



Housing Revenue Account Business Plan 2016 - 2046

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Foreword

We are delighted to introduce the new Housing Revenue Account (HRA) Business plan, which sets out in detail South Derbyshire District Council's ambitions for the future of their housing stock and the key priorities for the next five years.

The Business Plan demonstrates that for the next 30 years the Council can continue to invest in its housing stock and meet the needs of present and future tenants.

A key aspiration of both the Council and its tenants is to continue to build much needed new Council homes in the district and maintain and improve our existing homes to a decent standard.

We continue to be a high performing, low cost housing management service with high levels of customer satisfaction. However, a review of the HRA finances has identified that we are high cost on our back office functions compared to similar organisations. One of our key priorities will be to review all of our costs to ensure that we are as efficient and cost effective as possible and deliver excellent Value for Money to our tenants and partners.

We would like to thank everyone who has contributed towards our new HRA Business Plan and look forward to working with our tenants and partners in continuing to maintain and provide high quality, sustainable and affordable homes in South Derbyshire.



Councillor Jim Hewlett
Chair of Housing and Community Services Committee

Executive summary

This is South Derbyshire District Council's 30-year Business Plan for its Housing Revenue Account (HRA). It covers the period 2016/17 to 2045/46.

In April 2012, the funding regime for local authority social housing changed radically. The Housing Revenue Account (HRA) subsidy system was replaced by a new regime of self-financing. Under this new financial arrangement stock holding local authorities became responsible for generating all the money needed to manage, maintain and improve their housing stock.

The HRA Business Plan plays an important role in building strong, sustainable communities, and sets out the Council's vision for the future of the housing stock. It outlines how we intend to meet the necessary investment requirements to maintain our properties, and continue to meet our tenants and leaseholders priorities and aspirations.

The Business Plan also sets out the Council's wider ambitions and demonstrates how it aligns with the strategic housing priorities contained within the Council's Corporate Plan, and how it helps to support the successful delivery of the over-arching aims and objectives.

Investing in our homes will improve the quality of life for our tenants and future tenants, and also have a measurable positive impact on the local economy.

Alongside our investment in new housing, a range of actions are planned to deliver service improvements with the key priorities for investment being:

- Sustaining and improving existing Council stock
- Improving the productivity of staff through the use of mobile technology
- Continuing to listen and learn from customer feedback.

The Council consults regularly on developing its strategic approach with tenants, residents and stakeholders and consultation has taken place in the development of this Business Plan. This included identifying what was most important in terms of investment in homes and estates to our tenants and ensuring that their priorities for investment are reflected in the objectives.



Introduction

Purpose of the Housing Revenue Account Business Plan

This is South Derbyshire District Council's 30-year Business Plan for its Housing Revenue Account (HRA). It covers the period 2016/17 to 2045/46 and sets out how the Council intends to meet the investment requirements necessary to deliver the housing service and maintain its HRA properties over the next 30 years. It also considers the opportunities and aspirations of the Council to continue building much needed new Council homes in the district.

This Business Plan updates the HRA Business Plan that was approved in 2015, and is a financial plan which will be used to inform budget setting each year. Budgets will continue to be set annually by the Council as part of their annual budget setting process.

The Business Plan is based upon a set of financial assumptions, including interest rates, rent setting, void rates, bad debt levels and repair and improvement costs. These assumptions and sensitivities will be kept under review to ensure that the Business Plan financial model remains viable and continues to align with national and local priorities.

The HRA Business Plan is complementary to the Council's Asset Management Strategy which sets out the strategic framework for how the Council will manage, maintain and invest in its housing assets.

The National Context

The Housing Revenue Account (HRA) Subsidy System was replaced in April 2012 with a new regime of self-financing. Under the previous arrangements, Councils had to pay an annual amount from tenants' rents into a national funding system. This reduced the Council's ability to control and influence local spending resources available to them and impacted on investments to the housing stock.

As part of the HRA self-financing process the Council took on a debt of £57.423m and an additional £1.3m which was the total outstanding debt on the HRA at the time. Therefore the opening self-financing debt level was £58.723m as of April 2012.

In return for taking on this debt, the Council is now able to keep its rental income in full and use it to fund housing stock and estate improvements, as well as providing opportunities to build new homes and regenerate outdated and unsustainable stock. Freedom from the subsidy system allows Councils to make effective use of their housing assets and plan efficiently, and it also means that Councils are able to make longer term planning and investment decisions.

The objectives of the HRA reforms were to give:

- Councils the resources, incentives and flexibility they needed to manage their own housing stock both in the short and long term and to improve quality and efficiency
- Tenants the information they needed to be able to hold their landlord to account, by creating a clear relationship between the rent a landlord collects and the services they provide.

The Housing Revenue Account is a 'ring fenced' account. As such, it cannot receive any financial assistance from the General Fund or the Council Tax Payer. It is essential, therefore, that the HRA can fully meet its statutory obligations and business plan ambitions from the housing stock and from other qualifying income, such as capital receipts arising from the sale of HRA assets.

The Council recognises that there is a natural tension between competing investment needs and income requirements, for example levels of investment in the existing housing stock, new affordable housing and housing management service levels need to be balanced with proposed rent levels and repayment of debt.

In order to ensure that HRA monies collected are spent in a way that secures value for money and reflects the priorities of the business, the Council publish a Business Plan which describes its delivery intentions for the next 30 years.

This plan considers:

- The current position and sets the direction that the Council will take in managing its HRA business over the next 30 years
- The sources of funding to deliver the Business Plan, and how the Council proposes to spend the income received from rents, service charges and other sources to achieve its aims and maximise value for money
- Opportunities to provide as many much needed additional homes as resources will allow
- Tenant priorities for the capital programme.

The HRA Business Plan informs and complements the Council's key plans and strategies, particularly the:

- Corporate Plan
- HRA Asset Management Strategy
- Housing Strategy
- Treasury Management Strategy
- Value for Money Strategy
- Procurement Strategy.



Our vision for South Derbyshire

“making South Derbyshire a better place to live, work and visit”

The vision for the District is set out within the overarching Corporate Plan 2016-2021.

The key corporate priorities of the Council are:

- Creating vibrant communities to meet residents' needs
- Encouraging inward investment and tourism opportunities
- Keeping residents happy, healthy and safe.

The Council recognises that strategic use of its housing stock can play an important role in helping to achieve the Council's broader objectives, and this is further supported and aligns with the three strategic housing objectives as set out in the Housing Strategy 2016 - 2021:

- Improving access to and supply of housing
- Well maintained, safer, greener homes
- Helping people to live independently

The key priorities for investment over the next five years can be summarised as:

- Investment in sustaining and improving the existing Council housing stock
- A quality repairs and maintenance service
- Developing new housing - flexible by design to reflect the changing market

- Delivering value for money across all aspects of the housing service.

In addition to the investment priorities there are three over-arching customer focussed objectives:

- Excellent customer service
- Active tenant scrutiny and engagement
- Effective neighbourhood management and community engagement.

The Council's Housing Strategy 2016-2021 and the Asset Management Strategy outline in more detail the important role that housing plays in ensuring that the wider Council corporate objectives and priorities are achieved.

The Council consults regularly on developing its strategic approach with tenants, residents and partner organisations and consultation has taken place in the development of this Business Plan.

It is the Council's intention to review the Business Plan at regular intervals to ensure that it reflects as accurately as possible the current condition of the housing stock, tenants' aspirations and the funding available to achieve the objectives and targets set.

The Plan will be monitored and updated on a regular basis to ensure that it remains responsive to national and local changes and that the key priorities and objectives are successfully delivered.

Governance

The CIPFA/SOLACE publication (2007), 'Delivering Good Governance in Local Government', states that

'Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner'.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users. There is an expectation that good governance will enable the Council to effectively pursue its vision whilst ensuring the actions taken are underpinned with mechanisms for control and management of risk.

South Derbyshire District Council is part of the two-tier local government for Derbyshire, where there are eight district Councils and a county Council. The Council is made up of 36 locally elected representatives drawn from 15 Wards and has a committee structure for governance and decision-making.

Key decisions for Housing are taken by the Chair of the Housing & Community Services Committee. Some decisions are reserved for full Council such as budget setting and approving the HRA Business Plan.

The Council's Capital Programme Asset Monitoring Group review the Capital Improvement Programme on a monthly basis, and is chaired by the Director of Finance and Corporate Services.

The group ensure that capital spending and asset management decisions align with, and support the Council's strategic priorities with minimal risk.



Tenant Empowerment and Scrutiny

The Homes and Communities Agency's regulatory framework for housing organisations incorporates the principle of 'co-regulation'.

In practice this means organisations being able to demonstrate that effective and meaningful arrangements are in place which enable tenants to influence the services they receive and hold their landlord to account.

Tenant involvement is critical to the delivery of an effective and efficient housing service.



Working with our customers we have developed a range of involvement activities which customers can choose from as to how they would like to get involved, review service issues and influence how services might be improved including:

- Tenant Scrutiny Panel
- Tenant Inspectors
- Drop-in sessions
- Focus Groups.

The Council has an excellent track record in consulting with its tenants and other stakeholders to deliver its housing service.

Tenants were consulted over priorities for spend as part of the budget setting process for 2016/17 and this included identifying what was most important in terms of investment for the Housing Service.

Top priorities identified included:

- Developing new homes
- Improvements to kitchens and bathrooms, and
- Heating.

Tenants also stated that they wanted to see investment in improvements to the appearance of communal areas and estates, including provision of additional car parking.

Consultation

Methods used for consultation on the HRA Business Plan, decent homes work, new build, major refurbishment projects and proposed estate renewals included:

- Newsletter “Housing News”
- Scrutiny Panels
- Letters and leaflets
- Social media - Facebook/Twitter
- ‘STAR’ tenant satisfaction survey
- Open consultation events to help determine investment priorities



In addition to talking to tenants, consultation on this plan has taken place with our partners and other stakeholders.

We have a number of Service Review Groups where staff and tenants work together to improve services and monitor performance, including:

- Homes Standards
- New Build
- Tenancy Sustainment
- Welfare Reform/Income maximisation

We also have a Tenant Performance and Scrutiny Panel that meet quarterly who review and investigate key issues affecting service delivery and make recommendations for improvement.

They act as a ‘critical friend’ and are committed to ensuring our resources are focussed on achieving improvements that really matter to our tenants.

During 2016 a review of tenant involvement will be undertaken to ensure we continue to maximise representation and involvement in decision making to ensure our services remain relevant to our increasingly diverse customer base.

In addition we will review and update our Tenant involvement strategy to ensure our customers continue to be an integral part of service reviews.

Service Standards and Value for Money

South Derbyshire District Council's mission statement for housing:

“Through high quality services, delivered in partnership, the provision of well-maintained affordable homes that meet the requirements and aspirations of the people of South Derbyshire”.

How we will make sure our Strategy is a success

We want to deliver this vision to all of our tenants and have three local service standards to help us achieve this:

- Continual performance improvement
- Listening to and putting customers first
- Valuing staff commitment.

Feedback is an essential part of learning and customer feedback is viewed as an opportunity for us to learn and improve. All the customer feedback we receive is reviewed and every effort is made to learn from what we are told and how we can improve our processes and procedures.



**You said
... We did**

A range of survey tools are also used to gather feedback including the completion of the Housemark customer satisfaction 'Survey of Tenants and Residents' (STAR) which, being largely standardised and widely used throughout the housing sector, enables comparison between providers.

The Council has identified high levels of tenant satisfaction as a significant indicator of its performance.

The 2015 STAR survey results for overall tenant satisfaction with the service provided by Housing Services was 93%, including 52% who were very satisfied. Overall there has been a 1% increase in satisfaction since the last survey in 2012, and the Housing Service is ranked as upper quartile when benchmarked nationally against 360 of its peers.

The survey did also identify some areas for improvement:

- Communication and keeping tenants informed
- Ease of contacting/speaking to the right person
- Satisfaction with grounds maintenance - particularly the grass cutting service and cleaning of internal and external communal areas.

All identified areas of improvement from the survey have been captured and actions have been included in the relevant team's Service Plans. The Action Plan will be monitored and reported on a quarterly basis.

The Council also monitors how well it is delivering services by reviewing how effectively it delivers major projects. It regularly measures achievement against a set of key strategic and operational performance indicators, and listens to, and responds to feedback from customers.

The housing service has been a member of Housemark benchmarking service since 2002, and benchmarking forms an integral part of the performance management framework. The framework uses benchmarking to inform and set the future direction of the service through its use in business planning, target setting and budget setting. Benchmarking plays a fundamental role in reporting the business's performance, and is an important contributor in driving performance and value for money improvements.

The key Performance Indicators (KPI's) for housing which will be monitored and reported against are detailed at Appendix 1 – page 20. As part of the performance management framework the KPI's will be reviewed on an annual basis to ensure they remain fit for purpose and they will be benchmarked against comparator organisations through Housemark. This level of scrutiny and challenge will promote ownership of performance and ensure that through benchmarking of the service there is a sharper focus on outcomes that make a difference to tenants and the Council.



When benchmarked against other housing providers the Council's housing service is a low cost high performing organisation as indicated in the adjacent diagrams on our front line services, but high cost on our back office functions ie: corporate contact centre, IT and finance. One of our key priorities will be to review all of our costs to ensure that we are as efficient and cost effective as possible and deliver excellent Value for Money to our tenants and partners.

The HRA incurs significant expenditure and delivers excellent Value for Money which is an important aspect of the business plan. Major contracts are in place delivering substantial levels of cost savings, particularly for expenditure on repairs and cyclical maintenance.

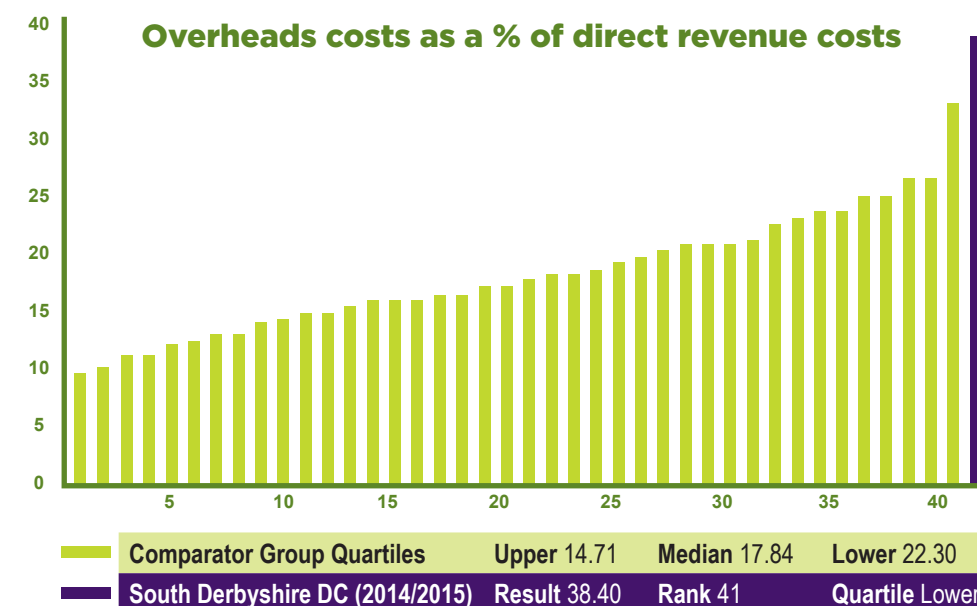
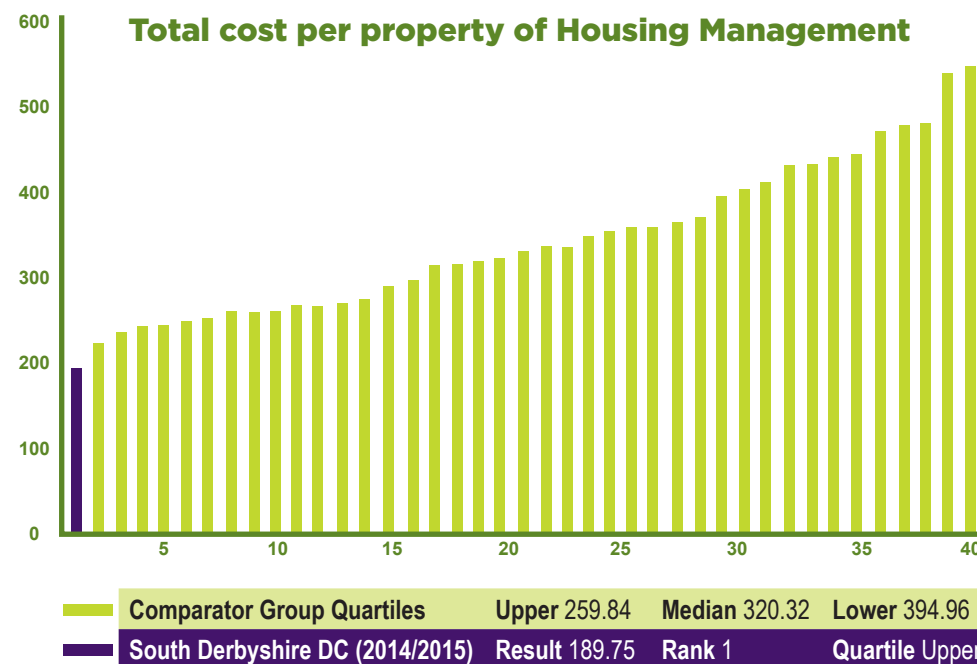
Whilst existing approaches have delivered efficiencies, the potential benefits of alternative contracting and partnering approaches will increasingly assist us in improving value and maximising expenditure to ensure value for money.

It is our intention that our programme of investment will enable us to continue to work in ways which bring additional benefits to our tenants.

Maximising Value for Money (VfM) is a key objective for South Derbyshire District Council.

Our VfM approach focusses on 6 key priority areas:

- Income maximisation
- Procurement/contractor review
- Service Level Agreement (SLA) reviews
- Internal service reviews
- Quality services/service standards
- Tenant/stakeholder involvement.



The objective of our VfM work is to:

- Develop an approach to VfM that aligns with the business planning process and key corporate plans, strategies and policies
- Ensure proactive and effective plans are in place to achieve savings year on year
- Develop a VfM Strategy and Action Plan that align with and support our business objectives, tenant and stakeholder requirements, and changes in economic and legislative environment, both nationally and locally.

Development of a VfM culture across the organisation will be crucial to ensure the objectives and actions are delivered and will be achieved by promoting VfM training for staff, tenants and other stakeholders, and by raising the profile of VfM in team meetings/ briefings, individual meetings (Personal Development Plans) and work plans.

Actions on how we aim to improve and enhance our services include:

- Reviewing and reshaping the management of housing services and evaluating the benefits of alternative models to deliver the services
- Implementation of a comprehensive housing management system to enable teams across the organisation to deliver excellent services in the most efficient and cost effective manner
- Investment in new technology and customer contact systems to continue to improve and enhance opportunities for customers to 'self-serve' and improve team productivity and functionality
- Benchmarking the housing service with upper quartile comparators
- Consider the ways in which responsible tenants can be recognised and valued - "Gold Standard Scheme".



Risk Management

Risk management focuses on the identification and management of an acceptable level of risk.

In accordance with the Council's risk management strategy, risk management is embedded within the daily activities of the Council, from strategy and policy formulation through to business planning, general management and operational processes. It is also applied where the Council works in partnership with other organisations to ensure that partnership risks are identified and managed appropriately.

Internal Audit provides scrutiny on a regular basis on the corporate risk management process, and this level of scrutiny has increased since the introduction of self-financing regime when the level of debt incurred by the Council increased to £58.723m.

The HRA Business Plan risks have been identified and mitigating actions put in place. These operational risks are managed through the relevant service area's work plan and operational risk register. Risks are reviewed regularly and any significant risks are escalated to the Corporate Risk Register.

The main risks to the HRA that have the potential to affect the delivery of the plan are:

- Inaccurate stock condition information that results in inaccurate assessment of costs in maintaining properties and other assets
- Higher right to buy sales due to the increased discounts
- Void numbers increase

- Welfare reform and its impact upon income and bad debt provision higher than estimated
- Further changes to rent policy
- Future government policy changes
- Interest rates higher than estimated on loans taken out to meet the cost of self financing.

These risks and the assumptions that underpin them within the business model will be monitored on a regular basis and corrective action taken as needed.

The Council as part of their membership with HouseMark have access to PlanForm - a new and enhanced service which will allow comparison of our HRA Business Plan with others on an anonymised basis, and enable staff to compare scenarios and sensitivities with peers.

The Risk Register which will be monitored and reported against is detailed in Appendix 2 on page 21.



Delivery of the Business Plan

Financial Strategy and Planning

One of the principal changes involved in moving from a subsidy system to self-financing is that the Council is responsible for managing its own HRA debt portfolio without Government support.

Under the subsidy system, the cost of servicing housing debt was supported by Government. However, under self-financing, the Council bears all the risk but can also take any advantage opportunities.

To ensure that the debt management position relating to South Derbyshire's HRA business plan is clear, the Council accounts for HRA debt separately from General Fund debt.

Although the pools are operated separately, treasury management decisions continue to be taken to deliver the best overall solution for the Council. The Council's Capital Programme Asset Monitoring Group and the HRA Advisory Group receive regular reports regarding treasury management so that proactive action can be taken to address any significant change or issues that arise.

As part of the HRA self-financing process the Council took on a debt of £57.423m whilst the outstanding debt on the HRA at the time was £1.3m. The opening self-financing debt level at 1st April 2012 was therefore £58.723m.

The debt cap placed on the Council by Government is £66.852m which gives a borrowing 'headroom' of £8.129m (headroom between current borrowing and its statutory debt cap). Under the Prudential Capital Code, the Council must however demonstrate that new borrowing is affordable and sustainable in its overall plan.

As part of the financial package to fund Phase 1 of the New Build programme, the Council borrowed a further £2.37m and this is included in the Financial Plan for 2016/17 and 2017/18.

The loans taken on as part of the self-financing debt for the HRA is a mix of 6 individual loans with differing interest rates and repayment dates.

Loan	Interest Calculation	Repayment Method	Principal (m)	Maturity Date	Actual Rate (%)
1	Variable	Maturity	10.0	2021/22	0.70%
2	Fixed	Maturity	10.0	2023/24	2.70%
3	Fixed	Maturity	10.0	2026/27	3.01%
4	Fixed	Maturity	10.0	2031/32	3.30%
5	Fixed	Maturity	10.0	2036/37	3.44%
6	Fixed	Maturity	7.423	2041/42	3.50%
			57.423		2.78%

The following debt repayments are due over the life of the current financial plan:

- 2021/22 - £10m
- 2023/24 - £10m
- 2025/26 – £0.9m
- 2026/27 - £11.45m.

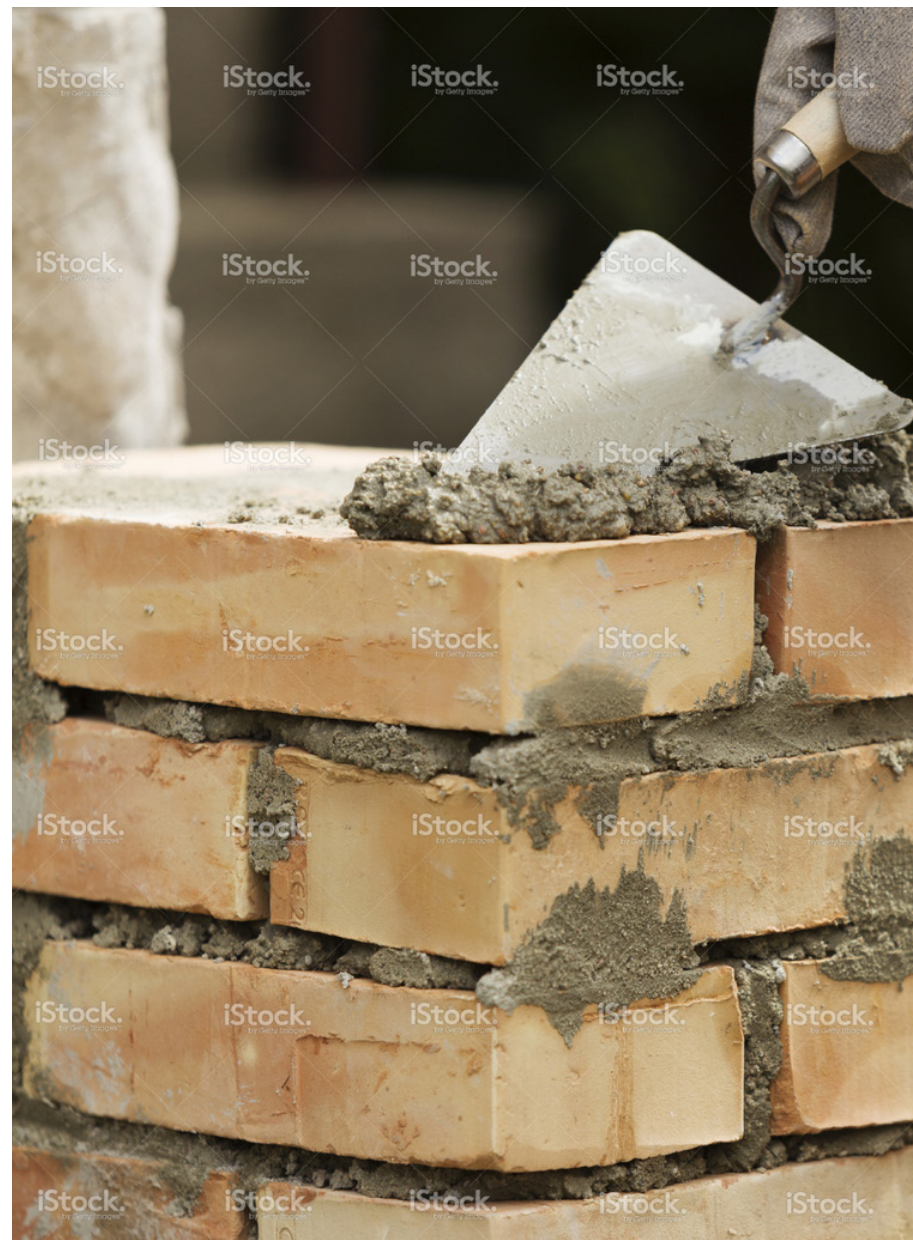
A 30-year financial projection was considered and approved by the Council in 2014/15. The projection is based on a financial model designed to ensure that a £1m minimum balance is maintained on the HRA's reserve and that planned resources are set aside for debt repayment in future years. These are the priority financial objectives to ensure the Business Plan is sustainable and the core housing service is delivered.

In October 2015, the financial position of the HRA was reviewed following the announcement that Central Government were proposing to reduce social housing rents by 1% per year from 2016/17, for 4 years.

The previous HRA Business Plan had been modelled with the assumption that there would be increases in social rents for 10 years and the review highlighted a significant loss of income in the HRA Business plan of £6m to 2020, rising to £19m by 2024.

The revised HRA projection is detailed in Appendix 3. The main implication is that the rent reduction noted above reduces the operating surplus within the HRA. Were it not for a review of the capital investment projections for the Council's housing stock, which itself has seen a reduction in the impact on HRA finances, there would have been concerns regarding the ability of the HRA to meet its debt repayment commitments.

Whilst a review of HRA finances has resulted in the projected minimum balance being in excess of £1m, the change in Government rent policy has reduced the ability for the HRA to incur major capital expenditure within the next few years. The Council will need to consider alternative options for delivering the corporate objective of building new Council homes until such time as HRA finances are able to recover from the impact of Government policies.



Asset Management and Investment

The HRA Asset Management Strategy is a separate and complementary document to the HRA Business Plan. It focusses on how the Council intends to manage its HRA asset base over the next 30 years, and is designed to inform the HRA Business Plan.

The key strategic objectives of the Asset Management Strategy are:

- Ensuring that the housing stock is maintained in good condition recognising the importance of maintaining effective stock condition information
- Assessing the suitability of and future options for poorly performing stock and non-standard properties, and;
- Ensuring effective procurement and delivery of the works programme.

The Asset Management Strategy is built around two key subject areas: Property and Service Standards and Property Asset Management, under which six priorities have been developed in response to the range of distinct issues facing the Council and the needs of residents.

A key function of this business plan is to enable delivery of those six asset management priorities:

- Achieving the South Derbyshire District Council standard for property condition, exceeding Decent Homes Standards
- Improving energy efficiency and reducing fuel poverty
- Repairing and maintaining properties to agreed repairs standards
- Meeting the particular needs of older, vulnerable and disabled households

- Being resilient: identifying and regenerating uneconomic housing and communities through effective and accurate stock management information
- Managing investment opportunities and development potential of land and property to meet local needs.

The Housing Asset Management Strategy and the underpinning action plan will be reviewed on an annual basis through the Homes Standard Service Review Group.



Responsibility for the Business Plan

Responsibility for the delivery of the actions within the Business Plan stretches across a number of teams working within the Council.

Performance and delivery of targets and actions within this plan will be monitored and scrutinised through the existing performance management framework which includes:

- Monthly performance monitoring by the Asset Management team
- Monthly performance monitoring of the capital programme by the corporate Capital Programme Asset Monitoring Group
- Quarterly performance monitoring by the Housing Management Team
- Quarterly performance monitoring by Housing and Community Services Committee.

An annual performance review will be undertaken by the Capital Programme Asset Monitoring Group, Housing Management Team, Housing and Community Services Committee, and the Service Review Group to ensure that the plan remains relevant and accurate.

Review of the Business Plan

The Housing Revenue Account Business Plan will be monitored on an annual basis to identify emerging risks and developing issues which may impact on the delivery of the planned actions or long term viability of the plan.

If required, the plan will be formally reviewed before 2021; to ensure that resources available remain capable of delivering the planned actions and/or that the actions can be amended accordingly.



Appendix 1 Key Performance Indicators

Indicator/description		Annual Target 2015/16	Out-turn 2015/16	Frequency
H24	Rent collected 'in-year' (excluding arrears brought forward)	99.2%	100.6%	Monthly
H25	Number of tenants with more than 7 weeks (gross) rent arrears as a % of the total number of tenants	2.77%	2.35%	Monthly
H3	% of properties accepted on first offer	65%	55%	Monthly
SM01	Number of homes vacant for more than 6 months	344	TBC as reported quarterly in arrears.	Quarterly
SM03	Average time taken to re-let homes (days)	21 days	18.6 days	Monthly
H13	% of all urgent repairs completed on time	Monitor only	98.95%	Quarterly
H14	% of all routine repairs completed on time	Monitor only	94.38%	Quarterly
H15	Tenant satisfaction with responsive maintenance	97%	97%	Quarterly
H20	% of properties with a valid annual gas safety certificate	100%	100%	Monthly
LM07	SAP rating	62	62	Monthly
SM02	Number of affordable homes delivered (gross)	Monitor only	80	Quarterly

Appendix 2 Risk Register

Housing Services - Risk	Potential Impact	Risk Impact	Risk Likelihood	Risk Rating	Possible Action
HS Risk 1 Rents do not rise or are not collected as anticipated due to Welfare Reform and/or other factors	Less funding is available to deliver Business Plan priorities	Moderate (3)	Possible (3)	Moderate (9)	Provision made for increased bad debt. Specialist staff appointed to deal with tenancy sustainment. Maximise partnership working with voluntary sector and use of Discretionary Housing Payments.
HS Risk 2 Right to buy sales are higher than planned	Less rental income, and therefore less funding available for the housing service	Minor (2)	Unlikely (2)	Minor (4)	Loans could be increased or costs/budgets could be reduced/readjusted
HS Risk 3 Demand for responsive repairs exceeds planned levels	Costs are greater than planned	Moderate (3)	Unlikely (2)	Moderate (6)	Costs in other areas could be reduced
HS Risk 4 Cost of maintaining the planned cyclical repairs programme exceeds budget	Costs are greater than planned	Moderate (3)	Unlikely (2)	Moderate (6)	Costs in other areas could be reduced. Loans could be increased
HS Risk 5 Changing cost of borrowing	Less funding available for improvement work	Moderate (3)	Unlikely (2)	Moderate (6)	Reschedule borrowing and/or work programmes
HS Risk 6 Unforeseen expenditure required on Council homes	Affects other programmes or borrowing requirements	Moderate (3)	Unlikely (2)	Moderate (6)	Programmes in others areas adjusted to compensate
HS Risk 7 New development schemes, locally and nationally, creating labour shortages	Increased demand for skilled labour, resulting in higher repair and improvement costs	Moderate (3)	Unlikely (2)	Moderate (6)	Other costs could be reduced
HS Risk 8 Ability to attract and retain suitably qualified housing staff	Failure to deliver priorities/service improvements	Minor (2)	Unlikely (2)	Minor (4)	Ensure that recruitment packages are attractive and succession plan in place

Each risk identified is assessed against the scoring matrix:

Risk Impact				
1 - Insignificant	2 - Minor	3 - Moderate	4 - Major	5 - Catastrophic
Likelihood of Risk				
1 - Rarely	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain

Likelihood						
Almost Certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rarely	1	1	2	3	4	5
Impact		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic

Appendix 3 Housing revenue account financial projection

Income																
	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2028.32	2033.37	2038.42	2042.47
Figures are given in £000	Actual	Approved Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	5 year total	5 year total	5 year total	5 year total
Rental Income	-12,499	-12,457	-12,384	-12,270	-12,095	-12,342	-12,832	-12,924	-13,263	-13,615	-13,976	-14,346	-77,638	-88,458	-100,756	-114,728
Non-Dwelling Income	-113	-111	-110	-109	-108	-110	-113	-116	-119	-122	-126	-129	-704	-808	-931	-1,070
Supporting People Grant	-246	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240	-1,200	-1,200	-1,200	-1,200
Other Income	-225	-181	-181	-181	-181	-181	-181	-181	-182	-182	-182	-183	-919	-929	-941	-955
Total Income	-13,083	-12,989	-12,915	-12,800	-12,624	-12,873	-13,366	-13,461	-13,804	-14,159	-14,524	-14,898	-80,461	-91,395	-103,828	-117,953
Expenditure																
General Management	1,725	1,765	1,788	1,811	1,834	1,857	1,881	1,906	1,931	1,956	1,981	2,007	10,443	11,160	11,943	12,794
Supporting People	828	798	810	822	835	849	863	878	893	909	926	944	5,026	5,658	6,536	7,803
Responsive	1,145	1,242	1,262	1,283	1,304	1,325	1,347	1,369	1,392	1,415	1,439	1,463	7,697	8,382	9,147	10,004
Planned Maintenance	2,252	1,976	2,052	2,105	2,151	2,196	2,242	2,289	2,338	2,388	2,439	2,491	13,282	14,786	16,481	18,392
Bad Debt Provision	105	44	43	43	42	43	45	45	46	48	49	50	272	310	352	401
Interest Payable & Receivable	1,561	1,690	1,808	1,858	1,859	1,859	1,859	1,559	1,560	1,290	1,290	1,291	4,698	3,056	1,345	56
Pension interest and expected return	216	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	3,167	2,985	3,042	3,015	3,005	2,995	2,985	2,976	2,969	2,962	2,955	2,947	14,633	14,464	14,302	14,150
Net Operating Income	-2,084	-2,489	-2,109	-1,862	-1,595	-1,749	-2,144	-2,438	-2,676	-3,191	-3,445	-3,706	-24,410	-33,579	-43,722	-54,353
Reversal of Depreciation	-3,167	-2,985	-3,042	-3,015	-3,005	-2,995	-2,985	-2,976	-2,969	-2,962	-2,955	-2,947	-14,633	-14,464	-14,302	-14,150
Capital Expenditure	4,205	2,795	1,800	1,843	1,888	1,935	1,983	1,692	1,733	1,777	1,816	1,847	7,640	25,006	9,546	31,842
Debt Repayment	0	0	3,529	1,459	1,117	1,060	1,002	1,284	1,236	1,185	1,139	1,100	6,993	3,588	4,756	0
New Build Contribution	2,287	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructure Costs	0	27	41	60	72	73	74	75	75	76	77	78	400	420	442	464
Accumulated Absence reversal	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pension Reserve adjustments	-285	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Potential Redundancy Cost	0	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Orchard upgrade	0	0	0	83	0	0	0	0	0	0	0	0	0	0	0	0
Delays on New Build	0	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Job Evaluation Protection	0	38	29	13	0	0	0	0	0	0	0	0	0	0	0	0
Job Evaluation Ongoing costs	0	31	32	32	32	33	33	33	34	34	34	35	179	188	197	207
Incremental Salary Increases	0	6	6	6	6	6	6	6	6	6	7	7	7	36	38	40
HRA (Surplus) / Deficit	955	-1,464	285	-1,381	-1,484	-1,637	-2,031	-2,324	-2,560	-3,075	-3,327	-3,587	-23,825	-18,805	-43,045	-35,949

Expenditure continued																
	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2028.32	2033.37	2038.42	2042.47
	Actual	Approved Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	5 year total	5 year total	5 year total	5 year total
HRA Reserve B/fwd	-2,381	-1,426	-1,603	-1,069	-1,150	-1,183	-1,221	-1,151	-1,375	-1,436	-2,010	-2,037	-4,624	-23,422	-38,227	-81,272
(Surplus) / Deficit for year	955	-1,464	285	-1,381	-1,484	-1,637	-2,031	-2,324	-2,560	-3,075	-3,327	-3,587	-23,798	-18,805	-43,045	-35,949
Earmarked non-traditional properties	0	0	0	100	200	100	100	100	0	0	0	0	0	0	0	0
Transfer to Debt Repayment Reserve	0	1,287	250	1,200	1,250	1,500	2,000	2,000	2,500	2,500	3,300	1,000	5,000	4,000	0	0
HRA Reserve C/fwd	-1,426	-1,603	-1,069	-1,150	-1,183	-1,221	-1,151	-1,375	-1,436	-2,010	-2,037	-4,624	-23,422	-38,227	-81,272	-117,221

Debt Repayment/Major Repairs Reserve																
Balance B/fwd	-1,703	-1,703	-2,990	-6,769	-9,528	-12,095	-14,755	-7,857	-11,241	-4,977	-8,662	-13,101	-3,751	-5,744	-3,332	-665
Depreciation balance	0	0	-3,529	-1,459	-1,117	-1,060	-1,002	-1,284	-1,236	-1,185	-1,139	-1,100	-6,993	-3,588	-4,756	0
Transfers to reserve	0	-1,287	-250	-1,200	-1,250	-1,500	-2,000	-2,000	-2,500	-2,500	-3,300	-1,000	-5,000	-4,000	0	0
Earmarked non-traditional properties	0	0	0	-100	-200	-100	-100	-100	0	0	0	0	0	0	0	0
Repayment of loan	0	0	0	0	0	0	10,000	0	10,000	0	0	11,450	10,000	10,000	7,423	0
Reserve C/fwd	-1,703	-2,990	-6,769	-9,528	-12,095	-14,755	-7,857	-11,241	-4,977	-8,662	-13,101	-3,751	-5,744	-3,332	-665	-665

New Build Reserve																
Capital Receipts B/fwd	-2,013	-768	-288	13	-686	-1,281	-1,875	-2,417	-2,958	-3,395	-3,831	-4,268	-4,704	-6,886	-9,068	-11,251
New Build Expenditure - phase 1	4,112	1,180	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contribution to Reserve	-2,287	-1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repton Easement	-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Feasibility / Other costs	19	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions - Alexander Road	1	219	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proposed Lullington Rd	0	583	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proposed Yard Close	0	975	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Proposed Acquisition - Fire Service	0	910	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HCA grant	-95	-95	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-490	-855	-699	-699	-595	-594	-542	-541	-437	-436	-436	-436	-2,182	-2,182	-2,182	-2,182
Borrowing in year	0	-1,450	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	-768	-288	13	-686	-1,281	-1,875	-2,417	-2,958	-3,395	-3,831	-4,268	-4,704	-6,886	-9,068	-11,251	-13,433
New Build Properties	23	41	26	0	0	0	0	0	0	0	0	0	0	0	0	0

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