

**Housing Revenue Account Budget
Book and Business Plan**

2014 - 2015

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GUILDFORD BOROUGH COUNCIL

HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

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GUILDFORD BOROUGH COUNCIL

HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

Summary – gross expenditure and income

2011-12 Actual £	2012-13 Actual £	Analysis	2013-14 Estimate £	2013-14 Projection £	2014-15 Estimate £
		Borough Housing Services			
543,636	568,592	Income Collection	568,760	591,929	648,040
819,046	785,286	Tenants Services	879,100	839,194	931,670
119,538	102,278	Tenant Participation	132,070	124,860	137,660
85,048	87,713	Garage Management	85,200	81,318	87,370
83,902	77,587	Elderly Persons Dwellings	77,730	80,428	74,930
341,772	517,059	Flats Communal Services	418,350	449,002	424,750
534,161	478,318	Environmental Works to Estates	481,210	490,135	516,460
4,161,480	4,421,766	Responsive and Planned Maintenance	4,918,120	4,817,162	4,944,090
107,650	92,577	SOCH and Equity Share Administration	93,230	101,258	113,620
6,796,233	7,131,176		7,653,770	7,575,286	7,878,590
		Strategic Housing Services			
260,582	263,323	Advice, Registers & Tenant Selection	350,420	315,918	357,350
165,976	178,117	Void Property Management & Lettings	199,440	181,679	201,360
7,481	5,478	Homelessness Hostels	5,380	5,222	8,340
268,225	214,507	Supported Housing Management	224,670	216,240	221,200
192,809,903	249,768	Strategic Support to the HRA	397,220	364,025	524,370
193,512,168	911,192		1,177,130	1,083,084	1,312,620
		Community Services			
828,572	833,169	Sheltered Housing	870,050	865,647	892,420
		Other Items			
5,293,522	5,312,572	Depreciation	5,293,520	5,293,520	5,293,520
2,955,540	(927,364)	Impairment	0	0	0
86,068	93,391	Debt Management	96,890	96,890	99,800
242,639	85,686	Rent Rebates	148,200	148,200	30,000
16,402,845	17,712	Negative Subsidy (Housing Element)	0	0	0
247,887	99,960	Other Items	299,850	299,850	411,090
226,365,474	13,557,494	Total Expenditure	15,539,410	15,362,477	15,918,040
(32,740,268)	(30,098,893)	Income	(30,964,770)	(31,495,130)	(31,980,700)
193,625,207	(16,541,399)	Net Cost of Services(per inc & exp a/c)	(15,425,360)	(16,132,653)	(16,062,660)
243,379	233,656	HRA share of CDC	230,490	230,490	229,460
193,868,585	(16,307,743)	Net Cost of HRA Services	(15,194,870)	(15,902,163)	(15,833,200)
(100,789)	(109,343)	Investment Income	(174,350)	(219,000)	(113,190)
124,272	5,117,458	Interest Payable	5,170,000	5,100,000	5,100,000
193,892,068	(11,299,628)	Deficit for Year on HRA Services	(10,199,220)	(11,021,163)	(10,846,390)
(4,534)	0	Amortised Premiums and Discounts	0	0	0
(1,844)	0	REFCUS - Revenue expenditure funded from capital	75,000	75,000	75,000
0	17,400	VRP - Voluntary Revenue Provision (grav)	0	0	0
1,956,414	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000	2,500,000
0	7,693,094	Contrib to/(Use of) New Build Reserve	7,624,220	8,446,163	8,271,390
0	0	Government Grants deferred re Dep'n	0	0	0
164,055	161,770	Tfr (fr) to Pensions Reserve	0	0	0
(2,955,540)	927,364	Tfr (from)/to CFR re Impairment charge	0	0	0
(192,435,000)	0	Tfr (from)/to CFR re: Debt settlement	0	0	0
(1,215,620)	0	Transfer (from)/to MRR	0	0	0
(600,000)	0	HRA Balance	0	0	0
(1,900,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)
(2,500,000)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)	(2,500,000)

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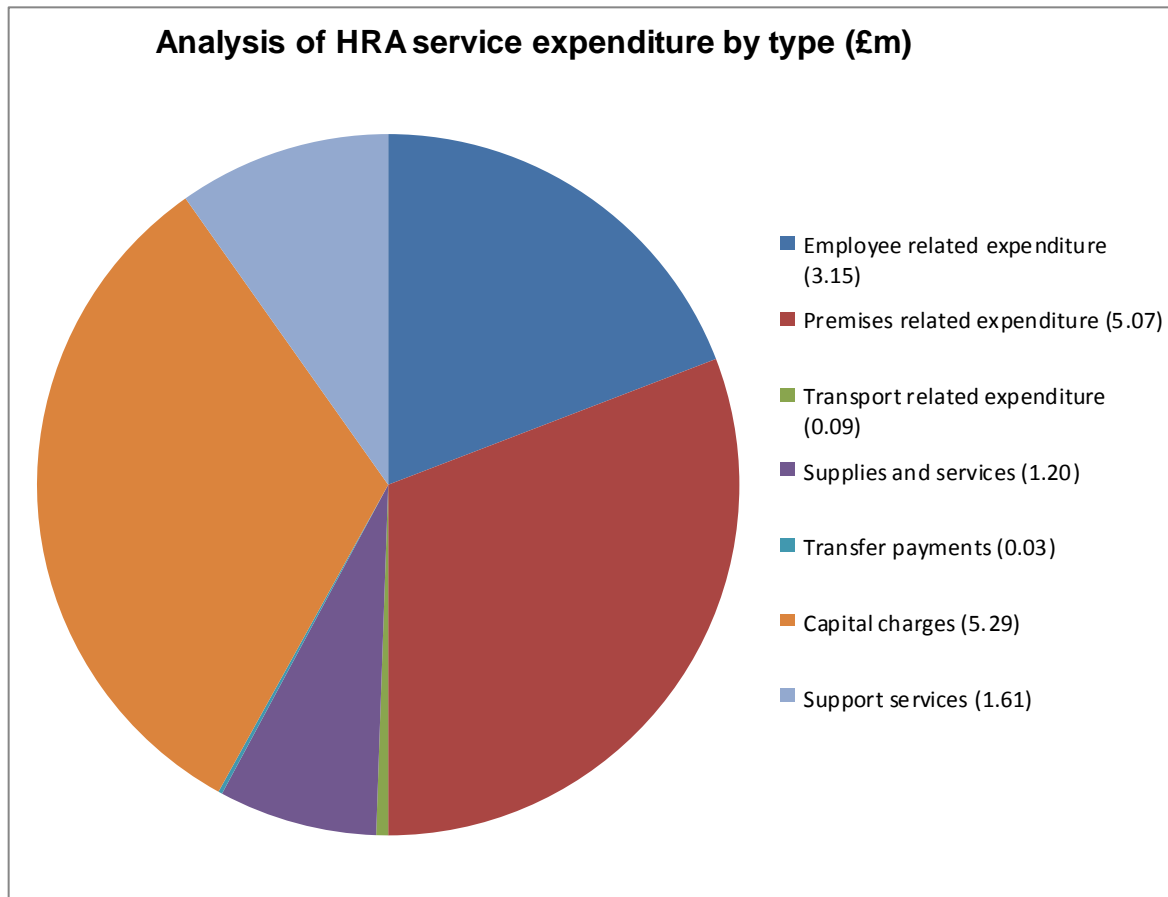
HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

Budget summary –income detail

2011-12 Actual £	2012-13 Actual £	Analysis	2013-14 Estimate £	2013-14 Projection £	2014-15 Estimate £
		Income			
(25,956,980)	(27,476,381)	Rent Income - Dwellings	(28,260,000)	(28,778,820)	(29,219,600)
(160,225)	(200,065)	Rent Income - Rosebery Hsg Assoc	(196,600)	(196,580)	(203,870)
(276,925)	(276,477)	Rents - Shops, Buildings etc	(155,000)	(162,300)	(168,930)
(649,103)	(664,778)	Rents - Garages	(696,500)	(684,380)	(705,000)
(27,043,233)	(28,617,701)	Total Rent Income	(29,308,100)	(29,822,080)	(30,297,400)
(4,077,903)	0	Major Repairs Allowance	0	0	0
(513,209)	(364,761)	Supporting People Grant	(343,840)	(343,840)	(340,710)
(934,075)	(902,571)	Service Charges	(968,490)	(998,490)	(1,005,790)
(2,500)	(621)	Contributions	(9,610)	(9,610)	(9,990)
(12,713)	(11,955)	Legal Fees Recovered	(13,620)	(13,620)	(14,160)
(1,135)	(1,164)	Council Tax Recovered	(1,200)	(1,200)	(1,250)
(51,191)	(38,403)	Service Charges Recovered	(50,270)	(50,270)	(58,250)
(104,308)	(161,718)	Miscellaneous Income	(269,640)	(256,020)	(253,150)
(32,740,268)	(30,098,893)	Total Income	(30,964,770)	(31,495,130)	(31,980,700)

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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

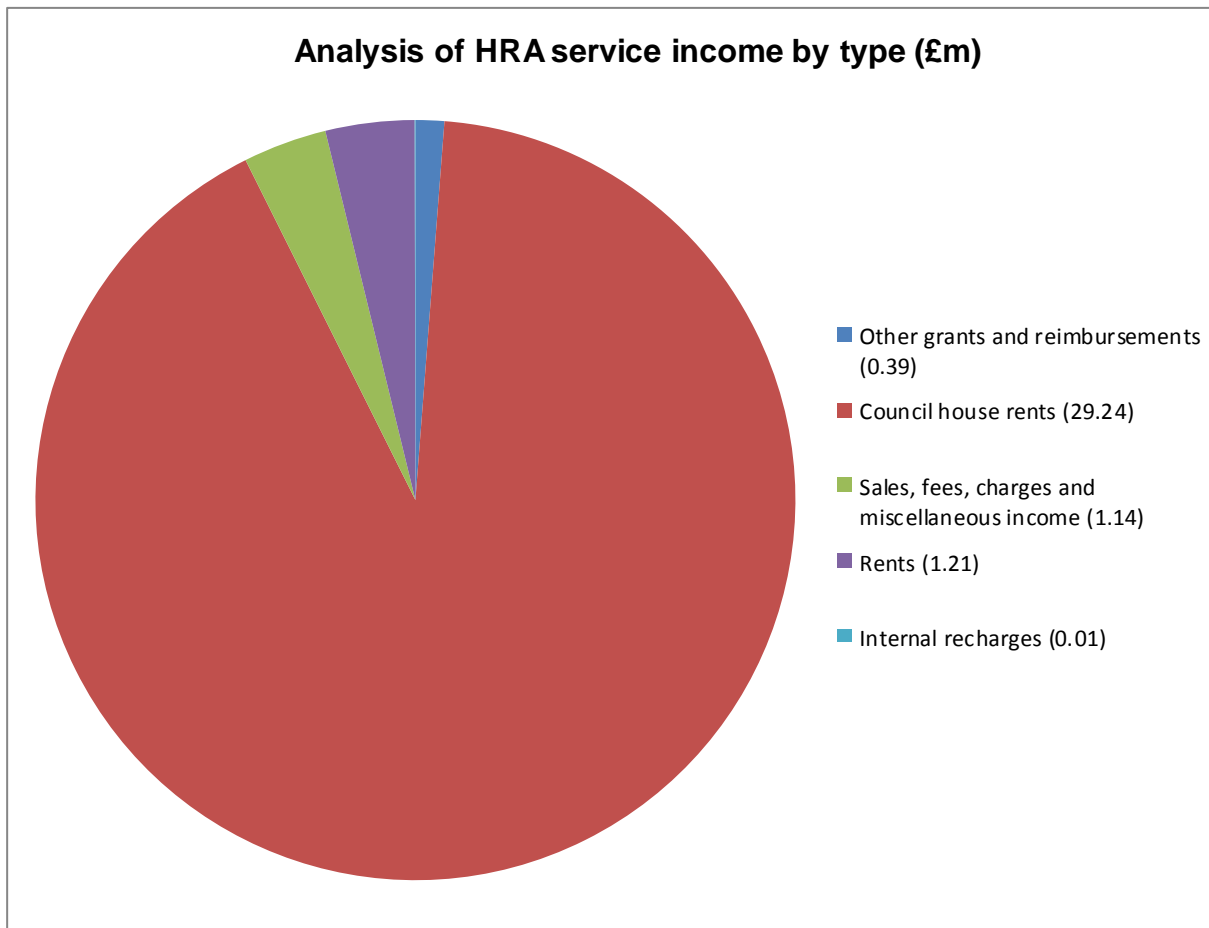
Graphical analysis of HRA service gross expenditure for 2014-15 by type (subjective analysis)



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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

Graphical analysis of HRA service gross income for 2014-15 by type (subjective analysis)



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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

Analysis of HRA gross expenditure and sources of finance for 2014-15

Gross Expenditure by Service	Housing (HRA)	
	%	£000
Services to tenants	4	1,427
Income collection	2	648
Sheltered Housing and elderly persons dwellings	3	967
Flats communal services	1	425
Environmental works	2	516
Void property and garage management	1	289
Supported housing and homelessness hostels	1	229
Strategic and corporate support	2	753
Other services	2	616
Repairs and Maintenance	15	4,944
Rent rebate subsidy limitation charge	0	30
Depreciation	17	5,294
Transfer to reserves	34	10,771
Interest payable	16	5,100
Revenue contributions to capital outlay	0	75
	100	32,084

	Housing (HRA)	
Gross Expenditure alternatively analysed as:	%	£000
Council house repairs and maintenance	13	4,099
Depreciation	17	5,294
Direct payroll costs (incl NI and Superannuation)	9	3,027
Housing benefit payments	0	30
Rates	0	58
Energy costs	1	358
Grants	0	0
Other	10	3,272
Interest payable	16	5,100
Transfer to reserves	34	10,771
Revenue contributions to capital outlay	0	75
	100	32,084
	Housing (HRA)	
Received From:	%	£000
Council House Rents	91	29,238
Interest receivable	0	113
Rent income	4	1,205
Fees, charges and miscellaneous income	5	1,528
	100	32,084

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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

HRA Balance and Reserve Funds' projections to 2017-18

HRA Revenue Balance							
The Revenue Balance of the HRA is available to meet unexpected fluctuations in the budget. We maintain the balance at £2.5 million.							
Actual		Estimate	Revised	Estimate	Projection	Projection	Projection
2012-13		2013-14	2013-14	2014-15	2015-16	2016-17	2017-18
£000		£000	£000	£000	£000	£000	£000
(2,500)	Balance b/f 1 April	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
0	From revenue in year	0	0	0	0	0	0
(2,500)	Balance c/f 31 March	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
HRA Reserve for Future Capital							
Actual		Estimate	Revised	Estimate	Projection	Projection	Projection
2012-13		2013-14	2013-14	2014-15	2015-16	2016-17	2017-18
£000		£000	£000	£000	£000	£000	£000
(17,257)	Balance b/f 1 April	(17,977)	(18,329)	(19,142)	(20,061)	(20,302)	(16,646)
1,428	Used in year	1,706	1,687	1,706	2,515	6,550	4,850
(2,500)	From revenue in year	(2,500)	(2,500)	(2,625)	(2,756)	(2,894)	(3,039)
(18,329)	Balance c/f 31 March	(18,771)	(19,142)	(20,061)	(20,302)	(16,646)	(14,835)
HRA Major Repairs reserve							
Actual		Estimate	Revised	Estimate	Projection	Projection	Projection
2012-13		2013-14	2013-14	2014-15	2015-16	2016-17	2017-18
£000		£000	£000	£000	£000	£000	£000
0	Balance b/f 1 April	0	0	0	0	0	0
5,313	Used in year	5,294	5,313	5,294	5,560	5,900	6,200
(5,313)	From revenue in year	(5,294)	(5,313)	(5,294)	(5,560)	(5,900)	(6,200)
0	Balance c/f 31 March	0	0	0	0	0	0

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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

HRA Balance and Reserve Funds' projections to 2017-18, continued

HRA New build reserve							
Actual		Estimate	Revised	Estimate	Projection	Projection	Projection
2012-13		2013-14	2013-14	2014-15	2015-16	2016-17	2017-18
£000		£000	£000	£000	£000	£000	£000
0	Balance b/f 1 April	(7,363)	(7,670)	(13,474)	(8,003)	(10,996)	(19,204)
23	Used in year	7,446	1,820	13,648	5,006	234	0
(7,693)	From revenue in year	(7,624)	(7,624)	(8,177)	(7,999)	(8,442)	(8,440)
(7,670)	Balance c/f 31 March	(7,541)	(13,474)	(8,003)	(10,996)	(19,204)	(27,644)
	HRA usable capital receipts: 1-4-1 receipts						
	1-4-1 receipts can be used to finance up to one third of the cost of new dwellings.						
Actual		Estimate	Revised	Estimate	Projection	Projection	Projection
2012-13		2013-14	2013-14	2014-15	2015-16	2016-17	2017-18
£000		£000	£000	£000	£000	£000	£000
0	Balance b/f 1 April	0	490	737	0	0	0
0	Used in year	0	(780)	(737)	0	0	0
490	Contribution in year	0	1,027	0	0	0	0
490	Balance c/f 31 March	0	737	0	0	0	0
	HRA usable capital receipts: debt repayment						
	These are receipts set aside at the discretion of the Council to allow for repayment of HRA debt						
Actual		Estimate	Revised	Estimate	Projection	Projection	Projection
2012-13		2013-14	2013-14	2014-15	2015-16	2016-17	2017-18
£000		£000	£000	£000	£000	£000	£000
0	Balance b/f 1 April	(187)	(319)	(716)	(816)	(916)	(1,016)
0	Used in year	0	0	0	0	0	0
(319)	Contribution in year	(100)	(397)	(100)	(100)	(100)	(100)
(319)	Balance c/f 31 March	(287)	(716)	(816)	(916)	(1,016)	(1,116)

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Economic Indicators

The following assumptions have been made in the detailed preparation of estimates for 2014-15.		A 1% change in the rates assumed opposite would cost/save the HRA as follows:	
Payroll:	Pay award of 1.5% plus incremental progression where appropriate.		£000
Depreciation:	Straight line basis over the estimated life of the asset, taking into account any residual value.	Payroll	26
Repairs and maintenance	Informed by the combination of stock condition survey outcomes, prevailing market rates and historic data. Inflation allowance 3%.	Repairs and maintenance	40
Debt interest - fixed	Average rate of 2.58% for all debt.	Other Expenditure	37
Other Expenses	No general inflation allowance has been included – only contractual increases.	<u>Income</u>	
Income - rents	Average rent increase of 3.91%.	Dwelling rents	292
Income – other	3.1%	Other income	27
Average weekly rent	£109.82 (£105.67 in 2013-14)		

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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

Manpower establishment used in the estimate preparation: Number of posts, shown as Full Time Equivalents.

Service Unit	2013-14			2014-15		
	Total FTE	Externally Funded	GBC Funded	Total FTE	Externally Funded	GBC Funded
Business Systems	0.00		0.00	0.00		0.00
Corporate Development	0.00		0.00	0.00		0.00
Economic Development	0.00		0.00	0.00		0.00
Financial Services	0.00		0.00	0.00		0.00
Health and Community Care Services	15.61		15.61	16.01		16.01
Housing Advice	19.69		19.69	19.69		19.69
Human Resources	0.00		0.00	0.00		0.00
Legal and Democratic Services	0.00		0.00	0.36		0.36
Management Team	0.43		0.43	0.43		0.43
Neighbourhood and Housing Management Services	40.67		40.67	40.45		40.45
Operational Services	0.00		0.00	0.00		0.00
Parks and Leisure Services	0.50		0.50	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
	76.90	0.00	76.90	77.44	0.00	77.44

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HRA BUDGET BOOK AND BUSINESS PLAN 2014-15

Salaries and employee costs

2012/13 ACTUAL £	ANALYSIS	2013/14 ESTIMATE £	2014/15 ESTIMATE £
	<i>Salaries (including NI and Superannuation)</i>		
0	Business Systems	0	0
427,152	Community Care Services	0	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	445,420	458,420
594,728	Housing Advice	706,150	716,760
0	Human Resources	0	0
0	Legal and Democratic Services	0	9,080
0	Leisure Services	0	0
28,788	Management Team	31,710	32,230
1,161,272	Neighbourhood and Housing Management Services	1,502,750	1,539,350
0	Operational Services	0	0
18,789	Parks and Countryside Services	0	0
0	Parks and Leisure Services	19,120	19,350
0	Planning Services	0	0
0	Revenues and Payments	0	0
244,628	Corporate Costs	244,790	353,370
0	Vacancy Credit	(52,380)	(101,400)
2,475,355	Total Salaries	2,897,560	3,027,160
	<i>Other employee related expenditure</i>		
54,953	Casual Salaries	0	48,000
19,019	Car Leasing	22,520	23,390
0	Child Care Allowance	0	0
20,527	Insurance Employers Liability	16,400	17,460
7,067	Health/Medical Expenses	6,070	6,070
3,044	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	Redundancy and Compromise Agreements	0	0
87	Other Costs	0	0
2,889	Professional Subscriptions	2,290	2,290
741	Relocation Costs	4,000	4,000
0	Staff Car Parking	0	0
13,922	Training	12,390	13,890
499	Vacancy Advertising	5,000	1,000
122,748	Total Other Employee Related Costs	68,670	116,100
2,598,104		2,966,230	3,143,260

HRA Subjective Summary

2012-13 Actual £	2013-14 Estimate £		2014-15 Estimate £	2015-16 Estimate £	2016-17 Estimate £	2017-18 Estimate £
13,557,494	15,539,410	Gross Expenditure	15,918,040	16,490,000	17,360,000	18,180,000
(30,098,893)	(30,964,770)	Gross Income	(31,980,700)	(32,780,000)	(34,110,000)	(35,000,000)
(16,541,399)	(15,425,360)	Net Cost of services	(16,062,660)	(16,290,000)	(16,750,000)	(16,820,000)
2,440,745	2,973,980	Employee Related Expenditure	3,151,150	3,240,000	3,280,000	3,310,000
4,765,375	5,124,220	Premises Related Expenditure	5,073,850	5,310,000	5,750,000	6,220,000
79,827	86,080	Transport Related Expenditure	88,900	90,000	91,000	93,000
703,221	841,990	Supplies and Services	1,196,520	1,210,000	1,230,000	1,240,000
103,398	148,200	Transfer Payments	30,000	0	0	0
0	0	Transfer to Capital	0	0	0	0
(261,740)	(291,620)	Transfer to General Fund	(297,760)	(305,000)	(314,000)	(323,000)
7,830,826	8,882,850	Total Direct Expenditure	9,242,660	9,545,000	10,037,000	10,540,000
1,246,500	1,266,150	Support Services	1,381,860	1,385,000	1,423,000	1,440,000
4,480,167	5,390,410	Capital Financing costs	5,293,520	5,560,000	5,900,000	6,200,000
13,557,493	15,539,410	Total Expenditure	15,918,040	16,490,000	17,360,000	18,180,000
(30,098,893)	(30,964,770)	Income	(31,980,700)	(32,780,000)	(34,110,000)	(35,000,000)
(16,541,400)	(15,425,360)	Net cost of Services(Income & Expenditure a/c)	(16,062,660)	(16,290,000)	(16,750,000)	(16,820,000)
233,656	230,490	HRA share of CDC	229,460	240,000	245,000	250,000
(16,307,744)	(15,194,870)	Net Cost of HRA services	(15,833,200)	(16,050,000)	(16,505,000)	(16,570,000)
(109,343)	(174,350)	Investment Income	(113,190)	(130,000)	(281,000)	(384,000)
5,117,458	5,170,000	Interest Payable	5,100,000	5,350,000	5,375,000	5,400,000
(11,299,629)	(10,199,220)	Deficit for Year on HRA Services	(10,846,390)	(10,830,000)	(11,411,000)	(11,554,000)
0	0	Amortised Premiums & Discounts	0	0	0	0
0	75,000	REFCUS - Revenue expenditure funded from capital	75,000	75,000	75,000	75,000
17,400	0	VRP - Voluntary Revenue Provision	0	0	0	0
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000	2,500,000	2,500,000
7,693,094	7,624,220	Contrib to/(Use of) New Build Reserve	8,271,390	8,255,000	8,836,000	8,979,000
0	0	Government Grants deferred re Dep'n	0	0	0	0
161,770	0	Tfr (fr) to Pensions Reserve	0	0	0	0
927,364	0	Tfr (from)/to CFR re Impairment charge	0	0	0	0
(1)	0	HRA Balance	0	0	0	0
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
(2,500,001)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)

Guildford Borough Council Housing Revenue Account Budget 2014-2015

Housing Portfolio (Housing Revenue Account)

Service Unit Summary

2012-13 Actual £	2013-14 Estimate £		2014-15 Estimate £	2015-16 Estimate £	2016-17 Estimate £	2017-18 Estimate £
263,323	350,420	Advice, Registers and Tenant Selection	357,350	360,000	362,000	363,000
77,587	77,730	Elderly Persons Dwellings	74,930	76,000	77,000	79,000
478,318	481,210	Environmental Works to Estates	516,460	525,000	533,000	541,000
517,059	418,350	Flats Communal Services	424,750	433,000	441,000	449,000
87,713	85,200	Garage Management	87,370	89,000	91,000	93,000
5,478	5,380	Homelessness Hostels Management	8,340	9,000	9,000	9,000
568,592	568,760	Income Collection	648,040	662,000	676,000	690,000
4,681,957	5,838,460	Other Items of Expenditure	5,834,410	6,079,000	6,582,000	6,914,000
4,421,766	4,918,120	Responsive and Planned Maintenance	4,944,090	5,174,000	5,443,000	5,831,000
92,577	93,230	Sale of Council House and Equity Share Property	113,620	116,000	119,000	122,000
833,169	870,050	Sheltered Housing	892,420	909,000	926,000	944,000
249,768	397,220	Strategic Support	524,370	535,000	546,000	557,000
214,507	224,670	Supported Housing Management	221,200	226,000	230,000	235,000
102,278	132,070	Tenant Participation	137,660	140,000	143,000	146,000
785,286	879,100	Tenants' Services	931,670	951,000	972,000	993,000
178,117	199,440	Void Property Management and Lettings	201,360	206,000	210,000	214,000
13,557,494	15,539,410	Total Gross Expenditure	15,918,040	16,490,000	17,360,000	18,180,000

Guildford Borough Council Housing Revenue Account Budget 2014-2015

Housing Portfolio (Housing Revenue Account)

Service Unit Summary

2012-13 Actual £	2013-14 Estimate £		2014-15 Estimate £	2015-16 Estimate £	2016-17 Estimate £	2017-18 Estimate £
13,557,494	15,539,410	Total Gross Expenditure C/F from previous page	15,918,040	16,490,000	17,360,000	18,180,000
(30,098,893)	(30,964,770)	Income	(31,980,700)	(32,780,000)	(34,110,000)	(35,000,000)
(16,541,399)	(15,425,360)	Net Cost of services (per income & expenditure a/c)	(16,062,660)	(16,290,000)	(16,750,000)	(16,820,000)
233,656	230,490	HRA share of Corporate & Democratic Core	229,460	240,000	245,000	250,000
(16,307,743)	(15,194,870)	Net Cost of HRA services	(15,833,200)	(16,050,000)	(16,505,000)	(16,570,000)
(109,343)	(174,350)	Investment Income	(113,190)	(130,000)	(281,000)	(384,000)
5,117,458	5,170,000	Interest Payable	5,100,000	5,350,000	5,375,000	5,400,000
(11,299,628)	(10,199,220)	Deficit/(Surplus) for Year on HRA Services	(10,846,390)	(10,830,000)	(11,411,000)	(11,554,000)
0	0	Amortised Premiums & Discounts	0	0	0	0
0	75,000	REFCUS – Revenue expenditure funded from Capital	75,000	75,000	75,000	75,000
17,400	0	VRP – Voluntary Revenue Provision (gravel pits)	0	0	0	0
2,500,000	2,500,000	Contrib. to/ (Use of) Reserve for Future Capital Programme	2,500,000	2,500,000	2,500,000	2,500,000
7,693,094	7,624,220	Contrib. to/(Use of) New Build Reserve	8,271,390	8,255,000	8,836,000	8,979,000
0	0	Government Grants deferred re depreciation	0	0	0	0
161,770	0	Transfer (from) to Pensions Reserve	0	0	0	0
927,364	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
0	0	Transfer (from) to CFR re Debt Settlement	0	0	0	0
0	0	Transfer (from) to Other Reserves	0	0	0	0
0	0	HRA Balance	0	0	0	0
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
(2,500,000)	(2,500,000)	Balance Carried Forward	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
407,786	Employee Related Expenditure	472,050	435,840	483,510	Employee Related		
0	Premises Related Expenditure	0	0	0	Insurance - Emps Liab, All Risk	2,740	2,810
4,946	Transport Related Expenditure	5,580	5,403	5,150	Salaries	455,130	466,560
23,811	Supplies and Services	75,950	77,835	76,140	Transport Related		
0	Third Party Payments	0	0	0	Car Leasing and Allowances	5,080	4,820
0	Transfer Payments	0	0	0	Supplies and Services		
436,543	Total Directly Controllable Expenditure	553,580	519,078	564,800	Computer Software Licence	2,470	2,470
(261,740)	Income	(291,620)	(291,620)	(297,760)	IT Renewals	740	600
174,803	Net Directly Controllable Expenditure/(Income)	261,960	227,458	267,040	Medical Referees Fees	5,000	4,120
0	Capital Charges	0	0	0	Printing Services Recharge	4,560	4,030
88,520	Support Services	88,460	88,460	90,310	Telecomms	3,190	3,190
263,323	Total Service Cost/(Surplus)	350,420	315,918	357,350	Income		
					Recharged to Other Services	(317,430)	(330,130)
					Support Services		
					Business Services Support Recharg	4,470	4,550
					Customer Tech Support Recharge	9,830	9,390
					Health and Safety Recharge	2,080	2,150
					HR Services Recharge	8,070	7,310
					Information Sys Support Recharge	5,030	5,040
					Legal Services Recharge	3,330	4,810
					Office Services Recharge	10,380	10,610
					Paymaster Recharge	3,880	3,820
					Performance Mngt. Recharge	5,350	5,810
					Public Offices Recharge	29,320	29,250
	Full Time Equivalent Staff	0.00	0.00	0.00			

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
0	Employee Related Expenditure	0	0	0	Premises Related		
16,472	Premises Related Expenditure	20,700	23,557	21,730	Gas	5,700	4,800
0	Transport Related Expenditure	0	0	0	Snow/Ice Clearance	12,100	14,970
50,885	Supplies and Services	51,480	51,321	51,480	Supplies and Services		
0	Third Party Payments	0	0	0	Emergency Communication System	51,480	51,480
0	Transfer Payments	0	0	0	Support Services		
67,357	Total Directly Controllable Expenditure	72,180	74,878	73,210	Energy Management Recharge	5,350	1,670
0	Income	0	0	0			
67,357	Net Directly Controllable Expenditure/(Income)	72,180	74,878	73,210			
0	Capital Charges	0	0	0			
10,230	Support Services	5,550	5,550	1,720			
77,587	Total Service Cost/(Surplus)	77,730	80,428	74,930			
	Full Time Equivalent Staff	0.00	0.00	0.00			

Major Variances 2013-14 v 2014-15

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 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
19,841	Employee Related Expenditure	19,440	19,350	19,660	Employee Related		
356,030	Premises Related Expenditure	361,920	371,579	306,380	Salaries	19,120	19,350
2,518	Transport Related Expenditure	2,610	2,095	2,420	Premises Related		
87,469	Supplies and Services	85,850	85,721	173,810	Offsite Sewer Works	5,630	16,200
0	Third Party Payments	0	0	0	Roads & Footpath Maintenance	0	0
0	Transfer Payments	0	0	0	Tree Maintenance	47,400	47,400
465,858	Total Directly Controllable Expenditure	469,820	478,745	502,270	Works to Gardens	85,700	15,000
					Transport Related		
0	Income	0	0	0	Officers Car Leasing	2,370	2,330
465,858	Net Directly Controllable Expenditure/(Income)	469,820	478,745	502,270	Supplies and Services		
					Games & Playground Equipment	26,120	28,000
0	Capital Charges	0	0	0	Street Cleansing Contractor	59,620	60,810
12,460	Support Services	11,390	11,390	14,190	Support Services		
478,318	Total Service Cost/(Surplus)	481,210	490,135	516,460	Business Services Support Recharg	310	310
					Legal Services Recharge	6,890	9,940
	Full Time Equivalent Staff	0.00	0.00	0.00	Paymaster Recharge	2,250	2,060

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
69,942	Employee Related Expenditure	96,970	71,719	103,140	Employee Related		
328,818	Premises Related Expenditure	194,520	248,371	181,680	Salaries	94,650	100,860
1,505	Transport Related Expenditure	1,750	1,532	1,450	Premises Related		
30,109	Supplies and Services	31,620	33,890	30,040	Contract Cleaning	44,400	55,590
0	Third Party Payments	0	0	0	Debtors Section Recharge	33,840	35,360
0	Transfer Payments	0	0	0	Electricity	67,540	47,900
430,374	Total Directly Controllable Expenditure	324,860	355,512	316,310	Gas	18,560	17,980
					Insurance	46,760	35,170
0	Income	0	0	0	R&M General	0	8,300
430,374	Net Directly Controllable Expenditure/(Income)	324,860	355,512	316,310	Water	3,280	3,710
					Window Cleaning	6,690	6,710
0	Capital Charges	0	0	0	Transport Related		
86,685	Support Services	93,490	93,490	108,440	Car Leasing and Allowances	1,750	1,450
517,059	Total Service Cost/(Surplus)	418,350	449,002	424,750	Supplies and Services		
					Management Fee	3,400	3,890
	Full Time Equivalent Staff	0.00	0.00	0.00	Security Services	9,510	8,150
					Sinking Fund Contributions	12,860	12,410
					Telecomms	4,030	4,030
					Support Services		
					Accountancy Services Recharge	33,570	33,440
					Business Services Support Recharg	320	320
					Energy Management Recharge	8,430	23,100
					Human Resources Recharge	2,170	1,960
					Paymaster Recharge	9,270	8,150

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
37,193	Employee Related Expenditure	35,040	34,215	36,060	Employee Related		
22,130	Premises Related Expenditure	23,740	23,688	24,530	Salaries	34,310	35,330
101	Transport Related Expenditure	60	52	60	Premises Related		
16,449	Supplies and Services	15,180	12,183	15,460	Supplies and Services		
0	Third Party Payments	0	0	0	Street Cleansing Contractor	13,080	13,340
0	Transfer Payments	0	0	0	Support Services		
75,873	Total Directly Controllable Expenditure	74,020	70,138	76,110	Audit Services Recharge	890	910
0	Income	0	0	0	Business Services Support Recharg	1,060	1,080
75,873	Net Directly Controllable Expenditure/(Income)	74,020	70,138	76,110	Customer Tech Support Recharge	1,390	1,330
0	Capital Charges	0	0	0	HR Services Recharge	690	630
11,840	Support Services	11,180	11,180	11,260	Information Sys Support Recharge	750	750
87,713	Total Service Cost/(Surplus)	85,200	81,318	87,370	Office Services Recharge	880	900
	Full Time Equivalent Staff	0.00	0.00	0.00	Public Offices Recharge	2,490	2,480

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
42	Employee Related Expenditure	20	20	0	Employee Related		
0	Premises Related Expenditure	0	0	0	Salaries	0	0
0	Transport Related Expenditure	0	0	0	Premises Related		
206	Supplies and Services	340	182	340	Transport Related		
0	Third Party Payments	0	0	0	Car Allowances	0	0
0	Transfer Payments	0	0	0	Supplies and Services		
248	Total Directly Controllable Expenditure	360	202	340	IT Renewals	0	0
					Support Services		
0	Income	0	0	0	Accountancy Services Recharge	200	200
248	Net Directly Controllable Expenditure/(Income)	360	202	340	Business Services Support Recharg	550	560
					Customer Tech Support Recharge	2,600	2,490
0	Capital Charges	0	0	0	Information Sys Support Recharge	820	830
5,230	Support Services	5,020	5,020	8,000	Office Services Recharge	80	80
5,478	Total Service Cost/(Surplus)	5,380	5,222	8,340	Paymaster Recharge	280	70
					Public Offices Recharge	230	230
	Full Time Equivalent Staff	0.00	0.00	0.00			

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
376,487	Employee Related Expenditure	380,980	382,342	434,240			
0	Premises Related Expenditure	0	0	0	Employee Related		
10,792	Transport Related Expenditure	10,670	12,755	12,840	Salaries	371,750	424,910
56,033	Supplies and Services	47,680	67,402	55,160	Transport Related		
0	Third Party Payments	0	0	0	Car Leasing and Allowances	10,670	12,840
0	Transfer Payments	0	0	0	Supplies and Services		
443,312	Total Directly Controllable Expenditure	439,330	462,499	502,240	Agency Services	690	800
0	Income	0	0	0	Computer Software Licence	10,880	11,000
443,312	Net Directly Controllable Expenditure/(Income)	439,330	462,499	502,240	Giro Fees	14,690	19,000
0	Capital Charges	0	0	0	IT Renewals	20	50
125,280	Support Services	129,430	129,430	145,800	Legal Expenses	4,680	4,680
568,592	Total Service Cost/(Surplus)	568,760	591,929	648,040	Postage	7,010	9,210
					Printing and Stationery	5,450	6,100
					Telecomms	1,420	1,420
					Support Services		
	Full Time Equivalent Staff	0.00	0.00	0.00	Audit Services Recharge	4,720	4,810
					Business Services Support Recharg	8,760	8,910
					Customer Tech Support Recharge	14,120	13,490
					HR Services Recharge	6,490	5,930
					Information Sys Support Recharge	5,650	5,670
					Legal Services Recharge	36,320	52,440
					Office Services Recharge	8,210	8,400
					Paymaster Recharge	9,300	9,210
					Public Offices Recharge	23,200	23,140

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

Other Items of Expenditure

Financial Information Other Items of Expenditure

Ledger Code BSOIE

Responsible Officer

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

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
1,240	Employee Related Expenditure	201,410	201,410	256,970	Employee Related		
0	Premises Related Expenditure	0	0	0	Backfunding of Superannuation	185,370	292,370
0	Transport Related Expenditure	0	0	0	Pension Payments for Added Years	59,420	61,000
90,000	Supplies and Services	90,000	90,000	249,800	Vacancies Credit	(52,380)	(101,400)
0	Third Party Payments	0	0	0	Supplies and Services		
103,398	Transfer Payments	148,200	148,200	30,000	Contr to Bad Debts Provision	90,000	150,000
194,638	Total Directly Controllable Expenditure	439,610	439,610	536,770	Transfer Payments		
0	Income	0	0	0	Negative Subsidy Pymt to DCLG	0	0
194,638	Net Directly Controllable Expenditure/(Income)	439,610	439,610	536,770	Rent Rebates	148,200	30,000
4,480,169	Capital Charges	5,390,410	5,390,410	5,293,520	Capital Charges		
7,150	Support Services	8,440	8,440	4,120	Debt Management expenses	96,890	0
4,681,957	Total Service Cost/(Surplus)	5,838,460	5,838,460	5,834,410	Depreciation	5,293,520	5,293,520
					Support Services		
					Asset Register Recharge	8,440	4,120
	Full Time Equivalent Staff	0.00	0.00	0.00			

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
356,900	Employee Related Expenditure	425,210	337,847	435,180	Employee Related		
3,614,252	Premises Related Expenditure	4,038,130	4,039,080	4,045,240	Salaries	415,880	425,750
15,241	Transport Related Expenditure	18,410	14,022	16,560	Premises Related		
70,864	Supplies and Services	75,900	38,061	72,020	Debtors Section Recharge	11,720	12,250
0	Third Party Payments	0	0	0	Revenue Repairs	4,034,900	4,034,900
0	Transfer Payments	0	0	0	Transport Related		
4,057,257	Total Directly Controllable Expenditure	4,557,650	4,429,010	4,569,000	Car Leasing and Allowances	18,330	16,480
0	Income	0	0	0	Supplies and Services		
4,057,257	Net Directly Controllable Expenditure/(Income)	4,557,650	4,429,010	4,569,000	CECS Monitoring	0	0
0	Capital Charges	0	0	0	Computer Software Licence	9,870	9,870
364,509	Support Services	360,470	388,152	375,090	Consultants (Projects)	35,000	35,000
4,421,766	Total Service Cost/(Surplus)	4,918,120	4,817,162	4,944,090	Energy Performance Certificates	9,060	9,060
					IT Renewals	80	270
					Postage	3,290	3,290
					Storage, Archiving Recharge	7,450	1,120
					Telecomms	3,450	3,450
					Tenants Removal Expenses	0	0
					Support Services		
					Accountancy Services Recharge	7,820	7,840
					Audit Services Recharge	2,830	2,830
					Business Services Support Recharg	8,730	8,880
					Customer Tech Support Recharge	12,600	12,070
					Engineering and Transport Recharg	8,110	8,300
					Housing Surveying Services	236,910	246,730
					HR Services Recharge	7,020	6,390
					Information Sys Support Recharge	3,630	3,630
					Office Services Recharge	8,270	8,410
					Paymaster Recharge	17,770	21,600
					Public Offices Recharge	23,360	23,330
	Full Time Equivalent Staff	0.00	0.00	0.00			

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
16,241	Employee Related Expenditure	19,270	17,402	17,320	Employee Related		
0	Premises Related Expenditure	0	0	0	Salaries	18,820	16,860
372	Transport Related Expenditure	260	133	100	Debtors Section Recharge	3,500	3,650
5,498	Supplies and Services	4,570	14,755	5,270	Transport Related		
0	Third Party Payments	0	0	0	Car Leasing and Allowances	260	100
0	Transfer Payments	0	0	0	Supplies and Services		
22,111	Total Directly Controllable Expenditure	24,100	32,290	22,690	Valuers Fees	3,000	3,400
0	Income	0	0	0	Support Services		
22,111	Net Directly Controllable Expenditure/(Income)	24,100	32,290	22,690	Business Services Support Recharg	1,130	1,150
0	Capital Charges	0	0	0	Customer Tech Support Recharge	1,360	1,300
70,466	Support Services	69,130	68,968	90,930	Engineering and Transport Recharg	8,140	8,300
92,577	Total Service Cost/(Surplus)	93,230	101,258	113,620	Information Sys Support Recharge	460	460
					Legal Services Recharge	48,750	70,380
	Full Time Equivalent Staff	0.00	0.00	0.00			

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
372,558	Employee Related Expenditure	370,510	376,595	382,900	Employee Related		
319,169	Premises Related Expenditure	351,920	346,246	328,300	Salaries	361,800	372,580
8,045	Transport Related Expenditure	8,310	7,374	8,120	Training	0	1,500
49,828	Supplies and Services	55,190	51,312	92,050	Premises Related		
0	Third Party Payments	0	0	0	Electricity	120,700	130,400
0	Transfer Payments	0	0	0	Fixtures & Fittings	18,550	18,550
749,600	Total Directly Controllable Expenditure	785,930	781,527	811,370	Gas	132,750	132,500
					Water	19,000	19,200
0	Income	0	0	0	Transport Related		
749,600	Net Directly Controllable Expenditure/(Income)	785,930	781,527	811,370	Car Leasing and Allowances	8,160	8,000
					Supplies and Services		
0	Capital Charges	0	0	0	CECS Visiting Service	21,820	21,820
83,569	Support Services	84,120	84,120	81,050	Copying Machines	2,930	2,930
833,169	Total Service Cost/(Surplus)	870,050	865,647	892,420	Emergency Communication System	7,660	7,660
					Equipment & Tools Repairs	830	800
	Full Time Equivalent Staff	0.00	0.00	0.00	Miscellaneous Expenses	1,440	1,440
					Telecomms	13,030	13,030
					Support Services		
					Business Services Support Recharg	7,730	7,860
					Customer Tech Support Recharge	7,270	6,950
					Energy Management Recharge	11,460	5,680
					Health and Safety Recharge	2,250	2,340
					Human Resources Recharge	8,750	7,960
					Information Sys Support Recharge	3,400	3,400
					Paymaster Recharge	21,030	20,740
					Public Offices Recharge	1,070	1,070

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

Strategic Support

Financial Information Strategic Support

Ledger Code SHSSS

Responsible Officer Various

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

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
73,752	Employee Related Expenditure	210,390	156,815	185,940	Employee Related		
0	Premises Related Expenditure	0	0	55,000	Salaries	206,380	180,700
1,687	Transport Related Expenditure	3,000	6,264	5,220	Debtors Section Recharge	3,280	3,400
33,582	Supplies and Services	36,770	53,886	99,640	Transport Related		
0	Third Party Payments	0	0	0	Car Leasing and Allowances	2,990	5,210
0	Transfer Payments	0	0	0	Supplies and Services		
109,021	Total Directly Controllable Expenditure	250,160	216,965	345,800	Audit Fee	2,500	2,500
0	Income	0	0	0	Computer Software Development	30	30
109,021	Net Directly Controllable Expenditure/(Income)	250,160	216,965	345,800	Computer Software Licence	9,380	14,980
0	Capital Charges	0	0	0	Consultants Fees	1,950	58,740
140,746	Support Services	147,060	147,060	178,570	Credit Union	10,000	10,000
249,767	Total Service Cost/(Surplus)	397,220	364,025	524,370	General Subscriptions	7,460	7,800
					IT Renewals	80	180
					Valuers Fees	5,000	5,000
					Support Services		
	Full Time Equivalent Staff	0.00	0.00	0.00	Accountancy Services Recharge	77,240	76,750
					Business Services Support Recharg	5,290	5,360
					Customer Tech Support Recharge	8,440	8,060
					HR Services Recharge	1,460	2,390
					Information Sys Support Recharge	3,930	3,960
					Legal Services Recharge	18,550	26,780
					Office Services Recharge	2,500	1,890
					Paymaster Recharge	1,220	1,150
					Public Offices Recharge	5,230	5,180
					Valuation Services Recharge	17,280	39,600

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
130,848	Employee Related Expenditure	129,510	113,325	128,000	Employee Related		
29,600	Premises Related Expenditure	36,180	43,397	33,270	Salaries	126,750	124,830
2,186	Transport Related Expenditure	1,980	2,255	2,440	Premises Related		
11,683	Supplies and Services	13,710	13,973	13,980	Electricity	7,730	7,170
0	Third Party Payments	0	0	0	Fixtures & Fittings	2,550	2,550
0	Transfer Payments	0	0	0	Gas	16,190	15,350
174,317	Total Directly Controllable Expenditure	181,380	172,950	177,690	General Rates	1,270	1,310
					Water	700	1,050
0	Income	0	0	0	Transport Related		
174,317	Net Directly Controllable Expenditure/(Income)	181,380	172,950	177,690	Car Leasing and Allowances	1,950	2,410
					Supplies and Services		
0	Capital Charges	0	0	0	CECS Monitoring	0	0
40,190	Support Services	43,290	43,290	43,510	Computer Software Licence	1,590	1,590
214,507	Total Service Cost/(Surplus)	224,670	216,240	221,200	Furniture	3,550	3,550
					IT Renewals	0	10
	Full Time Equivalent Staff	0.00	0.00	0.00	Miscellaneous Expenses	200	200
					Telecomms	5,890	5,890
					Support Services		
					Accountancy Services Recharge	530	530
					Business Services Support Recharg	2,910	2,940
					Customer Tech Support Recharge	5,910	5,650
					Energy Management Recharge	6,270	5,480
					Health and Safety Recharge	610	790
					Human Resources Recharge	2,360	2,670
					Information Sys Support Recharge	3,190	3,200
					Office Services Recharge	2,980	3,050
					Paymaster Recharge	6,210	6,000

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
68,024	Employee Related Expenditure	72,030	69,784	76,870	Employee Related		
0	Premises Related Expenditure	0	0	0	Salaries	70,290	75,120
2,108	Transport Related Expenditure	1,200	2,501	2,970	Transport Related		
15,976	Supplies and Services	48,060	41,795	47,160	Car Leasing and Allowances	1,200	2,970
0	Third Party Payments	0	0	0	Supplies and Services		
0	Transfer Payments	0	0	0	IT Renewals	20	70
86,108	Total Directly Controllable Expenditure	121,290	114,080	127,000	Postage	1,120	2,620
0	Income	0	0	0	Printing Services Recharge	270	240
86,108	Net Directly Controllable Expenditure/(Income)	121,290	114,080	127,000	Publicity	22,320	15,000
0	Capital Charges	0	0	0	Tenants Training	1,590	1,590
16,170	Support Services	10,780	10,780	10,660	Support Services		
102,278	Total Service Cost/(Surplus)	132,070	124,860	137,660	Business Services Support Recharg	1,930	1,960
	Full Time Equivalent Staff	0.00	0.00	0.00	Customer Tech Support Recharge	3,330	3,180
					HR Services Recharge	1,090	990
					Information Sys Support Recharge	1,320	1,320
					Office Services Recharge	0	0
					Public Offices Recharge	0	0

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
401,724	Employee Related Expenditure	414,090	386,941	462,640	Employee Related		
78,588	Premises Related Expenditure	96,110	87,436	77,720	Salaries	405,720	454,170
28,470	Transport Related Expenditure	29,960	29,378	29,140	Premises Related		
123,198	Supplies and Services	170,930	165,293	174,730	Disinfestation of Premises	830	830
0	Third Party Payments	0	0	0	Electricity	8,000	0
0	Transfer Payments	0	0	0	Empty Property Rates	53,500	55,100
631,980	Total Directly Controllable Expenditure	711,090	669,048	744,230	Insurance	20,800	20,400
					Water	11,790	0
0	Income	0	0	0	Transport Related		
631,980	Net Directly Controllable Expenditure/(Income)	711,090	669,048	744,230	Car Leasing and Allowances	14,070	12,260
					Fuel and Oil	4,000	4,000
0	Capital Charges	0	0	0	Transport Pool Hire Charge	11,240	12,260
153,306	Support Services	168,010	170,146	187,440	Supplies and Services		
785,286	Total Service Cost/(Surplus)	879,100	839,194	931,670	CECS Monitoring	0	0
					Computer Software Licence	2,410	2,400
	Full Time Equivalent Staff	0.00	0.00	0.00	IT Renewals	150	210
					Miscellaneous Expenses	750	750
					New, Replace Equip & Tools	2,710	5,000
					Postage	3,480	4,480
					Publicity	18,800	9,000
					Telecomms	5,100	5,100
					Tenants Compensation	470	5,000
					Support Services		
					Business Services Support Recharge	13,200	13,420
					Customer Tech Support Recharge	18,140	17,330
					Health and Safety Recharge	1,780	1,860
					HR Services Recharge	6,920	6,320
					Information Sys Support Recharge	8,440	8,460
					Legal Services Recharge	49,300	71,180
					Office Services Recharge	10,140	10,370
					Paymaster Recharge	12,680	12,570
					Public Offices Recharge	28,660	28,590

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Guildford Borough Council Housing Revenue Account Budget 2014-2015

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)

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £	Major Items	2013-14 Estimate £	2014-15 Estimate £
108,163	Employee Related Expenditure	127,060	109,039	128,720	Employee Related		
319	Premises Related Expenditure	1,000	516	0	Salaries	124,550	126,170
1,856	Transport Related Expenditure	2,290	1,868	2,430	Transport Related		
37,629	Supplies and Services	38,760	39,926	39,440	Car Allowances	2,290	2,430
0	Third Party Payments	0	0	0	Supplies and Services		
0	Transfer Payments	0	0	0	Computer Software Licence	8,430	8,350
147,967	Total Directly Controllable Expenditure	169,110	151,349	170,590	IT Renewals	0	80
					Key Cutting	2,570	2,750
0	Income	0	0	0	Telecomms	670	670
147,967	Net Directly Controllable Expenditure/(Income)	169,110	151,349	170,590	Tenants Removal Expenses	25,000	25,000
					Support Services		
0	Capital Charges	0	0	0	Audit Services Recharge	1,670	1,700
30,150	Support Services	30,330	30,330	30,770	Business Services Support Recharg	2,070	2,110
178,117	Total Service Cost/(Surplus)	199,440	181,679	201,360	Customer Tech Support Recharge	5,740	5,480
					HR Services Recharge	2,240	2,050
	Full Time Equivalent Staff	0.00	0.00	0.00	Information Sys Support Recharge	1,750	1,750
					Office Services Recharge	2,840	2,900
					Paymaster Recharge	1,670	1,740
					Public Offices Recharge	8,010	8,000

Major Variances 2013-14 v 2014-15

There are no major variances to report.

Financial Information *Income*

Ledger Code *M****

Responsible Officer *Various*

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

2012-13 Actual £		2013-14 Estimate £	2013-14 Probable £	2014-15 Estimate £
(27,476,381)	Rent Income - Dwellings	(28,260,000)	(28,778,820)	(29,219,600)
(200,065)	Rent Income - Rosebery HA	(196,600)	(196,580)	(203,870)
(276,477)	Rents - Shops, Buildings etc	(155,000)	(162,300)	(168,930)
(664,778)	Rents - Garages	(696,500)	(684,380)	(705,000)
(28,617,701)	Total Rent Income	(29,308,100)	(29,822,080)	(30,297,400)
(364,761)	Supporting People Grant	(343,840)	(343,840)	(340,710)
(902,571)	Service Charges	(968,490)	(998,490)	(1,005,790)
(621)	Contributions	(9,610)	(9,610)	(9,990)
(11,955)	Legal Fees Recovered	(13,620)	(13,620)	(14,160)
(1,164)	Council Tax Recovered	(1,200)	(1,200)	(1,250)
(38,403)	Service Charges Recovered	(50,270)	(50,270)	(58,250)
(161,718)	Miscellaneous Income	(269,640)	(256,020)	(253,150)
(30,098,894)	Total Income	(30,964,770)	(31,495,130)	(31,980,700)

Full Time Equivalent Staff 0.00 0.00

Housing Revenue Account - Fees and Charges 2014-15

	2013-14 £ From 1 April 2013	2014-15 £ From 1 April 2014	Increase %	
To be approved by Council				
Sheltered Units				
<u>Guest Room Fees:</u>				
Dray Court	15.60	16.20	3.8%	
Japonica Court	17.08	17.80	4.2%	
St Martin's Court	19.18	20.00	4.3%	
St Martha's Court	18.98	19.70	3.8%	
Tarragon Court	18.41	19.20	4.3%	
Millmead Court	16.47	17.10	3.8%	
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	11.20	11.65	4.0%
	- Per Day	56.02	58.26	4.0%
Adult Education/Social Services	- Per Hour	13.45	13.99	4.0%
	- Per Day	84.04	87.40	4.0%
Social/Private Hire	- Per Hour	16.81	17.48	4.0%
	- Per Day	89.64	93.23	4.0%
<u>Total charge</u>				
Dray Court	66.33	62.43	-5.9%	
Japonica Court	70.51	67.21	-4.7%	
St Martha's Court	65.33	61.38	-6.0%	
Millmead Court	65.33	60.85	-6.9%	
St Martin's Court	64.22	61.58	-4.1%	
Tarragon Court	61.13	56.63	-7.4%	
Friary House (61 flats)				
Heating, Electricity, Cleaning, Caretaking and Security Serv	21.28	21.01	-1.3%	
Garages (on Housing Estates) (VAT is applied at the standard rate on private lets only)				
High demand area (non residents)	17.21	17.40	1.1%	
High demand area	10.53	10.60	0.7%	
Elsewhere	8.60	8.70	1.2%	
Castle Cliffe #				
Gas and Electricity Charges - per week	11.80	13.80	16.9%	
Mount & Bishops Court				
Caretaking and Cleaning Charges - per week	2.56	2.56	0.0%	
Malthouse Court				
Caretaking, Cleaning, Gas and Electricity Charges - per we	13.03	13.03	0.0%	
Flats				
<u>Where cleaning provided to communal areas:</u>				
Three times per week	8.52	8.52	0.0%	
Once per week	2.84	2.84	0.0%	
Sandmore (Laundry and Communal Facilities)	4.92	5.35	8.7%	
Ardmore House (Caretaking and Cleaning)	1.00	1.00	0.0%	
Decorating charge (Note: charge is per room)	1.49	1.56	4.7%	
Supported Housing				
William Swayne House;				
- Shared Accommodation	95.83	92.31	-3.7%	
- Self Contained bedsits	96.45	92.68	-3.9%	
- Self Contained flat	99.15	95.22	-4.0%	
William Swayne Place	31.68	29.47	-7.0%	
Dene Road	70.96	70.88	-0.1%	
79 York Road	31.60	28.59	-9.5%	
Caxtons	48.38	49.86	3.1%	
Dene Court	68.70	65.76	-4.3%	
Sold Flats Service Charges - Solicitors' Enquiry				
Sales/purchases	112.50	117.00	4.0%	
Remortgages	57.00	60.00	5.3%	
Service Charge Management Fee	155.00	160.00	3.2%	

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GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2013-14 to 2018-19: HRA APPROVED PROGRAMME

	Project Budget	2012-13 Actual	Project Spend at 31-03-13	2013-14 Estimate	2013-14 Projected Outturn	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	Total Project Exp
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Acquisition of Land & Buildings	0	0	0	0	1,500	2,500	0	0	0	0	4,000
New Build											
Lakeside Close, Ash	5,100	5	0	2,000	450	1,775	2,747	128	0	0	5,100
New Road, Gomshall	4,250	16	0	1,700	450	1,475	2,219	106	0	0	4,250
Wyke Avenue	505	2	0	500	200	305	0	0	0	0	505
Guildford Park	0	0	0	0	0	75	0	0	0	0	75
Slyfield Green	0	0	0	0	0	100	0	0	0	0	100
Various small sites & feasibility/Site preparation	1,000	0	0	500	0	1,000	0	0	0	0	1,000
Schemes to promote Home-Ownership											
Equity Share Re-purchases	annual	404	annual	250	250	250	0	0	0	0	annual
Major Repairs & Improvements											
Retentions & minor carry forwards	annual	0	annual	15	15	30	0	0	0	0	annual
Modern Homes: Kitchens and bathrooms	annual	3,431	annual	3,175	3,175	3,000	0	0	0	0	annual
Doors and Windows	annual	432	annual	285	285	250	0	0	0	0	annual
Structural	annual	307	annual	700	700	900	0	0	0	0	annual
Energy efficiency: Central heating	annual	1,369	annual	1,755	1,755	1,815	0	0	0	0	annual
General	annual	1,206	annual	1,070	1,070	1,005	0	0	0	0	annual
Grants											
Cash Incentive Scheme	annual	0	annual	75	75	75	0	0	0	0	annual
TOTAL APPROVED SCHEMES	10,855	7,172	0	12,025	9,925	14,555	4,966	234	0	0	15,030

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2013-14 to 2018-19: HRA PROVISIONAL PROGRAMME

APPENDIX 6

	Project Budget	2012-13 Actual	Project Spend at 31-03-13	2013-14 Estimate	2013-14 Budget Changes	2013-14 Projected Outturn	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	Total Project Exp
	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000
Acquisition of Land & Buildings	3,000	0	0	3,000	7,000	0	6,000	0	0	0	0	6,000
New Build												
Fire Station/Ladymead	1,195	0	0	0	0	0	1,155	40	0	0	0	1,195
Guildford Park	0	0	0	0	0	0	0	675	4,000	4,000	250	8,925
Slyfield Green	0	0	0	0	0	0	0	400	1,450	50	0	1,900
Schemes to promote Home-Ownership												
Equity Share Re-purchases	annual	0	0	0	0	0	0	250	250	250	250	annual
Major Repairs & Improvements												
Major Repairs & Improvements								7,000	7,000	7,000	7,000	annual
Retentions & minor carry forwards												annual
Modern Homes: Kitchens and bathrooms												annual
Doors and Windows												annual
Structural												annual
Energy efficiency: Central heating												annual
General												annual
Grants												
Cash Incentive Scheme	annual							75	75	75	75	annual
Total Expenditure to be financed	4,195	0	0	3,000	7,000	0	7,155	8,440	12,775	11,375	7,575	18,020

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2013-14 to 2018-19: HRA RESOURCES AND FUNDING STATEMENT] APPENDIX 6

	2012-13 Actual	2013-14 Estimate	2013-14 Projected Outturn	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE								
Approved programme	7,172	12,025	9,925	14,555	4,966	234	0	0
Provisional programme	0	3,000	0	7,155	8,440	12,775	11,375	7,575
Total Expenditure	7,172	15,025	9,925	21,710	13,406	13,009	11,375	7,575
FINANCING OF PROGRAMME								
Capital Receipts	404	250	250	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	1,428	1,706	1,687	1,706	2,515	6,550	4,850	740
Major Repairs Reserve	5,313	5,294	5,313	5,294	5,560	5,900	6,200	6,510
New Build Reserve	23	7,446	1,820	13,648	5,006	234	0	0
1-4-1 receipts	0	254	780	737	0	0	0	0
Grants and Contributions	4	0	0	0	0	0	0	0
Total Financing (= Total Expenditure)	7,172	15,025	9,925	21,710	13,406	13,009	11,375	7,575
RESERVES - BALANCES								
	2012-13 Actual	2013-14 Estimate	2013-14 Projected Outturn	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
Reserve for Future Capital Programme (U01035)								
Balance b/f	17,257	17,977	18,329	19,142	20,061	20,302	16,646	14,835
Contribution in year	2,500	2,500	2,500	2,625	2,756	2,894	3,039	3,191
Used in year	(1,428)	(1,706)	(1,687)	(1,706)	(2,515)	(6,550)	(4,850)	(740)
Balance c/f	18,329	18,771	19,142	20,061	20,302	16,646	14,835	17,286
Major Repairs Reserve (U01036)								
Balance b/f	0	0	0	0	0	0	0	0
Contribution in year	5,313	5,294	5,313	5,294	5,560	5,900	6,200	6,510
Used in Year	(5,313)	(5,294)	(5,313)	(5,294)	(5,560)	(5,900)	(6,200)	(6,510)
Balance c/f	0	0	0	0	0	0	0	0
RESERVES - BALANCES continued								
	2012-13 Actual	2013-14 Estimate	2013-14 Projected Outturn	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
New Build Reserve (U01069)								
Balance b/f	0	7,363	7,670	13,474	8,003	10,996	19,204	27,644
Contribution in year	7,693	7,624	7,624	8,177	7,999	8,442	8,440	8,424
Used in Year	(23)	(7,446)	(1,820)	(13,648)	(5,006)	(234)	0	0
Balance c/f	7,670	7,541	13,474	8,003	10,996	19,204	27,644	36,068
Usable Capital Receipts: 1-4-1 receipts (T01011)								
Balance b/f	0	254	490	737	0	0	0	0
Contribution in year	490	0	1,027	0	0	0	0	0
Used in Year	0	(254)	(780)	(737)	0	0	0	0
Balance c/f	490	0	737	0	0	0	0	0
Usable Capital Receipts - HRA Debt Repayment (T01010)								
Balance b/f	0	187	319	716	816	916	1,016	1,116
Contribution in year	319	100	397	100	100	100	100	100
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	319	287	716	816	916	1,016	1,116	1,216

Note: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. Because of the uncertainty of the number of sales and the complexity of the calculation only actual receipts are shown in here, with no estimated amount for future receipts.

Note: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.

Housing Revenue Account

2014 -2044 Business Plan

Neighbourhood and Housing Management Services
Guildford Borough Council

2014 – 2044 Business Plan

Contents

Executive summary

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7.0	Operating policies
8.0	Business risks

Annexes

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2	Regulatory Framework extract
3	Key business indicators
4	HRA Development Strategy
5	HRA Asset Management StrategyAvailable on request

Housing Revenue Account

2014- 2044 Business Plan

Executive Summary

1.0 Introduction

- 1.1 This will be our third year under the new system which for Guildford 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 Our 2013 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. Following a series of financial crises in the sector the focus is increasingly on the long term viability of individual registered providers. The Chartered Institute of Public Finance and Accounting have recently published a code for Financial Accounting (CIPFA) for HRA's which has a similar objective.

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 had fallen to around ten each year. The increase in the maximum discount to £75,000 combined with an easing of the mortgage market is leading to an increase in sales. Right to Buy sales remain a risk to the business but not in the short term based on current activity levels.

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: 2.58 per cent for 2014-15
- Annual rent increase: September RPI + 0.5 per cent #
- Average 5 year inflation: 3.5 per cent rising incrementally to 5 per cent per annum
- 30 year capital investment: £320 million

New formulae introduced for 2015-16 of CPI + 1 per cent for a period of 10 years
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 20 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 are increasing the number of sales. Countering this incentive has been the economic climate and the availability of mortgage finance. The situation is easing and we are seeing an increase in sales activity. We have revised upwards our estimate of annual sales numbers.

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. The government announced earlier this year a move to using the Consumer Price

Index rather than the Retail Price Index as the measure of inflation. Despite a compensatory increase in the adjustment used in the formula from 0.5 percent to 1 percent, it is thought over time our stream will be lower as a result.

6.6 Initial estimates suggest the change could reduce our future rental stream, estimated to be a £10 million reduction over 10 years.

6.7 This change will put the business plan under more pressure than expected at the time of the settlement. Depending on the scale of any further changes, the pressure could be considerable.

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

2014-2044 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 mission is:

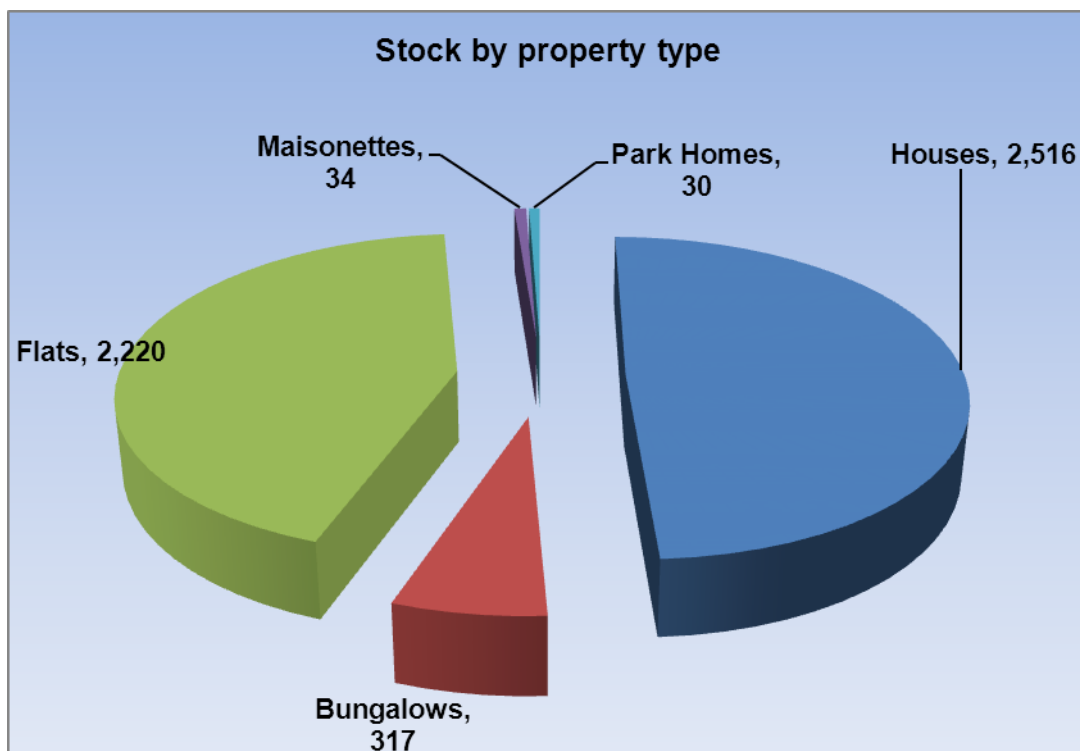
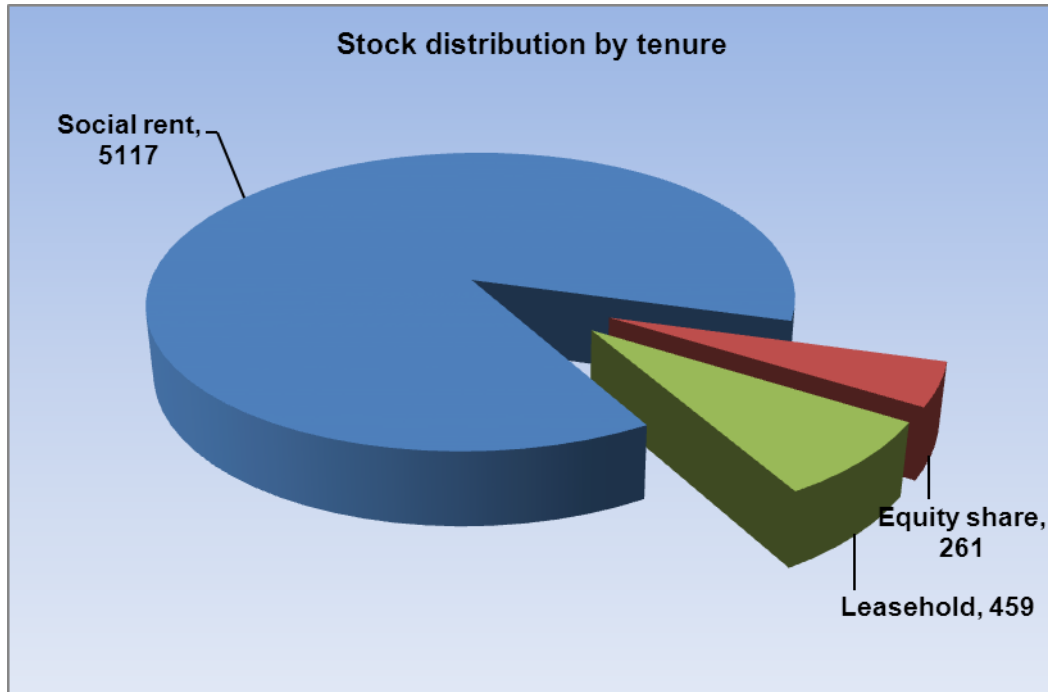
To make a positive difference to residents lives by providing good quality affordable homes in valued neighbourhoods and excellent services.
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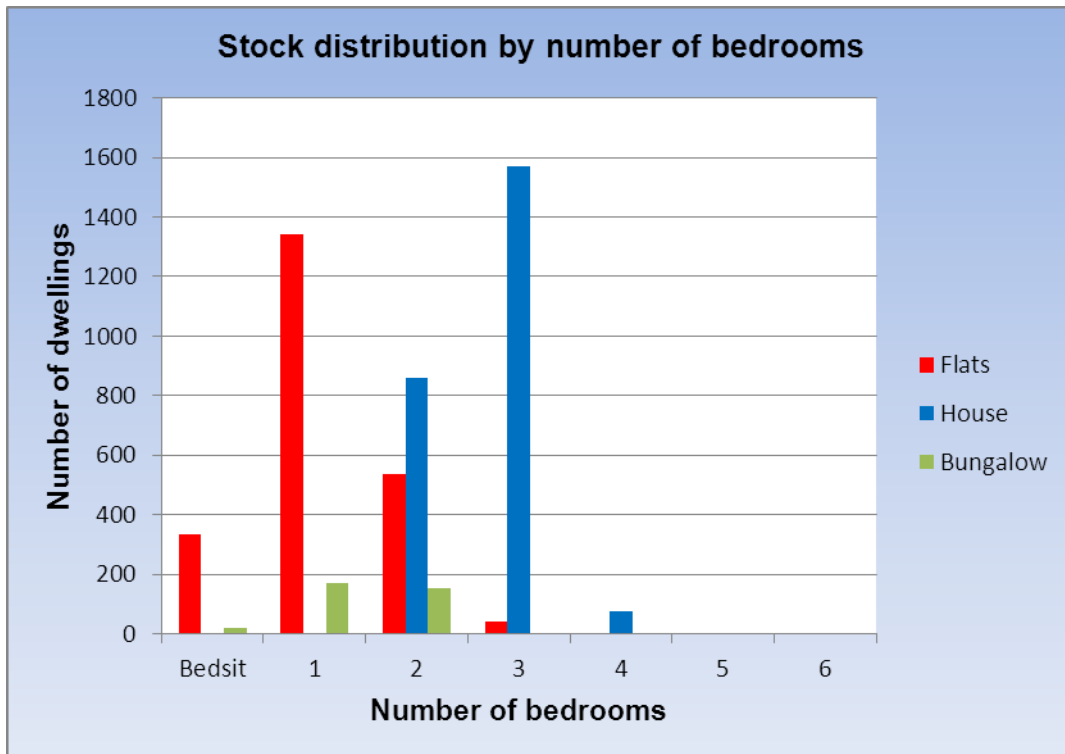
2.2 Our objectives are to:

- 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 2013. This assessed the level of decency to be in the region of 95 per cent with the cost of making the remainder decent between £600,000 and £700,000. This liability is fully covered by reserves.

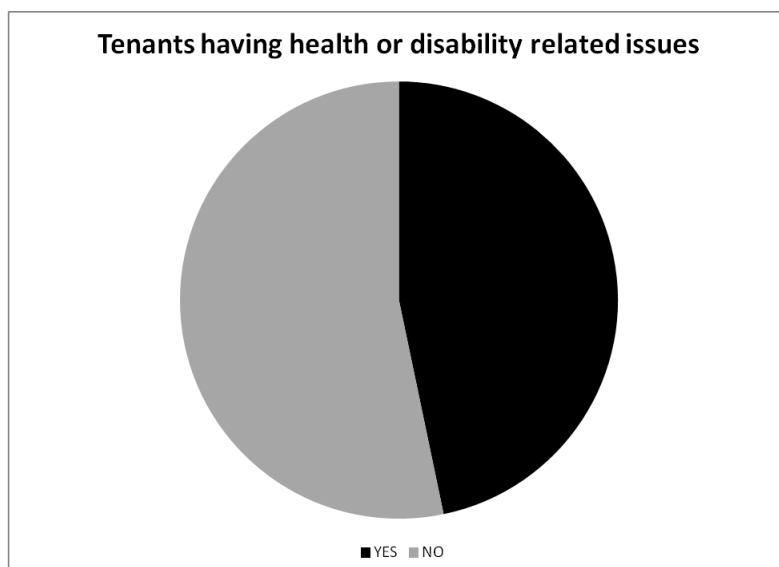
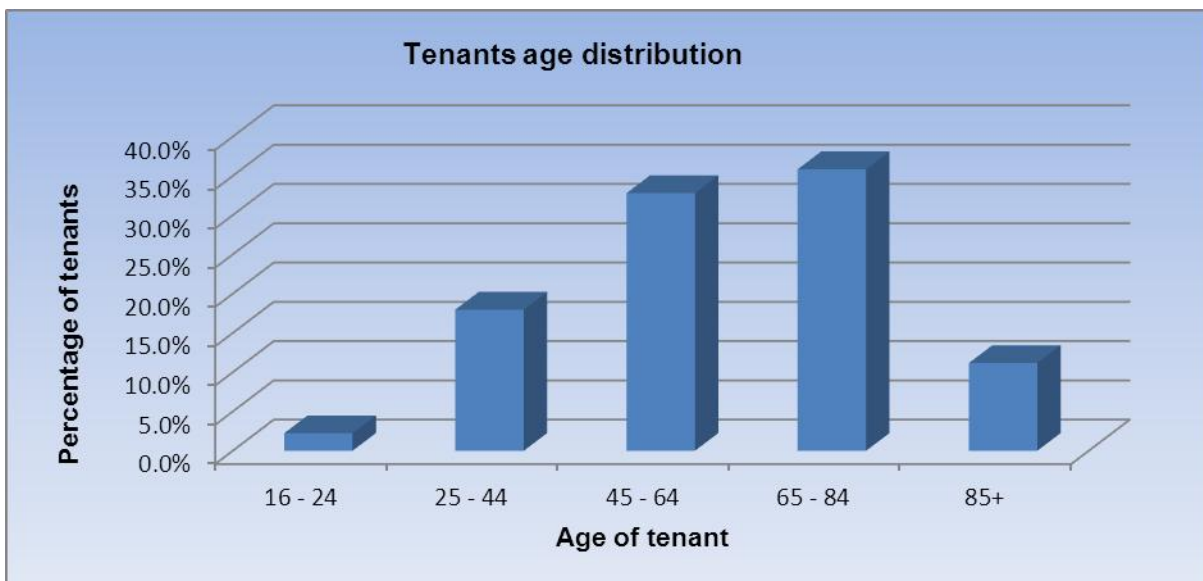
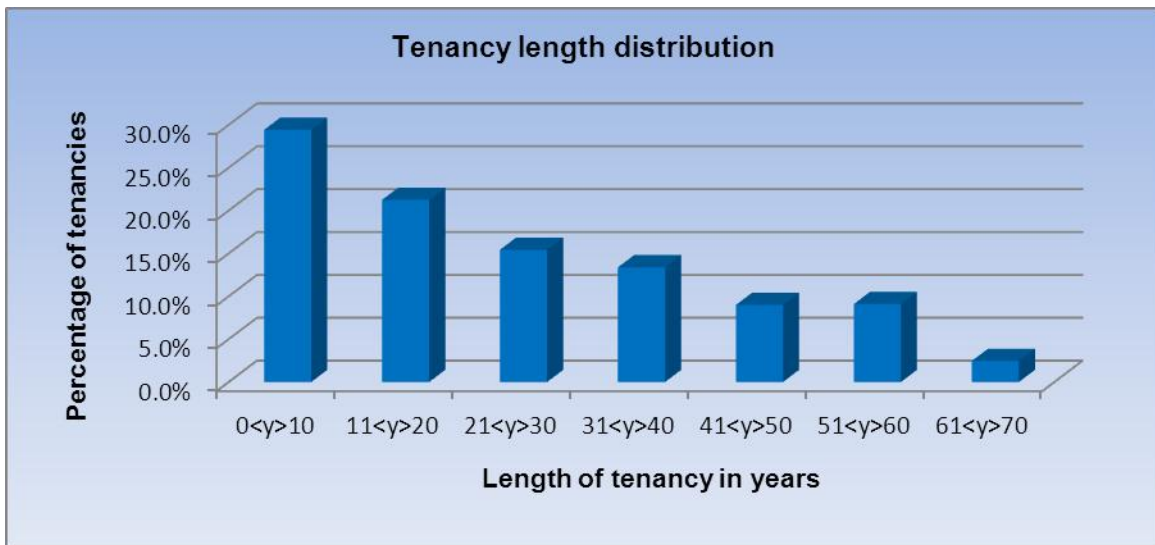
3.4 The principle need is to ensure an on-going repair and replacement programme is delivered to not only protect but enhance the existing asset base.

3.5 We are also a large provider of garages with around 2,000 units. This part of the business generates an income valued at around £700,000 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 based on our last survey.



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. However to date this has been rejected by HM Treasury. Our HRA has capacity to support additional borrowing should we be allowed to so.

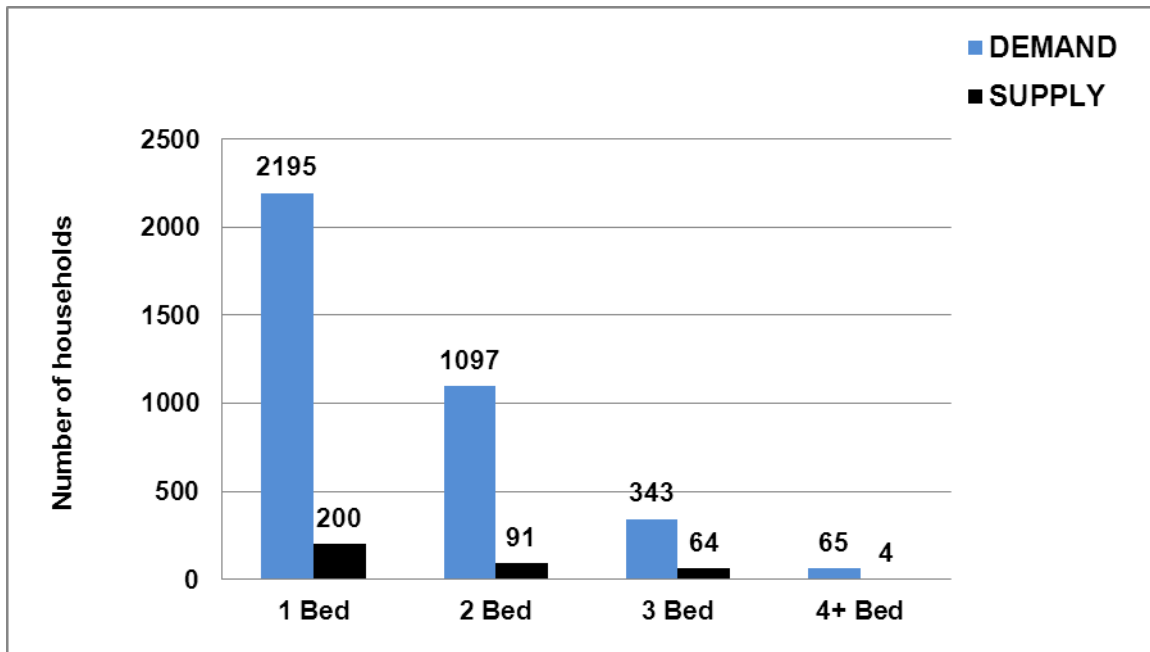
4.4 **Regulation:** The importance of housing to the lives of the tenants coupled with the level of national subsidy and lack of effective competition makes it inevitable our business is subject to regulation. The national regulatory framework issued by the Homes and Communities Agency (HCA) sets out the regulatory requirements we must meet.

4.5 The framework, last revised in 2012, 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. The HCA are considering revising the standard to ensure adequate separation of commercial activities, which might threaten the viability of the core regulated business.

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. In the borough's relatively expensive housing market the average price of a two bedroom house is around £300,000. Yet over 75 per cent of residents in the borough have a total household income of less than £50,000. This means that even with a substantial fall in house prices or a sizeable increase in income, a significant proportion of local people would 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.

The proposal to use CPI rather than RPI in the rent setting formula will according to HM Treasury save the Exchequer around £540 million in 2017-18.

- 4.14 DCLG are consulting about other changes to rent setting in the social housing sector. It is difficult at this stage to accurately assess the impact, however it is not expected to threaten the long term viability of the plan.

- 4.15 **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. This pattern now appears to be reversing reflecting the increased discounts now available and an easing in the mortgage market.

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 95 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 neighbourhoods 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. Our development strategy is set out in Annexe 4.

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 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	5117 units of accommodation
HRA debt	£197.2 Million
Borrowing rate 2014-15	2.58%
CPI rent increase	Year 2 onwards 2.3%
Rent increase mechanism	CLG formula
Garage income increase	As for rents, resistance assumed 1%
Convergence end year	2014/15
Bad debt provision 2014-15	£150,000 increasing to £300,000 by 2017-18
Void rate	1%
Service charge increases	3% reflecting inflation
RTB	20/yr
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 cost inflation	3% Yr 1 rising to 5% by 2016-17

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 2014-15 to 2023-24 (includes approved new build schemes)

TABLE 1

Guildford Borough Council

Year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
£'000										
INCOME:										
Rental Income	-29,219	-30,080 [✓]	-31,370	-32,310	-33,280	-34,280	-35,310	-36,380	-37,480	-38,620
Service Charges	-1,005	-1,040	-1,070	-1,100	-1,130	-1,160	-1,190	-1,230	-1,270	-1,310
Non-Dwelling Income	-1,078	-1,090	-1,100	-1,110	-1,120	-1,130	-1,140	-1,150	-1,160	-1,170
Grants & Other Income	-679	-570 [✓]	-570	-480 [✓]	-480	-400 [✓]	-400	-330 [✓]	-330	-280
Total Income	-31,981	-32,780	-34,110	-35,000	-36,010	-36,970	-38,040	-39,090	-40,240	-41,380
EXPENDITURE:										
General Management	3,280	3,390	3,510	3,640	3,790	3,950	4,130	4,330	4,550	4,780
Special Management	2,090	2,160	2,240	2,320	2,410	2,510	2,620	2,740	2,880	3,020
Other Management	383	400	410	430	450	470	490	510	540	570
Rent Rebates	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	150	150	275	300	300	300	300	300	300	300
Responsive & Cyclical Repairs	4,951	5,100	5,300	5,570	5,850	6,140	6,450	6,770	7,110	7,470
Total Revenue Expenditure	10,854	11,200	11,735	12,260	12,800	13,370	13,990	14,650	15,380	16,140
Interest Paid & Administration	5,100	5,350	5,375	5,400	5,450	5,500	5,500	5,500	6,000	6,000
Interest Received	-113	-130	-281	-384	-400	-400	-400	-400	-400	-400
Depreciation	5,294	5,560 [✓]	5,900	6,200	6,510	6,840	7,180	7,540	7,920	8,320
Net Operating Income	-10,846	-10,800	-11,381	-11,524	-11,650	-11,660	-11,770	-11,800	-11,340	-11,320
APPROPRIATIONS:										
Revenue Contribution to Reserves	10,771	10,755	11,336	11,479	11,615	11,625	11,735	11,775	11,325	11,315
Revenue Contribution to Capital	75	75	75	75	75	75	75	75	75	75
Total Appropriations	10,846	10,830	11,411	11,554	11,690	11,700	11,810	11,850	11,400	11,390

- 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	Remaining Period	Rate
Variable	£45,000,000	8	0.58%
Fixed	£2,070,000	7	3.60%
Fixed	£10,000,000	10	2.70%
Fixed	£10,000,000	11	2.80%
Fixed	£10,000,000	12	2.92%
Fixed	£10,000,000	13	3.01%
Fixed	£25,000,000	15	3.15%
Fixed	£25,000,000	18	3.30%
Fixed	£25,000,000	23	3.44%
Fixed	£15,000,000	27	3.49%
Fixed	£17,435,000	28	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
Rent inflation rate	+ 1%	£20.2 million increase
	-1%	£19.0 million decrease
Revenue cost inflation	+1%	£6.3 million decrease
	-1%	£5.9 million increase

Assumption	Change	Impact - 10 yr cashflow
Borrowing rate	+1%	£4.5 million decrease
	-1%	£4.5 million increase
Right to Buy sales (income from rent foregone)	+15/yr	£4.9 million decrease
	+30/yr	£9.7 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 Consumer 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 2014-15 include:
- improving the physical environment on some of our estates through an environmental improvements programme
 - increasing funding to deal with gardens in poor condition when being relet
 - increasing the capacity of the income collection team to support tenants and safeguard our income stream

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 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 2014-15 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 2014 are estimated to be in the region of £33 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 £18.7 million as at the 31 March 2014. These funds can only be used to support capital expenditure within defined parameters.

The business plan assumes these receipts will be used to support schemes at Lakeside Close, Ash, New Road, Gomshall and Wyke Avenue which are included in the approved housing capital programme. The acquisition of properties in Tongham is also included.

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	Reserve for future capital works	Usable capital receipts	New Build Reserve	Usable Capital Receipts (1-4-1 receipts)	Usable Capital Receipts (HRA debt repayment)	Total
	£000	£000	£000	£000	£000	£000
31-Mar-14	19,142	17,608	13,474	737	419	50,643
31-Mar-15	20,061	17,278	24,106	0	519	61,964
31-Mar-16	21,377	16,948	16,783	0	619	55,727
31-Mar-17	23,171	16,618	13,003	0	719	53,511
31-Mar-18	25,410	16,298	12,223	0	819	54,750

Note (i) The figure for usable capital receipts assumes the redevelopment of Lakeside Close, Ash, New Road, Gomshall and Wyke Avenue, Normandy only. The acquisition of properties at Tongham is also assumed in the figures above. 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 further 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 land at White Hart Court to A2 Dominion Housing Association and 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 2014-15 to support housing related investment activities.
- 6.17 The reserve for new build schemes created last year is already supporting our development programme.
- 6.18 Following changes introduced by the Government in October 2013 future HRA generated capital receipts must be used for HRA purposes.
- 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 next five years, that net operating operating income before making any provision for debt repayment which incorporates the revenue implications of approved new build schemes will be positive, totalling around £50 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 have/are being reviewed. These include:

- Rental policy – to be reviewed 2014/15
- Asset management strategy – updated 2012
- Tenancy policy – agreed by Executive November 2012
- Tenancy engagement strategy – review underway
- Development strategy – approved by Executive January 2013

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 will remain firmly linked to the Consumer Price Index (CPI) 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 CPI 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. Some movement is already evident in the housebuilding sector. 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 £5.1 million for 2014-15. 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 all these objectives will be achieved in detail have yet to be confirmed, the likelihood is that some 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 us to 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. When these changes will be introduced remains uncertain as does the impact. Across the country pilot areas have seen significantly different results. The common theme however is that all have seen some reduction in rent collection rates.

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 limited impact in the short term from the revised Right to Buy scheme.

8.11 **Regulatory environment:** The regulatory environment has 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 CPI + 1 per cent annually. The settlement figure of £193.2 million was based on RPI + 0.5% (+£2 if required to achieve convergence).

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 has stated the convergence process by which let properties reach formula rents will cease after 2014-15. In future convergence will be achieved when a property is relet. We anticipate having around 500 properties below their formula rent at the end of the convergence period. If all properties moved immediately to their formula rent, then we would generate an additional £500,000 in rental income per annum. The table below shows a breakdown of the 527 tenancies who will fall short of the national formula rent for the property by the end of convergence period.

Number of tenants	'Distance' from formula rent at the end of the convergence period
132	Between £2 and £4
94	Between £4.01 and £6
71	Between £6.01 and £8
37	Between £8.01 and £10
37	Between £10.01 and £12
36	Between £12.01 and £14
20	Between £14.01 and £16
29	Between £16.01 and £18
12	Between £18.01 and £20
16	Between £20.01 and £22
43	Greater than £22.01

- 8.14 To mitigate the risk of lower rental increases than we have assumed, alternative income streams will be explored, though we have to recognise the scope to make a material contribution is very 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

Annexe 1

Area	General Needs	Sheltered
Albury	24	0
Artington	9	0
Ash	223	62
Ash Vale	73	0
Bellfields (North And South)	698	0
Burpham (Misc) Inc Gosden Hill Estate	76	0
Charlottville	42	0
Chilworth	128	37
Compton	53	0
East Horsley	37	31
Effingham	12	0
Gomshall	38	0
Guildford Park (Estate)	166	71
Holmbyury St Mary	15	0
Hurtmore	29	0
Merrow 1	199	0
Merrow 2	144	0
Normandy	96	0
Park Barn	660	0
Peaslake	21	0
Pirbright	30	0
Puttenham	25	0
Ripley	82	0
Seale	3	0
Send	117	0
Shalford	50	0
Shepherds Hill	122	0
Shere	14	0
Slyfield	184	0
Stoke	132	0
Stoughton	8	0
The Mount	66	27
Tilehouse	65	39
Tongham	206	0
Town Centre	171	0
West Clandon	69	0
West Horsley	55	0
Westborough (Estate)	536	0
Wood Street	137	0
Worplesdon	35	0
TOTALS	4850	267

Extract from Regulatory Framework

This section sets out the standards¹ 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

¹ 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 Guidance² 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 assistance³, 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

² '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.

³ '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.

maintenance of homes and communal areas. This should demonstrate an appropriate balance of planned and responsive repairs, and value for money. The 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 agreements⁴.

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.

⁴ 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 guidance⁵ ('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 RPI⁶ + 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.

⁵ '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.

⁶ '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 element⁷, the registered provider shall demonstrate to the TSA that it has in place effective mechanisms (such as

⁷ 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 housing⁸.

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 ⁹ ?
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

⁸ This is the same as our November 2009 proposals.

⁹ 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 2013, 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 be uncertain 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 £14.5 million (1 April 2014) in the new build reserve and one-for-one receipts arising from right to buy sales. 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 £8.5 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 associated with the £45 million variable rate finance due for repayment in 2022.

- 2.8 The Business Plan applies £10.7 million of the projected surplus in 2014-15 as follows:

Contribution to reserve to support major repairs and improvement programme	£2,500,000
New build reserve	£8,271,000

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 ten year projections as set out in Paragraph 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.

2.12 Whilst the HRA, through its reserves can develop on the basis if 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.

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 Looking ahead, the Council, through the planning framework, will be designating strategic housing sites, for example at Slyfield. Councillors have adopted a policy which supports direct development on these sites where the Council is able to do so.
- 3.6 We will continue to look at land acquisition in time. Where appropriate opportunities arise it is likely they will involve developers. They will already have options on land they consider has development potential across the Borough.
- 3.7 It is unlikely that a programme involving extensive land acquisition will be possible or 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.
- 3.8 Schedule 1 lists a number of sites that have some redevelopment potential.

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 has been recruited. This post will be responsible for the delivery of individual projects, which together creating a viable and deliverable development programme.

- 4.4 **Suppliers:** There is now a capacity issue within the construction sector to deliver the scale of development we are likely to be able to afford over the next five years. It is too early to say whether this is directly linked to the recent Help to Buy schemes and the March 2015 delivery deadline set by the HCA.

- 4.5 **Applicants:** There is some uncertainty surrounding the ability of those on our current housing needs register to pay Affordable Rents 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.

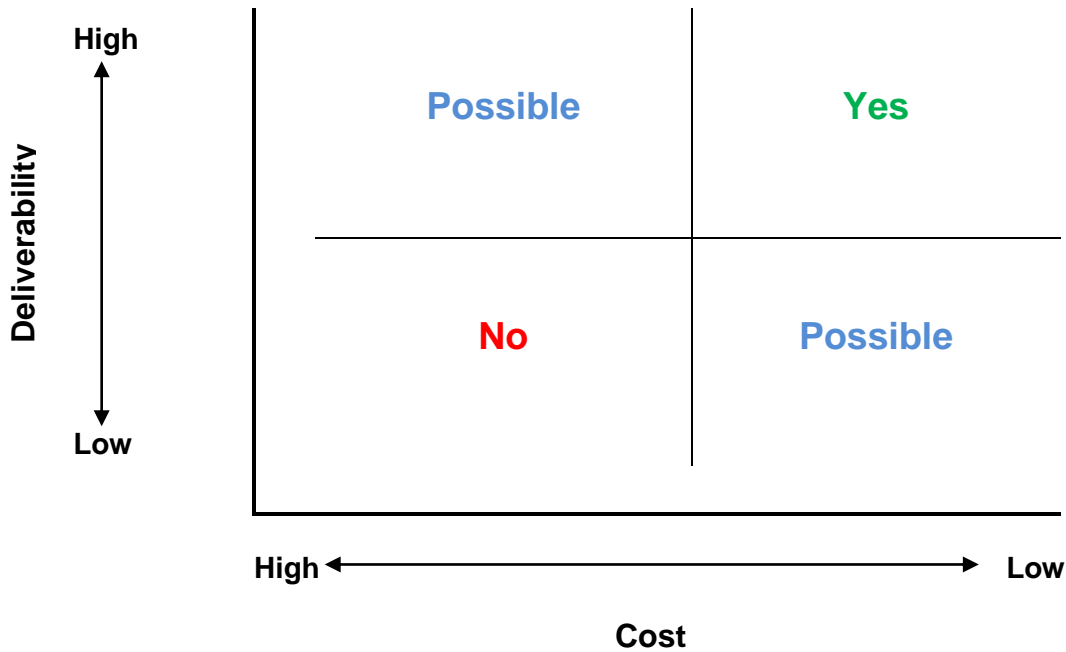
5.0 **Scheme viability**

- 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
Cost:	Land	< £20,000/plot	> £50,000/plot
	Payback	< 30 years	> 35 years
	NPV	Positive	Negative
Deliverability:	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.

Site	Potential additional dwellings	Notes
Lakeside Close, Ash	5	Tenders received. Scheme total 35
New Road Gomshall	12	Tenders received Scheme total 28
Wyke Avenue	3	Tenders received
Tongham	21	Possible acquisition
Sites with potential and under review		
Guildford Park Car Park	50 - 70	Site currently used for car parking
Phase 1 : Garage sites	10	Feasibility study in progress
The Homestead, Guildford	2	Feasibility study in progress
Slyfield Green	12	Feasibility study in progress
York Road, Guildford	6	Feasibility study in progress
Ladymead fire station site	12	Subject to site contamination study - requires land acquisition from County Council
Sites requiring a decision in principle to allocate for residential use – low potential		
Bright Hill	20	HRA site designated for Housing use. Currently used for car parking
Phase 2 : Garage sites	10 - 20	Locations have parking issues
Total	163 - 193	
SARP	200	Slyfield - GBC regeneration site of 1000+ homes, with 400+ affordable units. Likely to deliver post 2022.

Housing delivery action plan

Item	Timescale	Lead	Resources	Outcome
Implement planning permission for Lakeside Close, Ash	Qtr 1 2014	NHMS	£5.25 million	Construction starts
Implement planning permission for New Road, Gomshall	Qtr 1 2014	NHMS	£4.2 million	Construction starts
Implement planning permission for Wyke Avenue site, Normandy	Qtr 1 2014	NHMS	£0.51 million	Construction starts
Obtain planning permission to redevelop Guildford Park car park.	Summer 2015	Economic Development	£9.0 million	Planning permission obtained
Obtain planning permission for Phase 1 garage sites	Summer 2014	HA		Sites identified
Obtain planning permission for site at Slyfield Green	Qtr 1 2015	HA		Planning permission obtained
Complete acquisition Tongham	Qtr 1 2015	NHMS	To be agreed	Properties complete and let
Principal General fund sites appraised	March 2013	Asset development		Complete
Progress reported quarterly	On-going 2013	NHMS		Regular report provided
Ongoing appraisals of land and property acquisition opportunities.	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 elements of stock over time to protect	Compliments disinvestment strategy

Direct development	Third party development
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 2014-2015**

GLOSSARY

GUILDFORD BOROUGH COUNCIL HOUSING REVENUE ACCOUNT 2014-2015

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 2014-2015

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 2014-2015

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 2014-2015

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 2014-2015

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 2014-2015

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