DERBY CITY COUNCIL

COMMUNITY REGENERATION COMMISSION
10 JANUARY 2006

ITEM 10

Report of the Director of Finance

Housing Revenue Account Business Plan

RECOMMENDATIONS

1. To comment on the consultation document on the HRA Business Plan.

SUPPORTING INFORMATION

2.1 The Housing Revenue Account, HRA, is set using a thirty year timeframe reflecting the long term nature of planning for council housing. This sets a number of challenges in terms of setting a budget, not least a requirement to take into account longer term pressures on a budget rather than just immediate requirements.

2.2 The attached consultation document sets out the financial position of the HRA in the current year and projects the position forward using a series of assumptions about future funding levels. The conclusion last year was that we ought to be able to consider commencing a programme of estate improvement works, known as Estates Pride, amounting to £15m over the next five years.

2.3 The overall conclusion of this report is that a similar level of investment can still be sustained, as long as the government's promise of compensation for restrictions to HRA funding as a result of rent capping are fulfilled in the new year.

2.4 The balance of the plan remains similar to the previous year, reflecting relative stability in HRA funding over the last year. The last few years of the plan remain a concern, as they are moving into a deficit position, although the operating deficit remains below 2.5% of the rent in the final year and is covered by projected interest on reserves. There remains two main risks within the plan - long term maintenance costs, and rents.

Long term maintenance

2.5 Whether the funds set aside will be sufficient to maintain the standards that have been set by the Homes Pride programme in the longer term is a considerable risk to the HRA. The reliance on Major Repairs Allowance might prove to be inadequate in the future.

Rents

2.6 The government is proposing to impose a rent increase cap of 5% on the average rent charged by any individual local authority for 2006/7 and 2007/8. It remains unclear what will happen after then. Rents will not all rise by 5% across the board, however, and some rents may well increase substantially more than 5%, as there have been increases in the weightings given to dwellings with more bedrooms.

2.7 The Office of the Deputy Prime Minister, ODPM, intends to consult early in the new year about a means of compensating authorities that are affected by the imposition of a rent cap of 5%. Adequate compensation from the government for our losses resulting from capping of rents will hopefully deal with any short term financial difficulty, but there is a clear risk of rental levels not being permitted to increase sufficiently in future at the pace that the government expects as part of the subsidy calculation. This could lead to significant losses of funding from the HRA in the medium term if not adequately compensated. This in turn would affect the HRA to a very significant degree, and it might then be necessary to reduce the funding available for Estates Pride. At this point, however, it is expected that the government's proposals will compensate us adequately for losses from rent caps.

Proposals for Estates Pride

2.8 On balance, the risks in the proposed budget can be seen as not unreasonable. There should, therefore, be enough funding to embark on the programme of estate improvements, known as 'Estates Pride'.

2.9 The amount earmarked initially was set at £15m. Despite the uncertainty over future subsidy created by the introduction of rent caps, it is suggested that this figure be maintained, but kept under review. It is proposed that the first £1m of this now be scheduled to start during the current financial year, with £2m in 2006/07, rising to £3m for 2007/08 to 2009/10, reducing again to £2m for 2010/2011 and then a final year at £1m after which the funding would have to cease. It is therefore essential that the funds be spent on time limited programmes or one off investments rather than on ongoing services.

2.10 It is suggested that the size of the programme needs to be kept under review as a result of any changes made in the final determination due in late December and any compensation for rent capping that arises from the Government's final proposals.

2.11 Further consultations about the possible uses for estates pride funding will continue to take place, and the outcomes should be agreed as a part of the Local Area Agreement.

Consultation

2.12 The consultation document will be discussed with the following groups:

- Derby Homes' Board - 26 January 2006
- Derby Homes' senior management,
- City Housing Consultative Group – 17 January 2006
- Community Regeneration Commission – 10 January 2006.

Spending of the Estates Pride funding is subject to consultation with many partners through the Local Area Agreement.

Cabinet should take final decisions in February 2006.

For more information contact:	Officer: David Enticott Tel 255318 e-mail david.enticott@derby.gov.uk
Background papers:	Draft determination of Housing subsidy and related emails.
List of appendices:	Appendix 1 – Implications Appendix 2 – Consultation Document

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 directly.

Equalities impact

4. Many of the Council's tenants belong to the Council's equality target groups.

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 improvements possible through the Estates Pride programme.

DERBY CITY COUNCIL

Consultation Document

Appendix 2

Housing Revenue Account Business Plan 2006

1. The Housing Revenue Account, HRA, is set using a thirty year timeframe reflecting the long term nature of planning for council housing. This sets a number of challenges in terms of setting a budget, not least a requirement to take into account longer term pressures on a budget rather than just immediate requirements.

2. This report sets out the financial position of the HRA in the current year and projects the position forward using a series of assumptions about future funding levels. The conclusion last year was that we ought to be able to consider commencing a programme of estate improvement works, known as Estates Pride, amounting to £15m over the next five years.

3. The overall conclusion of this report is that a similar level of investment can still be sustained, as long as the government's promise of compensation for restrictions to HRA funding as a result of rent capping are fulfilled in the new year.

4. **Review of HRA financial position 2005/06**

4.1 The HRA business plan for this year involved a substantial surplus during 2005/06. The aim of this was to generate sufficient funding to allow a smooth transition at the end of substantial additional ALMO funding in 2011/12 of over £2.5m a year, and also to enable the creation of an Estates Pride fund for improvements to estates and facilities available for the benefit of tenants, initially assessed as £15m spread over five years from 2006/07.

4.2 Monitoring of the position so far this year indicates that the budget should be underspent by around £0.7m. This will be reduced by any approved spending on the Estates Pride programme during 2005/06. This year's variance is made up of the following significant variances:

Budget variance	Forecast year end £000	One off / Ongoing	Comments
Housing Revenue Account			
Rent Income	(352)	One off	Fall in RTBs 2004/05 and 2005/06
Contribution to repairs account	86	One off	Fall in RTBs 2004/05 and 2005/06
Derby Homes Supervision & Management – leases	(242)	One off	Secondary lease not required to be paid.
Derby Homes Supervision & Management – pensions	(191)	Ongoing	Adjustment to pension requirement by County Council
Derby Homes Supervision & Management - other	10	One off	Higher inspection costs than anticipated
Other	16	Ongoing	Other minor variances
Total HRA	**(673)**		(498) one off ; (175) ongoing

4.3 The causes of the underspend include a reduction in the estimated scale of Right to Buy, RTB, sales from 250 to 150 in 2005/06. This has a net benefit for the HRA as rent income is higher, but housing subsidy is not adjusted in year for such trends, and the management fee for Derby Homes is similarly unaffected in year. There is little long term saving, although a larger stock will help ease the pressure on Derby Homes to contain costs slightly.

5. Previous plan

5.1 In the previous plan, key assumptions were made about rent levels, capital costs and funding, and management and maintenance allowances, MMAs.

- **Rents**: it was assumed that rent restructuring would continue until 2012, and that the government's proposals about further rent restructuring advanced last year would be implemented.

- **Capital:** it was assumed that the Homes Pride programme would be completed on time, without any cost overruns, and that costs thereafter could be contained within funding levels made available by the government through the Major Repairs Allowance, MRA.

- **MMAs:** it was assumed that a further and final small gain would emerge in 2006/07 relating to the major changes that benefited Derby in 2004/05 and were phased in.

6. Review of key assumptions

6.1 To a large extent, these assumptions continue to hold true. The one major change is in the way in which the government's rent restructuring proposals are now set to be implemented. These were published along with the draft determination for 2006/07. In essence, the government is adopting the recommendations of the review that reported last year, suggesting higher weightings for dwellings with more bedrooms and a changed basis of moving to rent convergence, but has backdated the change to the start of the rent restructuring period rather than starting from where we are now. The impact of these changes is to increase expected rents in 2011/12 by a significant amount.

6.2 Previously the expectation had been of an average rent of £63.08 by 2011/12. The new guidance increases this to £67.56. This will inevitably increase the pressure on rents and require still faster increases over the remainder of the rent restructuring period at least. With a further 7% increase in rents expected over that period as a result, this new policy will add around 1% a year to the pressure on rents. It also increases substantially the amount of rent that can be charged before rent rebate subsidy limitation, RRSL, penalties are imposed. It is this level that the Council currently attempts to use to guide the actual rents charged.

6.3 The report on the HRA Business plan in February 2005 indicated that the HRA needed to increase rents by around 5% a year over the remainder of the rent-restructuring period. The overall increase now required is around 6% a year. The government as part of its consultation is now considering implementing a cap on council rents at 5% a year. This would mean that each local authority's rent could not on average increase by more than 5% a year for the next two financial years. Within this total, some increases are likely to be greater as a result of the increased bed weightings, so those houses with three or more bedrooms may well have rent increases well above this level.

6.4 This will, however, create a funding gap in the HRA. As expected rents used in the calculation of subsidy are not being capped, there will be an increase of just under 11% in that calculation – compared to 6% previously expected. This means that there is a huge loss of funding within the subsidy system.

6.5 To counteract this effect, the government will increase funding for Management and Maintenance Allowances, MMAs by more than the rate of inflation. Nationally it is proposing to increase these by 9.2% next year. Derby has fared relatively well with an increase of over 12%. The idea is that this 'rebasing' of MMAs is neutral across the whole country, and that the extra resources raised by increasing notional rents is added back to MMAs. The problem that remains therefore relates to the capping proposal.

6.6 Capping of Council rents at 5%, while a restriction on councils' freedoms, is acceptable if it is backed by resources. Only a limited number of councils are affected, and the government has estimated the national cost of this compensation to be around £40m. The impact of a cap in Derby will be to move the HRA steadily away from its formula or target rent by around £350,000 a year if the rent restructuring target remains as it is. The government has recognised this and is proposing some form of compensation for those affected. It is consulting on how this might be achieved.

6.7 Assuming that this compensation is set reasonably, then the short-term impact on the HRA may well be alleviated. There remains, however, a longer-term issue about rents. Once the two-year cap is removed, there will be an even greater pressure on the rent for the remaining, shorter, period of rent restructuring. It would appear that rents in Derby would then need to rise by an average of 6.2% a year – assuming 2.5% inflation. Even if this were allowed at that point, the accumulated effect of the previous two years cap could not be fully restored without a rent increase of about 7% in 2008/09. If any lower rent increase were imposed, the HRA would be losing resources unless the government continued the capping compensation beyond the two-year capping period.

6.8 If rent capping remained, there would then be an even greater gap opening up between the policies of rent restructuring and rent capping. Depending on the way in which it was resolved, this may result in a significant reduction in resources for the HRA. One scenario might be that 5% capping remained after two years. This would result in rent restructuring – and hence higher rent increases - being extended by about two years in Derby's case. Before compensation is taken into account, this could cost the HRA around £8m. This will clearly have a major impact on the Estates Pride programme if it were to arise. At this point of course, no decisions have been taken relating to those years. In this plan, it is assumed that rents will rise according to the cap for 06/07 and 07/08 and thereafter by the amount required to reach convergence, and that full compensation for the losses incurred will be received from the government. Should this not arise, there could be severe implications for the

HRA at that point. The government's consultation on this issue in the new year will therefore be of great significance to the HRA and the Estates Pride programme.

7. **Homes Pride**

7.1 The end of the Homes Pride – or Decent Homes - programme is now in sight, and Derby Homes expect to complete the task of upgrading all non-decent homes, other than those who refused to accept improvement works, by early in 2006. The funding for the whole programme of £97m has been through government approved borrowing, which will be funded by additional housing subsidy. The assumption that there would be no overspend should still be achievable.

7.2 There is, however, a question over the ability of the Council to be able to maintain its homes adequately within the funding available in future. In theory, the Major Repairs Allowance, MRA, should cover the cost of routine major repairs over a long period. It is hoped that this level of funding will prove sufficient – although it remains the largest risk for the future in this budget. If increases were made in this area, there would have to be a corresponding reduction in the Estates Pride programme.

7.3 The Estates Pride programme is revenue funded and can therefore be used on either revenue or capital purposes. It is intended that it can be used in a completely flexible manner, with no time constraints, nor revenue or capital constraints. This ability to be used flexibly is likely to be particularly helpful when considering external matched funding bids which are often set against very tight timescales and where it is normally difficult to find the funds to allow the matched funding to be offered, thus attracting the grant. It is therefore strongly suggested that a sizeable amount of the funding made available be held back to allow for such flexibility.

7.4 The expectation is that the programme will also help to some extent to smooth the change from a very large capital programme to a much more limited one as a result of the end of the Homes Pride programme. The table below illustrates this change:

	2004/2005	2005/2006	2006/2007	2007/2008
	£m	£m	£m	£m
Homes Pride	41.1	18.9	0	0
Major Repairs	7.6	7.2	7.5	7.6
Borrowing	1.0	0.8	0.8	0.8
Total HRA funds	49.7	26.9	8.3	8.4
Estates Pride	0	1.0	2.0	3.0

7.5 It is clear that even if all the Estates Pride funding were to be used for capital purposes, there would still be a marked reduction in capital spending, as might be expected as a result of the completion of Homes Pride.

8. **Management and Maintenance Allowances**

8.1 The 2006/07 MMAs have been set at an average of £1,457/dwelling, a significant increase of 12.7% on the current levels, but as explained above, will not significantly increase the funds available to meet the whole plan as a result of the increased rent assumed in the calculation of subsidy. Having said that, the increase in MMAs for

Derby is again above the national average, as the impact of the major improvement in funding in 2004/05 feeds through. We have now received all but £14 a year of the increase in MMAs that we were due as a result of that improvement.

8.2 The plan is built on the assumption that the system will remain fairly stable. Future changes to the system might not favour Derby in the way that the last major change did, and there is therefore a possible future risk to the plan as a result of any volatility in future funding levels. This risk appears reasonably low in the near future, but could grow should the overall funding available to support Council housing reduce at a national level.

9. Pensions

9.1 The previous plan assumed that the actuarial review of Derby Homes' contribution to the Local Government Pension Scheme, LGPS, would require an increase in contributions of around £281,000 a year. As it turned out, the review produced only a limited increase in contributions required of £90,000 a year. There is therefore a saving here for three years until the next actuarial review. The balance of this funding is retained against the likelihood of a further required increase in funding at the next review. Derby Homes have a pension shortfall in excess of £4m. It is proposed that the HRA attempts to eliminate this shortfall by 2016 through continuing to increase its contributions to the fund at each review date.

10. Derby Homes' management fee

10.1 The basic principles of setting Derby Homes' management fee were agreed last year and involve for the first time in 2006/07 a reduction in the fee to allow for a reduction in the homes managed. The reduction will be applied on the basis of the number of homes lost to the HRA during 2004/05 – a delay of two financial years from loss to a reduction in the fee. The HRA lost 200 homes during 2004/05 through Right to Buy, RTB. The level of RTB was much less than had been experienced previously – for instance the loss in the previous year had been in excess of 400 - but still represented a loss of 1.4% of the stock. Current year losses are running at an even lower level, which appears to be mainly as a result of much higher property prices affecting affordability.

10.2 There are some other issues that need an adjustment to the fee. Firstly, there were three additions to the fee during 2005/06, which will no longer apply in 2006/07. The first of these is the modernisation fund. This was added to the fee for the two years 2004/05 and 2005/06 to allow Derby Homes to modernise its operations and to invest in information technology. This funding has now ended. The second is the additional provision for inspection costs, which was made for 2005/06 only. This was initially set at £25,000 but the final cost will be £33,000. It is therefore proposed that the 2005/06 fee be increased by a further £8,000 – but that the full amount is then removed from the fee for 2006/07. Finally, additional support arrangements were put in place for the loss of Supporting People income relating to the tenancy support scheme to meet the costs of employing more staff than required as a result of the speed of the reduction in Supporting People funding. A one off fund for 2005/06 of up to £250,000 was made available in terms of extra fee to allow for a more reasonable pace of change to services on the ground.

10.3 It is proposed to add an additional amount to the fee to allow for a programme of tree maintenance, funded by Derby Homes through an addition to the management fee. The additional cost of this programme is estimated to be £106,000 a year for five years. It is therefore proposed to add this amount to the fee and to expect a programme of maintenance of trees to include trees located on housing estates.

10.4 Derby Homes are facing a further considerable reduction in Supporting People, SP, funding in 2006/07 as a result of a reduction in SP allocated funding for sheltered accommodation of around £700,000 and they have requested that some funding be set aside by the HRA to finance a transitional period of up to two years to manage the transition from the current service to a completely remodelled one by the end of 2007/08. This transition period should allow staff to be transferred to other posts and for tenants to remain in their homes. Derby Homes have requested transitional funding of up to £500,000 in the first year and up to £350,000 in the second year. In view of the significant reduction in funding faced by Derby Homes and to protect tenants' services as much as possible, it is proposed that this be agreed from within the HRA. To maintain the full level of previous funding would not be possible within the constraints of the HRA's funding.

10.5 Finally, the fee needs to be adjusted to reflect the introduction of a proposed wider incentive scheme than had previously been in place. This scheme would be funded by a reduction in the bad debts provision and a reduction in the fee of £50,000 each. This pot of up to £100,000 would then be available under an incentive scheme, with the details still to be finalised, in addition to the existing scheme for £50,000. Overall, therefore, Derby Homes' fee should be able to increase if they exceed targets set for performance – but would reduce should performance deteriorate.

10.6 Appendix 3 sets out the fee proposed for Derby Homes for the next three years.

11. Contract Renewal 2007

11.1 The budget and business plan have been drawn up on the assumption that the contract with Derby Homes will be renewed. This decision has not yet been made, but it is not expected that the decision would make a significant difference to costs incurred. The main difference could be in the funding received by the HRA should the ODPM remove the additional funding available to councils with ALMOs for the period up to 2010/11 if the ALMOs contract was not renewed.

12. Conclusions

12.1 The balance of the plan remains similar to the previous plan, reflecting relative stability in HRA funding over the last year. The last few years of the plan remain a concern, as they are moving into a deficit position, although the operating deficit remains below 2.5% of the rent in the final year and is covered by interest on reserves. There are now two main risks in the plan - maintenance costs and rents.

Long term maintenance

12.2 Whether the funds set aside will be sufficient to maintain the standards that have been set by the Homes Pride programme in the longer term is a considerable risk to the HRA. The reliance on MRA might prove to be inadequate in the future

Rents

12.3 The rent restructuring issues might be solved through adequate compensation from the government for our losses resulting from capping of rents, but there is a clear risk from rental levels not being permitted to increase at the pace that the government expects as part of the subsidy calculation. This could lead to significant losses of funding from the HRA in the medium term.

Final Determination

12.4 Clearly the final determination of MMAs and guideline rents – that is the final subsidy calculation – will affect the overall figures when released in late December, which are illustrated here on the basis of the draft determination plus a speculative amount as compensation for the rent cap. If there are material differences in the final determination, then these will be raised directly at consultation meetings. The final Cabinet report will of course reflect these changes.

13. Proposals for Estates Pride

13.1 On balance, though, the risks in the budget can be seen as not unreasonable. There should, therefore, be enough funding to embark on the programme of estate improvements, known as 'Estates Pride'.

13.2 The amount earmarked initially was set at £15m. Despite the uncertainty over future subsidy created by the introduction of rent caps, it is suggested that this figure be maintained. It is proposed that the first £1m of this now be scheduled to start during the current financial year, with £2m in 2006/07, rising to £3m for 2007/08 to 2009/10, reducing again to £2m for 2010/2011 and then a final year at £1m after which the funding would have to cease. It is therefore essential that the funds be spent on time limited programmes or one off investments rather than on ongoing services.

13.3 Further consultations about the possible uses for estates pride funding will continue to take place, and agreed as a part of the Local Area Agreement.

14. Consultation

14.1 This consultation document will be discussed with the following groups:

- Derby Homes' Board - 26 January 2006
- Derby Homes' senior management,
- City Housing Consultative Group – 17 January 2006
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Spending of the Estates Pride funding is subject to consultation with many partners through the Local Area Agreement.

Cabinet will make final decisions in February 2006.

For more information contact:	Officer: David Enticott Tel 255318 e-mail david.enticott@derby.gov.uk
Background papers:	Draft determination of Housing subsidy and related emails.
List of appendices:	Appendix 1 – Implications Appendix 2 – HRA business plan Appendix 3 – Derby Homes' management fee

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 directly.

Equalities impact

4. Many of the Council's tenants belong to the Council's equality target groups.

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 improvements possible through the Estates Pride programme.

		Expenditure								Income										
Year		Major Repairs Allowance	Contribution to Repairs Account (net)	Provision for bad & doubtful debts	Rent Rebates then Estate Pride	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	Net Income/ (Expenditure)	Balance Brought Forward	Interest	Balance Carried Forward	Overall Change In Year
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2005/06	0	7,221	8,559	650	1,035	12,655	5,061	4,465	39,645	36,492	(1,514)	7,774	6,260	181	42,934	3,289	5,177	290	8,756	**3,579**
2006/07	1	7,510	8,637	576	2,000	13,247	4,879	4,960	41,808	37,563	(2,006)	7,774	5,768	189	43,521	1,712	8,756	409	10,877	**2,121**
2007/08	2	7,616	8,701	592	3,000	13,294	5,055	5,106	43,363	38,574	(3,035)	7,774	4,739	198	43,510	147	10,877	465	11,489	**612**
2008/09	3	7,577	8,827	608	3,000	13,355	5,048	5,136	43,551	40,335	(4,351)	7,774	3,423	207	43,965	414	11,489	497	12,400	**911**
2009/10	4	7,650	8,956	623	3,000	13,568	5,017	5,098	43,912	42,179	(5,873)	7,774	1,901	216	44,296	384	12,400	535	13,319	**919**
2010/11	5	7,724	9,269	639	2,000	13,766	5,043	5,098	43,539	44,065	(7,432)	7,774	342	226	44,634	1,094	13,319	589	15,003	**1,684**
2011/12	6	7,798	9,404	654	1,000	13,947	5,096	5,098	42,997	46,096	(9,101)	5,098	-4,003	236	42,329	-668	15,003	623	14,958	**-44**
2012/13	7	7,873	9,541	669		14,122	5,122	5,098	42,425	46,776	(9,336)	5,098	-4,238	247	42,785	360	14,958	643	15,962	**1,003**
2013/14	8	7,949	9,680	683	0	14,384	5,122	5,098	42,916	47,466	(9,606)	5,098	-4,509	258	43,216	301	15,962	685	16,947	**985**
2014/15	9	8,026	9,821	698	0	14,695	5,122	5,098	43,459	48,167	(9,882)	5,098	-4,784	270	43,653	194	16,947	724	17,866	**919**
2015/16	10	8,103	9,963	712	0	14,886	5,122	5,098	43,884	48,878	(10,160)	5,098	-5,062	282	44,098	214	17,866	764	18,844	**978**
2016/17	11	8,181	10,108	726	0	14,831	5,122	5,098	44,066	49,600	(10,443)	5,098	-5,346	295	44,550	484	18,844	811	20,139	**1,295**
2017/18	12	8,260	10,255	739	0	15,144	5,122	5,098	44,618	50,333	(10,731)	5,098	-5,633	309	45,008	390	20,139	864	21,393	**1,254**
2018/19	13	8,339	10,405	753	0	15,444	5,122	5,098	45,160	51,076	(11,023)	5,098	-5,925	323	45,474	313	21,393	916	22,622	**1,229**
2019/20	14	8,419	10,556	766	0	15,746	5,122	5,098	45,707	51,831	(11,319)	5,098	-6,222	337	45,947	239	22,622	967	23,828	**1,206**
2020/21	15	8,501	10,710	779	0	16,109	5,122	5,098	46,319	52,597	(11,621)	5,098	-6,523	353	46,427	108	23,828	1,015	24,951	**1,123**
2021/22	16	8,582	10,865	792	0	16,410	5,122	5,098	46,870	53,375	(11,923)	5,098	-6,826	369	46,918	48	24,951	1,061	26,060	**1,109**
2022/23	17	8,665	11,024	805	0	16,752	5,122	5,098	47,466	54,164	(12,228)	5,098	-7,130	385	47,419	-47	26,060	1,107	27,120	**1,060**
2023/24	18	8,748	11,184	818	0	17,138	5,122	5,098	48,108	54,965	(12,537)	5,098	-7,439	403	47,928	-179	27,120	1,149	28,089	**969**
2024/25	19	8,833	11,347	830	0	17,461	5,122	5,098	48,690	55,778	(12,851)	5,098	-7,754	421	48,446	-244	28,089	1,189	29,034	**944**
2025/26	20	8,918	11,512	842	0	17,827	5,122	5,098	49,318	56,604	(13,171)	5,098	-8,073	440	48,971	-347	29,034	1,227	29,913	**880**
2026/27	21	9,003	11,679	854	0	18,236	5,122	5,098	49,992	57,441	(13,495)	5,098	-8,397	460	49,505	-488	29,913	1,261	30,687	**773**
2027/28	22	9,090	11,849	866	0	18,583	5,122	5,098	50,608	58,292	(13,825)	5,098	-8,727	481	50,046	-561	30,687	1,292	31,418	**731**
2028/29	23	9,178	12,022	878	0	18,993	5,122	5,098	51,289	59,155	(14,159)	5,098	-9,061	503	50,597	-693	31,418	1,321	32,046	**628**
2029/30	24	9,266	12,197	889	0	19,407	5,122	5,098	51,979	60,031	(14,499)	5,098	-9,402	526	51,156	-823	32,046	1,344	32,568	**522**
2030/31	25	9,355	12,374	900	0	19,780	5,122	5,098	52,629	60,921	(14,845)	5,098	-9,747	550	51,724	-905	32,568	1,365	33,027	**459**
2031/32	26	9,445	12,554	911	0	20,197	5,122	5,098	53,328	61,824	(15,196)	5,098	-10,098	575	52,301	-1,027	33,027	1,382	33,382	**355**
2032/33	27	9,536	12,737	922	0	20,659	5,122	5,098	54,074	62,740	(15,552)	5,098	-10,455	601	52,887	-1,187	33,382	1,394	33,589	**207**
2033/34	28	9,628	12,922	933	0	21,079	5,122	5,098	54,782	63,671	(15,915)	5,098	-10,817	628	53,483	-1,300	33,589	1,400	33,689	**100**
2034/35	29	9,720	13,110	944	0	21,505	5,122	5,098	55,499	64,615	(16,282)	5,098	-11,185	657	54,088	-1,411	33,689	1,402	33,680	**-9**
2035/36	30	9,814	13,301	954	0	21,776	5,122	5,098	56,065	65,574	(16,656)	5,098	-11,559	687	54,702	-1,362	33,680	1,402	33,720	**40**

Derby Homes Management Fee Projections **Appendix 3**

	Core Fee £000	Leasing Insurance £000	Mod Fund £000	Total £000	max Supp People £000	max incentive scheme £000
Revised 2004/5	**9,336**	**1,125**	**200**	**10,661**		
2005/6						
Inflation 3%	279			279		
LGPS increase	90			90		
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		
Inspection Cost increase	8			8		
lease and insurance changes		-92		-92		
secondary leases		-242		-242		
Supporting people - actual (max was £250k)					132	
	390	-334	0	56	132	
2005/6 total	**9,726**	**791**	**200**	**10,717**	**132**	
2006/7						
Inflation 3%	290			290		
leases and insurance - sec leases lower savings		61		61		
IT funding ends			-200	-200		
Inspection Cost one off 2005/6	-33			-33		
Incentive Fee funding	-100			-100		150
Tree maintenance	106			106		
Stock Adjustment 210 2004/5	-104			-104		
Supporting people - actual up to:				0	500	
	159	61	-200	20	500	150
2006/7 total	**9,885**	**852**	**0**	**10,737**	**500**	**150**
2007/8						
Inflation 3%	296			296		
Derby loans funding ends	-15			-15		
lease and insurance changes		-64		-64		
Stock Adjustment 150 2005/6	-78			-78		
Supporting people - actual up to:					350	
	203	-64	0	139	350	0
2007/8 total	**10,088**	**788**	**0**	**10,876**	**350**	**150**
2008/9						
Inflation 3%	303			303		
lease and insurance changes		-27		-27		
Inspection Cost	35			35		
Pension revaluation	191			191		
Stock Adjustment 1.5% RTB 2006/7	-148			-148		
plus b /court	381	-27	0	354	0	0
2008/9 total	**10,468**	**761**	**0**	**11,229**	**0**	**150**