:1.
- 2.21 This approach enables the Council to increase borrowing for housing related purposes above the HRA debt ceiling. We should be able to create cross-subsidies by introducing some limited market sale or market rent elements into future developments.
- 2.22 The scheme will attract additional set-up costs and will only be appropriate where there is significant development programme beyond that which current funds permit. The current Business Plan will need to be reframed if this is the route we wish to follow.
- 2.23 The Council has the option of enhancing the cash resources available to it, through the planning framework. The use of commuted sums associated with Section 106 obligations is an option. It creates the risk of setting a precedent that may end up reducing the number of affordable properties built as we cannot find suitable alternative sites.
- 2.24 Properties developed through a company can under the current rules be excluded from the Right to Buy.
- 2.25 Unfortunately HRA land and/or funds cannot be given to the company, though this restriction does not apply to resources held by the General Fund.

### **3.0 Land**

- 3.1 This is our greatest constraint. Historically land on our housing estates has been identified and used to facilitate development by Housing Associations. The majority of the more obvious sites ranging from garage sites and open space to decommissioned sheltered units have already been developed.



- 3.2 Some scope does exist for small developments of less than ten units on the estates however their contribution will be marginal over time. Some estates will have the capacity to allow viable developments where significant density increases to be achieved, however right to buy purchases will be a significant limiting factor as to what can be achieved.
- 3.3 Based on current work it is estimated in the region of 40 units over the next ten years could be achieved in this way. Unfortunately site assembly is usually challenging, as are some of the associated planning issues.
- 3.4 The Council also holds land in the General Fund which could be made available for housing purposes. There are a range of competing uses for these sites along with the possibility of achieving a capital receipt for the Council. Councillors will need to take account of the various demands and associated ramifications when allocating sites to a particular use, including that of social housing.
- 3.5 A review of all the Council's General Fund landholdings is in progress. A policy decision is required as to whether the presumption for sites suitable for residential use is that they should be used for affordable housing purposes.
- 3.6 Looking ahead, the Council, through the planning framework, will be designating strategic housing sites, for example at Slyfield. Councillors may wish to adopt a policy which supports direct development on these sites where the Council is able to do so.
- 3.7 We will need to look at land acquisition in time. When this might occur depends on our approach to the use of land already in our ownership. Apart from the practical challenges associated with identifying and purchasing suitable land, the additional costs create further difficulties in achieving developments that break even. The use of a land agent will be necessary if we are to successfully acquire land on the open market.
- 3.8 It is unlikely that a programme involving extensive land acquisition would be viable in the long term unless we can introduce a degree of cross subsidy. Some can be achieved from the existing rental stock of 5,100 units but this creates a potential risk to this portfolio.
- 3.9 Schedule 1 lists a number of sites that have some redevelopment potential. At this stage no design work has been carried out or any decision made as to the future use of the various sites.
- 3.10 A review of the Council's Asset Register is underway and it is anticipated some land will be identified that could be used for residential developments. The aim is to complete the review by March 2013.

## 4.0 Capacity

4.1 **Technical:** There is limited capacity within the organisation to support a large development programme. Since we stopped developing, some 20 years ago, resources have been heavily scaled back. It is questionable in any event whether we would want to return to the earlier development model.

4.2 In common with other providers, we would call on external consultants as required together with construction partners. This is a cost effective approach when faced with what will be an inevitably fluctuating workload.

Some development would be procured through a design and build route where the level of risk transfer could be accurately assessed. In other cases separate design and construction partners may be used.

4.3 To ensure we achieve quality developments cost effectively, it is important we maintain a strong and professional client presence which is adequately resourced.

In order to achieve this and formulate a long-term development programme a New Homes Delivery Officer is to be recruited. This post will be responsible for the delivery of individual projects, which together creating a viable and deliverable development programme. The post will be funded by the HRA and an appointment made as soon as possible in 2013.

4.4 **Suppliers:** There is significant capacity within the construction sector to deliver the scale of development we are likely to be able to afford over the next five years.

Market rates are currently depressed and there is merit in taking advantage of these so far as we are able to.

4.5 **Applicants:** There is some uncertainty surrounding the ability of those on our current housing needs register to pay Affordable R which can be up to 80 percent of market rents. Until the sector has had some experience of rents at this level it is not possible to assess how significant it will be.

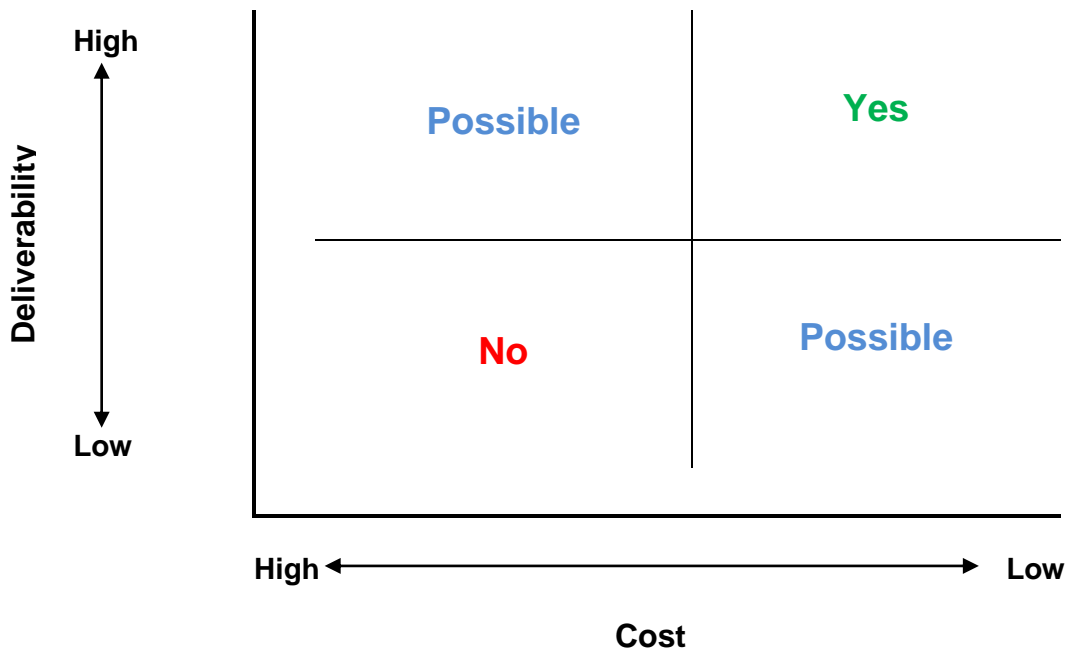
4.6 **Management:** If, in time, we look at offering a wider range of letting options – including market rent – we will need to review our capacity to manage the developments with our existing resources.

## 5.0 Scheme viability

5.1 It is important that we only develop when it is appropriate to do so and where an individual development makes a positive contribution to the long term viability of the business. Whilst there are always good reasons to provide additional affordable housing it is important this desire does not create unnecessary risk.

- 5.2 It is proposed to use the development matrix overleaf to guide our decision making. It does not provide definitive answers but will help us to focus on the most viable projects. The criteria are indicative and will be reviewed on an annual basis.
- 5.3 New developments can also deliver additional social benefits. An example would be the regeneration of a run down area. Such factors where a scheme is only marginally viable can be a deciding factor as to whether to proceed or not.

**Development Viability Matrix**



- 5.4 **Relevant factors:** The factors listed below will inform the development matrix. They will need to be reviewed on an annual basis to take account of market conditions.

	Factor	Low	High
<b>Cost:</b>	Land	< £20,000/plot	> £50,000/plot
	Payback	< 30 years	> 35 years
	NPV	Positive	Negative
<b>Deliverability:</b>	Land	Open market	Owned by Council
	Timescale	> 5 years	< 3 years

Planning consent	No	Yes
Demand	Limited	High
Increases stock utilisation	No	Yes
Community support	None	Strong

## 6.0 Alternatives

- 6.1 Development is the preferred route as it increases the total housing stock in the Borough, however the numbers of affordable units in the Borough can be achieved by changing the tenure of existing properties. Purchasing properties on the open market is an option that could achieve an increase in the number of affordable housing units.
- 6.2 Properties originally sold under the right to buy scheme are a natural target group. Many of these properties however represent entry level dwellings for the owner-occupation market. Purchasing such properties reduces the number available to this group of purchasers.
- 6.3 The cost of acquiring such properties will be greater than developing new properties on our own land and in many cases developing on land subject to Section 106 affordable housing obligations. Older properties will inevitably require significant investment sooner than newly constructed properties and have higher maintenance costs.
- 6.4 Though the number of units converted into affordable housing units can be achieved more quickly than constructing units it is not the most cost effective route and reduces the number of entry level units available. Perhaps more importantly it does not increase the total number of dwellings in the Borough.
- 6.5 Alternative delivery vehicles are starting to be developed across the sector that investment capacity. Unfortunately they do not address the most immediate issue we face, that of land availability.

### Council owned sites with potential for HRA investment – subject to decision on future use and feasibility studies

Site	Potential additional dwellings	Notes
Lakeside Close, Ash	5	Planning consent obtained. <b>Scheme total 35</b>
New Road Gomshall	12	Planning consent obtained. <b>Scheme total 28</b>
Wyke Avenue	3	Planning consent obtained.
<b>Sites with potential and under review</b>		
Phase 1 : Garage sites	10 - 15	Feasibility study in progress
The Homestead, Guildford	2	Feasibility study in progress
York Road, Guildford	6	Feasibility study in progress
<b>Sites requiring a decision in principle to allocate for residential use</b>		
Bright Hill	20	HRA site designated for Housing use. Currently used for car parking
Guildford Park Car Park	30 - 70	Site currently used for car parking
Phase 2 : Garage sites	10 - 20	Locations have parking issues
<b>Total</b>	<b>98 - 153</b>	
SARP <b>Option</b>	200	Slyfield - GBC regeneration site of 1000+ homes, with 400+ affordable units. Likely to deliver post 2022.
Ladymead fire station site	12	Requires land acquisition from County Council

Indicative development activity

Appendix 4

<b>Resources</b>					
Projected annual HRA surplus		£10,000,000			
		<b>Annual</b>	<b>10 years</b>		
<b>Surplus application</b>	Enhance major repairs programme	£2,500,000	£25,000,000		
	New build reserve	£7,500,000	£75,000,000		
		£10,000,000	£100,000,000		
<b>Projects</b>					
		Unit rate	£150,000		
Potential Site	Units built	Scheme cost	Indicative Year	Indicative spend by year	
Lakeside Close, Ash Vale	35	£5,250,000	2014		
New Road, Gomshall	28	£4,200,000	2014		
Wyke Avenue, Normandy	3	£450,000	2014	£9,900,000	
Ladymead Guildford	12	£1,300,000	2015	£1,300,000	
<b>##### All Provisional subject to decision on site use and feasibility studies #####</b>					
Garages sites	25	£3,750,000	2016		
Guildford Park, Guildford	70	£10,500,000	2016	£14,250,000	
York Road, Guildford					
Homestead, Guildford	10	£1,500,000	2017		
Bright Hill, Guildford	20	£3,000,000	2017	£4,500,000	
Winchester Road, Ash	20	£3,000,000	2018	£3,000,000	
Slyfield	50	£7,500,000	2022	£7,500,000	
Slyfield	100	£15,000,000	2023	£15,000,000	
Slyfield	50	£7,500,000	2024	£7,500,000	
				£62,950,000	

## Housing delivery action plan

Item	Timescale	Lead	Resources	Outcome
Implement planning permission for Lakeside Close, Ash	Summer 2013	NHMS	£5.25 million	Construction starts
Implement planning permission for New Road, Gomshall	Summer 2013	NHMS	£4.2 million	Construction starts
Obtain planning permission to develop Wyke Avenue site, Normandy	December 2012	NHMS		Planning permission obtained
Phase 1 Garage site appraisal completed	December 2012	HA		Sites identified
Principal General fund sites appraised	March 2013	Asset development		Initial evaluation
Development appraisal software	October 2012	NHMS	£3,500	Software operational
New Homes Delivery Officer	April 2013	NHMS		Staff member recruited
Phase 2 of Delivery Plan agreed	April 2013	HA/NHMS	Officer Time	Phase 2 sites approved
Progress reported quarterly	On-going 2013	NHMS		Regular report provided
Ongoing appraisals of open market land.	Ongoing	HA		Appraisals completed.

### Relative merits of direct versus third party development

The table below sets out some of the relative merits of the two options – direct or via a third party. In each case development would be delivered using a range of design and construction partners.

Direct development	Third party development
No ability to borrow	Able to borrow
Lower funding costs	Higher funding costs – 5/6%
Retain income stream	No income stream
Retain asset	No asset
Ability to control rents	Limited ability to control rents
No tax implications	Tax implications eg VAT and Corporation tax
Council bears cost of site assembly	Council bears cost of site assembly
Council bears loss of income during project development phase	Income loss not recovered
Complicated to deliver site cross subsidy	Easier to deliver cross subsidy
Significant underlying financial capacity	Varies across sector
Reduces unit/ management overheads	Increase unit/ management overheads
No recent development track record	Recent development track record
Ability to clear sites to facilitate redevelopment	Limited ability to clear sites to facilitate redevelopment
Development risk	Low development risk
Income risk	No income risk
Management cost risk	No management cost risk
Right to Buy risk	No current Right to Buy risk
Nomination rights	Nomination rights
Requires capable and strong service unit	Compliments disinvestment strategy
Need exists to redevelop older	Compliments disinvestment strategy



<b>Direct development</b>	<b>Third party development</b>
elements of stock over time to protect asset base	
Distraction to managing existing stock	Free to focus on existing stock only
Little expertise in land acquisition	Expertise in land acquisition
Unlikely to be able to fund very large developments	Larger Housing Associations have the ability to fund schemes in excess of 500 units
More challenging to develop outside the Borough boundaries	Have proven track record of developing across a number of regions

**GUILDFORD BOROUGH COUNCIL  
HOUSING REVENUE ACCOUNT 2013-2014**

**GLOSSARY**

# GUILDFORD BOROUGH COUNCIL

## HOUSING REVENUE ACCOUNT 2013-2014

**Accrual** - a sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done, but for which payment either not received or made by the end of the period.

**Appropriations** - amounts transferred to or from revenue or capital reserves.

**Balance** - the surplus or deficit on any account at the end of the financial year (see Revenue Balances)

**Budget** – a statement of the Council's plans for revenue or capital expenditure over a specified period. The annual budget is prepared as part of the Council's annual Council Tax setting process.

**Budgetary Control** - the monitoring of actual expenditure and income against a financial target.

**Capital Charge** - a charge to the Revenue Account to reflect the cost of fixed assets consumed during the year.

**Capital Expenditure** - expenditure on the acquisition or construction of a non-current asset or expenditure adding to, and not merely maintains the value of an existing non-current asset.

**Capital Programme** - a statement showing the estimated cost and actual expenditure of approved capital projects (see *Capital Expenditure*)

**Capital Receipts** – relates to the money from the sale of non-current assets. Capital receipts used to pay for new capital expenditure, within rules set down by the government, or to repay outstanding loans. Not used to for the finance of revenue expenditure.

**CIPFA** - the Chartered Institute of Public Finance and Accountancy – privately funded with charitable status. This is the professional body responsible for accountants working in the public service. The Institute provides financial and statistical information on local government and public finance matters.

**Contingency** - an amount of money set aside in the budget for unforeseen items of expenditure.

**Council Tax** - a tax introduced in 1993-94 to replace Community Charge. Property value as at 1 April 1991 is the base, with a reduction for single occupancy.

**Council Tax Benefit** – this is a benefit of up to 100%, which is available to council taxpayers who are on income support or low incomes to help pay their council tax bills. Abolished in April 2013 and replaced with a local council tax support scheme.

**County Precept** - see under Precept.

# GUILDFORD BOROUGH COUNCIL

## HOUSING REVENUE ACCOUNT 2013-2014

**Decent Homes Standard** – a technical standard for public housing. It aims to provide a minimum conditions standard for all public sector housing.

**Department of Communities and Local Government** - central government department with responsibility for the allocation of government grant to local authorities.

**Depreciation** - the measure of change either from the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

**Employee Related Expenditure** - a group of costs including salaries, wages, and employer's national insurance and superannuation contributions. Indirect employee expenses are also included. Examples are: relocation, interview and training expenses, staff advertising, severance payments, pensions increase act payments and employee related insurance. Agency staff costs are also included within this grouping.

**Estimates** – the amounts expected and incurred as expenditure, or received as income, during a specified financial year.

**Fees and Charges** - individual charges for services provided.

**Financial Year** - the period covered by a set of financial accounts – commences 1 April and finishes 31 March the following year.

**Fixed Assets** – non-current assets that yield benefit to the Council and the services it provides for more than one year.

**Government Grant** – a form of cash or transfer of assets from government, inter-government agencies or similar bodies, to local, national or international authorities, as contributions towards the cost of local services e.g. Housing Benefit, Capital Grants and Revenue Support Grant.

**Gross Expenditure** - the total cost of providing the Council's services before taking into account income received.

**Gross Income** - the total amounts the Council receives or expects to receive, from any source. Income includes fees, charges, sales and specific and special grants.

**Housing Benefit** - an allowance to person(s) on low income to meet, in full or part, their rent. Benefit paid as rent rebate to Guildford's own council tenants, with benefit paid to tenants in the private sector referred to as rent allowance. The Department of Work and Pensions meets the majority of the cost.

# GUILDFORD BOROUGH COUNCIL

## HOUSING REVENUE ACCOUNT 2013-2014

**Housing Revenue Account (HRA)** – an account of expenditure and income that every local housing authority must keep. The account is kept separate or ring fenced from other council activities.

**HRA Self-financing** – replaces the existing HRA subsidy system from April 2012, and involves a one-off settlement with government based on an assessment of the rental stream over a thirty year period, less an assumed allowance for expenditure on management, maintenance and major repairs. This surplus is the subject of a *Net Present Value* calculation to arrive at a settlement total. The amount paid over to government could potentially be financed by a combination of PWLB loans, housing reserves or market loans.

**HRA Debt Cap** – a limit set by government above which the HRA is unable to borrow. The intention of the ceiling is to ensure that the extra income and flexibility under *self-financing* does not support an increase in public borrowing, which although affordable at a local level could undermine national fiscal policy.

**Impairment** - a reduction in the balance sheet value of a fixed asset either from a lack of maintenance or change of use.

**Interest Income** - the money earned from the investment of cash.

**International Financial Reporting Standards (IFRS)** – the reporting of a set of international accounting standards, which state how particular types of transactions and other events appear in financial statements. The International Accounting Standards Board issues IFRS.

**Investments** - a long-term investment is an investment held for use on a continuing basis in the activities of the Council for 365 days or more. A short-term investment relates to the investment of surplus funds for 364 days or fewer.

**Liabilities** - money owed to individuals or organisations for payment at some time in the future.

**Local Council Tax Support Scheme (LCTSS)** – replaces the abolished council tax benefits scheme from April 2013. As part of the overall changes to welfare benefit, the Government has asked councils to replace council tax benefit with a locally designed scheme. The Local Council Tax Support Scheme (LCTSS) will receive approximately ten per cent less funding from Government than the council tax benefits scheme and receive a grant with a discount on the council tax bill.

# GUILDFORD BOROUGH COUNCIL

## HOUSING REVENUE ACCOUNT 2013-2014

**National Non-Domestic Rate (NNDR)** - on 1 April 1990 a tax introduced, together with the Community Charge, (now Council Tax) to replace General Rates. Rates levied and collected by the Council on non-domestic property in the area in accordance with Government formula. The total collected, less a small allowance for the cost of collecting the charge, is payable to the Government, to the National Non-Domestic Rate Pool. The General Fund then receives an amount back from the Pool, based on an amount per head of local population. There is no link between the amount collected from local ratepayers and the amount received from the Pool.

**Net Present Value** - calculates the present value of all cashflow associated with an investment: the initial outflow and the future cashflow returns using an agreed discount rate reflecting the time value of money.

**New Homes Bonus** – a non-ring fenced grant paid by the government based on the increase in housing over the year from October to October.

**Non-ring fenced grant** - a government grant used for any purpose.

**Out-turn** - actual income and expenditure.

**Premises related expenditure** - a group within the subjective analysis of expenditure, which brings together expenses directly related to the running of premises and land. It includes repairs, alterations and maintenance of buildings, fixed plant & grounds (including grounds maintenance contracts payments), energy costs, rents, rates, water services, fixtures & fittings, apportioned expenses of operational buildings (e.g. Woking Road depot), cleaning & domestic supplies, and premises related insurance.

**Projection** - a forecast of future developments based on current statistics and trends.

**Provision** - an amount, set aside in the accounts, for likely liabilities incurred but the amounts or the dates on which they will arise are uncertain.

**Prudential Code for Capital Finance in Local Authorities** - the 2003 Code introduced a need for local authorities to consider capital spending plans with reference to affordability (implications for Council Tax and Housing Rents), prudence and sustainability, value for money, stewardship of assets, strategic objectives and the practicality of the plans.

**Public Works Loan Board (PWLB)** - a government agency which provides loans of more than one year to Local Authorities at interest rates up to 1% higher than those at which the government itself can borrow.

**Recharge** - an internal charge to or from another part of the Council. It does not add to the council's total income and expenditure.

# GUILDFORD BOROUGH COUNCIL

## HOUSING REVENUE ACCOUNT 2013-2014

**Rent Rebate Subsidy Limitation** – a mechanism that caps the subsidy received by the Council from the government resulting from actual rents being in excess of the guideline rents issued by the Department of Communities and Local Government.

**Rent Restructuring** - a policy introduced by government with the aim to move rents charged by councils and housing associations to a common basis. Under this process, known as 'convergence' rents increase gradually each year towards the target level based on a combination of factors such as average wages in the area as well as size and location of the property.

**Reserves** - monies set aside by the Council that does not fall within the definition of provisions.

**Revenue Balances** - the accumulated surplus of income over expenditure on the revenue accounts of the General Fund and of the Housing Revenue Account (see below).

**Revenue Budget** - an estimate of annual income and expenditure, which sets out the financial implications of the Council's policy for the budgeted year (see budget).

**Revenue Contribution to Capital Outlay (RCCO)** - resources provided from the Council's revenue budget to finance the cost of capital projects.

**Revenue Expenditure** - the operating costs incurred by the Council during the financial year in providing day-to-day services. Distinct from capital expenditure, which benefits the authority for more than one financial year.

**Revenue Support Grant (RSG)** - a grant paid by central government in aid of Council services in general, as opposed to specific grants, which may only be used for a specific purpose.

**Ring-fenced Grant** - a grant paid to the Council, which has conditions attached to it that restrict the purposes for which it may be spent.

**Service and Financial Plan** - a three-year plan summarising the cost of services, with the first year calculated in detail and year two and three including published inflation and service changes.

**Specific Grants** - government grants to local authorities in aid of specified projects or services, e.g. Housing Benefit.

**Stock** - goods acquired in advance of their use in the provision of services or their resale. At the year-end stocks are a current asset in the balance sheet and they will be charged to Revenue in the year they are consumed or sold.

# GUILDFORD BOROUGH COUNCIL

## HOUSING REVENUE ACCOUNT 2013-2014

**Subjective Analysis of Expenditure** - nine standard groups or 'types' into which expenditure and income is analysed. CIPFA members are required to apply the recommended standards when preparing Local Authorities published accounts. The groups are Employee Related Expenditure, Premises Related Expenditure, Transport Related Expenditure, Supplies and Services, Third Party Payments, Transfer Payments, Support Services, Capital Financing Costs and Income.

**Supplies and Services** - the largest group of expenditure which relates to the general running costs of the organisation and includes equipment, furniture and materials, catering (including contract catering), clothing uniforms and laundry, printing, stationery and general office expenses, communications and computing, subsistence and conference expenses, members allowances, grants and subscriptions, contributions to provisions, and miscellaneous expenses.

**Support Services** - the charge made for services, which support the provision of services to the public. Includes professional and property services and includes administrative buildings.

**Supporting People** - the Supporting People initiative intends to provide support services that enable people to live independently in their own homes.

**Third party payments** – a payment to an organisation for providing a council service completely. For example, if a private contractor provided the refuse collection service the contract payment is a third party payment.

**Transfer payments** – a payment to individuals who provide no goods or services to the Council e.g. Housing and Council Tax benefits.

**Transport related expenditure** - a group of expenditure, which brings together all costs associated with the provision, hire and use of transport, including travelling allowances. It includes purchases of vehicles and equipment (where not leased or purchased through capital), repairs and maintenance, running costs (e.g. fuel, tax,), recharges for vehicles hired from the Fleet Manager, contract hire, operating leases, public transport, car allowances and transport insurance.

**Virement** - this is the permission to spend more on one budget head matched by a corresponding reduction on some other budget head. Virement must be properly authorised by Committee or by officers under delegated powers