



DERBY CITY COUNCIL

**COUNCIL CABINET
8 FEBRUARY 2005**

Report of the Director of Finance
and the Director of Policy

DOCUMENT 9A

Housing Revenue Account Budget

RECOMMENDATIONS

- 1.1 To set the Housing Revenue Account, HRA, 30 year-plan for 2005/06 to 2032/33 as set out in Appendix 2 to this report, and to recommend to Council the adoption of the HRA budget for 2005/06 as set out in Appendix 5 to this report.
- 1.2 To approve the revision to the Derby Homes Management Fee for 2004/05 and approve the fee for 2005/06 as set out in Appendix 4 to this report.
- 1.3 To note that any minor variations in the HRA budget in 2005/06 during the year may be reported to Council Cabinet under contract and procedure matters.

REASON FOR RECOMMENDATIONS

- 2.1 The HRA budget has to be balanced each financial year, and the Council has to plan for the HRA over a period of thirty years. The thirty-year plan commenced in 2002/03 and currently runs until 2032/03.
- 2.2 There are two scenarios illustrated in this report – one more optimistic than the other. The proposal is set out on the optimistic basis. If the additional funds assumed do not materialise, then the alternative scenario in Appendix 3 could be adopted as the plan. The budget for 2005/06 remains the same in both scenarios.

SUPPORTING INFORMATION

- 3.1 The Government's decision last year to time limit additional ALMO funding to 2009/2010 means that, in the short term, the HRA can be balanced relatively easily and should make surpluses. In the longer term, from 2010/11, the HRA budget is likely to be worse off by around £2m a year owing to this single change. The approach of dealing with this sharp reduction by attempting to smooth the transition between the two periods as far as possible has been continued in this report.

Management and Maintenance Allowances, MMA

- 3.2 Following the major changes to MMA last year, the Government have again changed some aspects of the formulae this year, although to a much more limited extent. The draft determination of subsidy proposed to change some aspects of how crime is counted towards the total – changing from burglary to criminal damage and

from violence to harassment. The combined effects of these would have been to reduce the MMA by around £0.2m a year.

- 3.3 As a result of representations made by Derby, the ODPM has reconsidered resulting in an increase for Derby of around £0.4m from the draft determination for 2005/06. The increase in MMA as a result of this change has been treated as a one off for now, since the ODPM have said that they wish to reconsider the crime elements again next year.
- 3.4 In setting the 2004/05 MMA total allocated to Derby, a sum of £1.2m was held as part of a transitional arrangement to protect those authorities that lost considerable sums of their previous MMA. This process has continued into 2005/06, and there remains a potential for a further £0.6m of additional MMA if the funds are all released in future. Further release of much of the remaining funding can be expected, but the impact of the eventual measure of crime is likely to reduce the final amount due. The plan includes an assumption of a further increase of around £180,000 next year, being a reasonable estimate of what might still be due in future years.
- 3.5 The MMA for Derby has increased well above the rate of inflation again this year. An extra £180,000 in real terms has been built in as an assumption in the plan. This increase is not guaranteed, and any reduction from this anticipated level of MMA next year would reduce substantially the amount of funding that can be made available for any programme of estate sustainability from 2006/07.

Further Rent Restructuring

- 3.6 In July 2004, the Government consulted about bringing Local Authority rents exactly into line with Registered Social Landlord, RSL, rents by 2012. At the moment, both sectors' rents are set to convergence to approximately the same rent in 2012. The consultation suggested using the same formula from April 2005 for restructuring local authority rents as that used for RSLs, resulting in a further increase to Council rents of around £2 a week by 2012. This would have been over and above those already in train as a result of rent restructuring itself. The Government has deferred implementation of this change for a year to consider the implications more carefully.
- 3.7 The budgeted figures in Appendix 2 assume that the Government will adopt this policy in 2006/07, and that rents will therefore rise by around 5% a year over the period of rent restructuring. Next year, rents in Derby will rise by only 2.9% because of the change to an April rent increase.
- 3.8 Should the Government not adopt this policy next year, the financial position of the HRA will deteriorate substantially. If this assumption proves to be overoptimistic, it will affect the ability of the HRA to finance an estate sustainability fund after Homes Pride.

Derby Homes' Management Fee

- 3.9 The adjustment to Derby Homes' Management Fee, or 'fee', related to the loss of right to buy and other properties, has been discussed extensively at the HRA Strategic Working Party. The level of right to buy sales has been assumed at 300 for 2004/05, 250 for 2005/06 and 1.5% of the balance of the stock thereafter. There is an indication that the levels of actual sales this year have slowed compared to this target and, if this were to translate into a sustained slowdown, this would increase the management fee payable in later years, reducing the financial pressure on Derby Homes that would otherwise arise. The Strategic Working Party's recommendation is that, for at least five years, the fee should be variable with stock numbers at a rate of 70% of the core fee for each dwelling lost, excluding those items paid separately, for example insurance and leasing costs. The count is suggested to apply to the fee two years later – so that the stock losses during 2004/05 will apply to the fee in 2006/07. This gives a full year's notice of the actual figure, and a clear pattern to the fee for the future. This will apply to all right to buy losses. The Strategic Working Party has not yet discussed whether to apply the same principle to losses through demolitions, which are according to individual negotiation for each case.
- 3.10 The intention is to maintain this 70% rate for the fee adjustment beyond five years, subject to sufficient funding being available. As a result of the additional funding for MMA this year, and the anticipated further increase next year, this assumption has now been made in both Appendices 2 and 3.
- 3.11 In 2004/05, it is proposed to revise the fee to allow for an increase in Derby Homes' costs as a result of a changed method of apportioning the costs of Derby Homefinder, which have resulted in an increase in their charge above the rate of inflation. The additional cost is £98,000 in 2004/05 but reduces to £86,000 for 2005/06, as there are some IT development costs included for 2004/05, which are one off in nature. It is also proposed to add a specific payment for one year only to the revised fee for 2004/05 to allow for printing a tenants handbook. The revised fee is set out in Appendix 4.
- 3.12 For 2005/06, there are a number of issues that require an adjustment to the fee as set out in Appendix 4. The changes are explained below:
- **Pensions:** The Local Government Pension Scheme, LGPS has been revalued, and Derby Homes' contribution will have to increase in 2005/06. The exact amount is not yet known, but an estimate of around £281,000 a year has been built into the fee at this stage. This may be amended if the actual requirement is materially different.
 - **DACP:** The DACP have been faced with an increase in costs as a result of moving to St Peter's House and have at the same time lost the grant previously paid by the Council's general fund. As a result, they have requested increased funding from Derby Homes. Derby Homes is seeking to increase their fee to cover an additional £20,000 a year of costs as a consequence. This bid is split into two components: the replacement of £5,000 grant from the Council's general fund and £15,000 to meet the increased costs of St Peter's House. It is proposed to increase the fee by £5,000 to replace the previous grant, but not for the increased accommodation costs.

- **Derby Loans:** Derby Loans has asked Derby Homes to finance a continuation of their overhead costs of £15,000 a year through a grant to them for 2005/06 and 2006/07. This should give them sufficient time to arrange other funding for future years. It is not anticipated that any further grant will be made available beyond this, and it is proposed that this be stated in the award of the grant to Derby Loans.
- **Tenancy Support Team:** As a result of Supporting People funding changes, it is likely that this service will be reduced considerably next year. Derby Homes is requesting that the HRA underwrite any costs of the team for a further six to twelve months should the reduction be more than can be managed through turnover. Any such underwriting would be clearly one off and time limited. As a maximum, a year's Supporting People income of £250,000 would have to be allocated, although it is anticipated that the actual cost will be much less than this.
- **Inspections:** It is anticipated that the Housing Inspectorate will inspect Derby Homes in March 2006. The cost of this will be around £25,000. It is proposed that this be added to the fee on a periodic basis each three years as inspections are required.

These costs have been included in Appendices 2, 3 and 4.

- 3.13 The basic principles for setting the fee for the foreseeable future should now be agreed. The fee for future years can therefore be calculated in advance, and is shown in Appendix 4.

Contract Renewal

- 3.14 A major issue over the next twelve months is whether the Council should extend the contract of Derby Homes for the next five years from 2007 to 2012, and to conclude any changes to the management agreement under which Derby Homes operates. Issues such as the level of any fee adjustments during that period could be clearly set out in the agreement.

Repairs and Maintenance

- 3.15 The Major Repairs Allowance, MRA, has been amended this year as a result of a change in the archetypes of housing used to calculate it. This has led to a reduction in funding from £7.63m to £7.22m, a loss of 5.4% in cash terms. The original concept of Decent Homes was that the funding would clear the backlog of work and lead to future planned maintenance being met by the MRA. While this was just about sustainable with the previous level of funding, there will, over time, be a pressure on planned maintenance as a result of this reduction. In the short term, this can probably be managed as a result of the considerable investment already made in Decent Homes. In the longer term, there is a doubt whether MRA is now sufficient for future needs. Any need to support MRA funding from the HRA would have a significant impact on the rest of this plan.

Estate Sustainability

- 3.16 The HRA Strategic Working Party has been attempting to create an estate sustainability fund, using any spare resources within the plan. The proposal at Appendix 2 includes estate sustainability spending of £15m – spread as £3m a year over the five years from 2006/07, as the Decent Homes programme ends. This spending is critically dependent upon the assumptions made above – that the additional MMA of a further £0.18m and further rent restructuring – occur. The scenario set out in Appendix 3 is where neither the remaining MMA nor further rent restructuring arises.
- 3.17 The intention of the estate sustainability fund is to spend more on conditions outside the home itself - on things to improve estates outside as well as inside. This is a very wide definition, and it is expected that Derby Homes will work closely with the Council and Derby City Partnership and consult tenants widely over the coming year about what sort of improvements might be prioritised if the planned resources are forthcoming. It is proposed to include the estate sustainability fund within the Local Area Agreement. Derby Homes would then report back to the Council on the sorts of improvements that are requested with a view to starting to use the fund in 2006/07. A report will therefore be presented to Council Cabinet and Community Regeneration Commission on the proposed use of the fund once the process of consultation with tenants is complete.
- 3.18 The following table attempts to set out the key figures within the plan for different sets of assumptions. In each case, it has already been assumed that the rate of fee withdrawal will be maintained at 70%. The variables are therefore further rent restructuring, additional MMA and estate sustainability spending.

Appendix	2	3
Further rent restructuring	Yes	No
Additional MMA	£0.18m	£0
Estate Sustainability £m	15	0
HRA BP 2032/33:		
Operating loss in year £m	-0.78	-1.54
Interest earned	1.10	1.74
Net surplus / loss in year	+0.32	+0.20
HRA balance at year end	26.69	41.95

- 3.19 Greater detail of the figures is shown in Appendix 2 and 3. The levels of losses in year thirty of the plan need to be seen in the context of projected rents by then of £58m a year and the remaining substantial HRA reserves generating interest to cover the majority of the loss concerned.
- 3.20 Essentially, the planned spending of £15m should be possible as long as the additional MMA is received as indicated, and that further rent restructuring takes place either as planned or in a similar manner. This might be done, for instance, if rent restructuring were to be extended by the Government for another few years. This would allow for the final convergence between social rents, and would produce very similar figures for the final years of the plan. On balance, therefore, it is suggested that the optimistic scenario in Appendix 2 can be adopted as the plan,

with the proviso that, should the optimistic assumptions made prove unfounded next year, then the final estate sustainability spending be reviewed.

- 3.21 It is therefore proposed that an estate sustainability programme continue to be drawn up in anticipation of the position being as planned. The starting date of 2006/07 allows sufficient time for more consideration and consultation with tenants about the contents of such a programme, and furthermore ties in with the end of the Decent Homes programme. It will therefore assist in managing the transition at the end of that programme, and allows for the possibility that the optimistic assumptions do not finally transpire.
- 3.22 The HRA budget for 2005/06 is set out in Appendix 5, on a basis consistent with this report and the recommended rent increase for 2005/06 to Council. It is recommended that this budget be recommended to Council on March 2 2005.

Capitalised Salaries

- 3.23 The HRA Strategic Working Party has also recognised that the ending of the Homes Pride programme will result in a need to review the basis on which Derby Homes is paid for its work relating to the management of that programme, for which it is paid an additional fee. In recent years, with a massive programme, economies of scale have resulted in a smaller fee in percentage terms than applied before, or could continue afterwards. As a result, it is proposed that the fee after 2005/06 be set at 8.5% of the capital programme cost. This is a reduction on the overall costs being incurred at the moment, but will allow Derby Homes to maintain a sizeable team supporting the capital programme.

Consultation

- 3.24 This report has been circulated in draft form to meetings of the HRA Strategic Working Party, City Housing Consultative Group, Derby Homes Board, and the Community Regeneration Commission during January 2005.

OTHER OPTIONS CONSIDERED

- 4.1 Some of the other options are already set out in the report. The provision of an alternative plan at Appendix 3 is to allow for the possibility that further rent restructuring does not take place after all – this might require estate sustainability spending to be reduced substantially or completely.

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Background papers:	HRA determination for 2005/6 from ODPM
List of appendices:	Appendix 1 – Implications Appendix 2 – HRA business plan Appendix 3 – HRA business plan alternative model Appendix 4 – Derby Homes Management Fee Projections Appendix 5 – HRA budget 2005/6

IMPLICATIONS

Financial

1. Set out in the report.

Legal

2. The Council is required to set a budget for its Housing Revenue Account that balances and that charges costs appropriately to either the HRA or to the General Fund.

Personnel

3. None

Equalities impact

4. No direct impact on equalities issues.

Corporate objectives and priorities for change

5. The objectives of **strong and positive neighbourhoods, protecting and supporting people**, and a **healthy environment** are all enhanced by the improvements in Council house standards as a result of Decent Homes, and by any environmental improvements possible through the estate sustainability fund.

Derby City Council
Business Planning Assumptions
30 Year Housing Revenue Account

APPENDIX 2

Year	Expenditure								Income						Net Income/ (Expenditure)	Balance Brought Forward	Interest	Balance Carried Forward	Overall Change In Year
	Major Repairs Allowance	Contribution to Repairs Account (net)	Provision for bad & doubtful debts	Rent Rebates then Estate Sustainability	Supervision and Management	Capital Financing Mainstream	Capital Financing ALMO	Total Expenditure	Gross Rent	HRA Subsidy Receivable/ (Payable) (Mainstream)	HRA Subsidy Receivable (ALMO)	HRA Subsidy Receivable/ (Payable) (Total)	Community Facilities & Other Income	Total Income					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2004/05	7,630	8,387	625	70	12,427	4,989	2,871	36,999	35,025	(1,843)	7,774	5,931	172	41,128	4,129	591	113	4,833	4,242
2005/06	7,221	8,473	650	35	13,196	5,061	4,479	39,114	36,140	(1,416)	7,774	6,358	181	42,679	3,565	4,833	281	8,679	3,846
2006/07	7,247	8,540	665	3,000	12,848	4,879	4,960	42,139	36,873	(2,564)	7,774	5,211	190	42,274	135	8,679	372	9,186	507
2007/08	7,297	8,622	680	3,000	13,002	5,055	5,106	42,761	37,899	(3,084)	7,774	4,690	200	42,789	28	9,186	391	9,605	419
2008/09	7,293	8,748	694	3,000	13,226	5,048	5,136	43,144	39,139	(3,711)	7,774	4,063	210	43,412	268	9,605	414	10,286	681
2009/10	7,363	8,875	708	3,000	13,364	5,017	5,098	43,425	40,391	(4,513)	7,774	3,261	221	43,873	448	10,286	447	11,181	895
2010/11	7,434	9,185	722	3,000	13,559	5,043	5,098	44,041	41,629	(5,343)	5,098	-245	232	41,615	-2,426	11,181	424	9,179	-2,002
2011/12	7,506	9,319	736	0	13,827	5,096	5,098	41,582	42,800	(6,213)	5,098	-1,115	243	41,929	347	9,179	397	9,923	744
2012/13	7,578	9,455	750	0	14,000	5,122	5,098	42,002	43,432	(6,401)	5,098	-1,303	256	42,385	383	9,923	430	10,736	813
2013/14	7,651	9,750	763	0	14,256	5,122	5,098	42,639	44,074	(6,623)	5,098	-1,526	269	42,817	178	10,736	460	11,374	638
2014/15	7,725	9,732	776	0	14,556	5,122	5,098	43,009	44,725	(6,850)	5,098	-1,752	282	43,255	246	11,374	489	12,109	735
2015/16	7,799	9,873	789	0	14,755	5,122	5,098	43,436	45,386	(7,079)	5,098	-1,982	297	43,701	265	12,109	520	12,894	785
2016/17	7,874	10,017	802	0	14,699	5,122	5,098	43,612	46,057	(7,312)	5,098	-2,215	312	44,154	542	12,894	559	13,995	1,101
2017/18	7,950	10,163	814	0	15,000	5,122	5,098	44,147	46,738	(7,549)	5,098	-2,451	327	44,614	467	13,995	605	15,067	1,072
2018/19	8,026	10,311	827	0	15,308	5,122	5,098	44,692	47,429	(7,789)	5,098	-2,691	344	45,082	390	15,067	649	16,105	1,039
2019/20	8,103	10,461	839	0	15,608	5,122	5,098	45,231	48,131	(8,033)	5,098	-2,935	361	45,556	326	16,105	691	17,123	1,017
2020/21	8,181	10,613	851	0	15,959	5,122	5,098	45,824	48,843	(8,281)	5,098	-3,183	380	46,039	215	17,123	732	18,070	947
2021/22	8,260	10,767	863	0	16,268	5,122	5,098	46,378	49,566	(8,530)	5,098	-3,432	399	46,533	155	18,070	771	18,995	926
2022/23	8,340	10,924	875	0	16,609	5,122	5,098	46,967	50,299	(8,779)	5,098	-3,681	419	47,037	70	18,995	809	19,874	879
2023/24	8,420	10,933	886	0	17,002	5,122	5,098	47,461	51,044	(9,032)	5,098	-3,935	440	47,550	88	19,874	847	20,809	935
2024/25	8,501	11,094	898	0	17,314	5,122	5,098	48,026	51,800	(9,290)	5,098	-4,192	462	48,071	44	20,809	885	21,739	930
2025/26	8,583	11,258	909	0	17,678	5,122	5,098	48,647	52,567	(9,551)	5,098	-4,453	486	48,600	-47	21,739	923	22,615	876
2026/27	8,665	11,424	920	0	18,075	5,122	5,098	49,304	53,346	(9,817)	5,098	-4,719	510	49,138	-166	22,615	958	23,406	791
2027/28	8,749	11,592	931	0	18,431	5,122	5,098	49,922	54,137	(10,087)	5,098	-4,989	536	49,684	-238	23,406	990	24,158	752
2028/29	8,833	11,763	941	0	18,840	5,122	5,098	50,597	54,940	(10,361)	5,098	-5,263	563	50,240	-357	24,158	1,019	24,820	663
2029/30	8,918	11,936	952	0	19,242	5,122	5,098	51,267	55,755	(10,639)	5,098	-5,541	592	50,805	-462	24,820	1,045	25,403	583
2030/31	9,004	12,112	962	0	19,623	5,122	5,098	51,920	56,582	(10,922)	5,098	-5,824	622	51,379	-541	25,403	1,068	25,930	527
2031/32	9,091	12,291	972	0	20,038	5,122	5,098	52,611	57,421	(11,209)	5,098	-6,112	653	51,963	-648	25,930	1,088	26,370	440
2032/33	9,178	12,472	982	0	20,486	5,122	5,098	53,338	58,274	(11,501)	5,098	-6,404	686	52,556	-782	26,370	1,104	26,692	322

Assumptions:	Addl Rent restructuring	0.25%
	Addl MMA	£0.18m
	Estate Sustainability	£15m
	variable % - first 5 yrs	70
	variable % - thereafter	70

Derby City Council
Business Planning Assumptions
30 Year Housing Revenue Account

APPENDIX 3

Year	Expenditure								Income						Net Income/ (Expenditure)	Balance Brought Forward	Interest	Balance Carried Forward	Overall Change In Year
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	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000					
2004/05	7,630	8,387	625	70	12,427	4,989	2,871	36,999	35,025	(1,843)	7,774	5,931	172	41,128	4,129	591	113	4,833	4,242
2005/06	7,221	8,473	650	35	13,196	5,061	4,479	39,114	36,140	(1,416)	7,774	6,358	181	42,679	3,565	4,833	281	8,679	3,846
2006/07	7,247	8,540	665		12,848	4,879	4,960	39,139	36,873	(2,788)	7,774	4,986	190	42,049	2,910	8,679	431	12,020	3,341
2007/08	7,297	8,622	680		13,002	5,055	5,106	39,761	37,899	(3,360)	7,774	4,414	200	42,513	2,752	12,020	569	15,341	3,321
2008/09	7,293	8,748	694		13,226	5,048	5,136	40,144	39,139	(4,040)	7,774	3,734	210	43,083	2,938	15,341	714	18,994	3,653
2009/10	7,363	8,875	708		13,364	5,017	5,098	40,425	40,391	(4,900)	7,774	2,874	221	43,486	3,062	18,994	872	22,928	3,934
2010/11	7,434	9,185	722		13,559	5,043	5,098	41,041	41,629	(5,790)	5,098	-692	232	41,168	127	22,928	977	24,032	1,104
2011/12	7,506	9,319	736	0	13,827	5,096	5,098	41,582	42,800	(6,724)	5,098	-1,626	243	41,418	-164	24,032	1,018	24,886	854
2012/13	7,578	9,455	750	0	14,000	5,122	5,098	42,002	43,432	(6,921)	5,098	-1,823	256	41,865	-137	24,886	1,055	25,804	918
2013/14	7,651	9,750	763	0	14,256	5,122	5,098	42,639	44,074	(7,153)	5,098	-2,056	269	42,287	-352	25,804	1,089	26,541	737
2014/15	7,725	9,732	776	0	14,556	5,122	5,098	43,009	44,725	(7,390)	5,098	-2,292	282	42,715	-294	26,541	1,122	27,369	828
2015/16	7,799	9,873	789	0	14,755	5,122	5,098	43,436	45,386	(7,629)	5,098	-2,532	297	43,151	-285	27,369	1,157	28,241	872
2016/17	7,874	10,017	802	0	14,699	5,122	5,098	43,612	46,057	(7,873)	5,098	-2,775	312	43,593	-18	28,241	1,200	29,422	1,181
2017/18	7,950	10,163	814	0	15,000	5,122	5,098	44,147	46,738	(8,120)	5,098	-3,022	327	44,043	-104	29,422	1,248	30,566	1,144
2018/19	8,026	10,311	827	0	15,308	5,122	5,098	44,692	47,429	(8,371)	5,098	-3,273	344	44,500	-192	30,566	1,295	31,669	1,103
2019/20	8,103	10,461	839	0	15,608	5,122	5,098	45,231	48,131	(8,626)	5,098	-3,528	361	44,964	-267	31,669	1,340	32,743	1,073
2020/21	8,181	10,613	851	0	15,959	5,122	5,098	45,824	48,843	(8,885)	5,098	-3,787	380	45,435	-389	32,743	1,383	33,736	994
2021/22	8,260	10,767	863	0	16,268	5,122	5,098	46,378	49,566	(9,145)	5,098	-4,047	399	45,917	-461	33,736	1,424	34,700	963
2022/23	8,340	10,924	875	0	16,609	5,122	5,098	46,967	50,299	(9,406)	5,098	-4,308	419	46,410	-557	34,700	1,463	35,605	906
2023/24	8,420	10,933	886	0	17,002	5,122	5,098	47,461	51,044	(9,671)	5,098	-4,574	440	46,911	-551	35,605	1,502	36,556	951
2024/25	8,501	11,094	898	0	17,314	5,122	5,098	48,026	51,800	(9,941)	5,098	-4,843	462	47,419	-607	36,556	1,541	37,490	934
2025/26	8,583	11,258	909	0	17,678	5,122	5,098	48,647	52,567	(10,215)	5,098	-5,117	486	47,936	-711	37,490	1,578	38,357	867
2026/27	8,665	11,424	920	0	18,075	5,122	5,098	49,304	53,346	(10,493)	5,098	-5,395	510	48,461	-843	38,357	1,612	39,127	770
2027/28	8,749	11,592	931	0	18,431	5,122	5,098	49,922	54,137	(10,776)	5,098	-5,678	536	48,995	-927	39,127	1,643	39,843	716
2028/29	8,833	11,763	941	0	18,840	5,122	5,098	50,597	54,940	(11,063)	5,098	-5,965	563	49,538	-1,059	39,843	1,671	40,455	612
2029/30	8,918	11,936	952	0	19,242	5,122	5,098	51,267	55,755	(11,355)	5,098	-6,257	592	50,089	-1,178	40,455	1,694	40,971	516
2030/31	9,004	12,112	962	0	19,623	5,122	5,098	51,920	56,582	(11,652)	5,098	-6,554	622	50,649	-1,271	40,971	1,714	41,414	443
2031/32	9,091	12,291	972	0	20,038	5,122	5,098	52,611	57,421	(11,953)	5,098	-6,855	653	51,219	-1,392	41,414	1,731	41,753	339
2032/33	9,178	12,472	982	0	20,486	5,122	5,098	53,338	58,274	(12,259)	5,098	-7,162	686	51,798	-1,540	41,753	1,742	41,955	202

Assumptions:	Addl Rent restructuring	none
	Addl MMA	none
	Estate Sustainability	none
	variable % - first 5 yrs	70
	variable % - thereafter	70

Derby Homes Management Fee Projections
Appendix 4

	Leasing	Mod			
	Core Fee	Insurance	Fund	Total	max Supp People
	£000	£000	£000	£000	
2004/5 Cabinet 27.4.04	9,218	1125	200	10,543	
Homefinder	98			98	
Tenants Handbook	20			20	
Revised 2004/5	9,336	1,125	200	10,661	
2005/6					
Inflation 3%	279			279	
LGPS increase	281			281	
DACP	5			5	
Derby Loans	15			15	
Tenants Handbook one off 2004/5	-20			-20	
Homefinder one off cost element	-12			-12	
Inspection Cost	25			25	
lease and insurance changes		-92		-92	
Supporting people - actual up to:					250
	573	-92	0	481	250
2005/6 total	9,909	1,033	200	11,142	250
2006/7					
Inflation 3%	296			296	
lease and insurance changes		-69		-69	
IT funding ends			-200	-200	
Derby Loans 2 years funding ends				0	
Stock Adjustment 300 RTB 2004/5	-154			-154	
	117	-69	-200	-152	
2006/7 total	10,026	964	0	10,990	
2007/8					
Inflation 3%	300			300	
Derby loans funding ends	-15			-15	
lease and insurance changes		-53		-53	
Stock Adjustment 250 RTB 2005/6	-133			-133	
	152	-53	0	99	
2007/8 total	10,178	911	0	11,089	
2008/9					
Inflation 3%	305			305	
lease and insurance changes		-49		-49	
Inspection Cost	25			25	
Stock Adjustment 1.5% RTB 2006/7	-114			-114	
	216	-49	0	167	
2008/9 total	10,394	862	0	11,256	

Housing Revenue Account Budget 2005/2006

LATEST APPROVED BUDGET 2004/2005 £000's		Employees £000's	Running Costs £000's	External Income £000's	Total Budget 2005/2006 £000's
	Expenditure				
8,387	Contribution to Repairs Account		8,473		8,473
7,630	Major Repairs Allowance		7,221		7,221
9,536	Supervision & Management: General - Derby Homes		10,359		10,359
1,125	Leasing - Derby Homes		1,033		1,033
12	Special - Retained HRA	237	152	(379)	10
1,754	General - Retained HRA	922	1,138	(266)	1,794
70	Rent Rebates		35		35
20,089	Capital Charges Notional Interest		20,200		20,200
625	Provision for bad and doubtful debts		650		650
49,228		1,159	49,261	(645)	49,775
	Income				
(35,025)	Gross Rent			(36,140)	(36,140)
(5,931)	Housing Revenue Account Subsidy Receivable			(6,358)	(6,358)
	Contributions :				-
(172)	Community Facilities			(181)	(181)
(41,128)		-	-	(42,679)	(42,679)
8,100	Net Cost of Services	1,159	49,261	(43,324)	7,096
(20,089)	Capital Charges Notional Interest (Reversal)		(20,200)		(20,200)
	Actual Capital Charges - Interest				
4,954	Loan charges - Interest		5,028		5,028
2,871	Additional Loan charges - Interest - Arms Length		4,479		4,479
(113)	Interest Receivable			(282)	(282)
(4,277)	Net Operating Expenditure	1,159	38,568	(43,606)	(3,879)
	Appropriations				
35	Loan charges - Minimum Revenue Provision		33		33
(4,242)	Change in Working Balance	1,159	38,601	(43,606)	(3,846)
(591)	Net balance at start of year	-	-	(4,833)	(4,833)
(4,833)	Net balance at end of year	1,159	38,601	(48,439)	(8,679)