

**Vale of Glamorgan Council**

**HOUSING REVENUE ACCOUNT**

**BUSINESS PLAN**

March 2007



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# 1 Stock Retention - Background

## 1.1 Background

1.1.1 Following a Housing Options Appraisal carried out in 2004, the Vale of Glamorgan Council (the Council) identified stock retention as the preferred option to providing quality housing services for its tenants and residents. The Council engaged Tribal HCH to provide finance, management and housing consultancy and to report on how to implement this option successfully.

1.1.2 The Council stock now stands at 3951 and the number of 'Right to Buy' sales has reduced over recent years.

1.1.3 The Council has taken three factors as the criteria for successful stock retention:

- the ability to achieve the Welsh Assembly Government's Housing Quality standard (WHQS);
- the financial viability of the Housing Revenue Account (it is unlawful to plan for a deficit);

and fundamental to these two points,

- the sustainability of the relationship with customers.

1.1.4 Using the work undertaken by Tribal HCH during 2005/2006, we have undertaken an update of the financial analysis and re-assessed the options for achieving:

- Welsh Housing Quality Standard (WHQS) by 2012 and over 30 years
- Viable Housing Revenue Account (HRA) over 30 years

1.1.5 In relation to tenant and resident engagement the Council is committed to providing an effective participation strategy that gives tenants and residents the opportunity to participate in the management of their homes. Through the Option Appraisal stages tenants clearly expressed their opinion that the Council should retain the Stock.

1.1.6 The following section sets out the assumptions used in the HRA Business Plan model and the findings.

## **2 HRA Business Plan**

### **2.1 Meeting the WHQS and Capital programme**

- 2.1.1 Tribal HCH used base data from the StevensScanlan survey to prepare the 30-year investment costs required to meet the Welsh Housing Quality Standard. The StevensScanlan survey was carried out in 2002 and now needs to be updated.
- 2.1.2 In order for the Council to undertake an effective capital programme of works for 2007/08 and 2008/09, the Council worked with Tribal HCH to develop an Interim Investment Plan. The Plan was developed using the results of the StevensScanlan survey and the up to date knowledge and evidence from the Councils Property and Building Services Divisions.
- 2.1.3 A summary of the Interim Investment Plan is included at Appendix A to this report and includes projects to be completed through 2007/8 and 2008/9. The Plan is funded mainly through the Councils allocation of Major Repairs Allowance funding from the Welsh Assembly Government, which is essential for the Council to retain the stock. The Council will also be using its own resources, i.e. capital receipts/revenue contributions, to fund the expenditure.
- 2.1.4 For years beyond 2008/09 the projected investment is based on the Tribal HCH revision of the StevensScanlan survey, updated for inflation. Preliminary costs of 9% and fees of 6% have been added. Preliminary costs include items that are required to deliver any particular contract, such as management costs, security, site set up costs, insurances, quality control, and temporary works if applicable.
- 2.1.5 In order to ensure the viability of the Councils Housing Stock Retention Policy it is essential that a new House Condition Survey be carried out at the earliest opportunity. This will allow the Council to confirm its future funding requirements and will better able the Council to plan long-term maintenance / improvement programmes of work. It is proposed that the survey will be a 10% random sample survey of the Councils Housing stock. The survey will be undertaken by consultants and the results will better able the Council to proceed to the design, procurement and implementation stages for the programmed work packages.
- 2.1.6 It is essential that tenant engagement be at the core of all decisions made by the Council in respect to the Housing Stock Retention Strategy and especially developing the work programmes. To enable this, the Council will be appointing a Tenant Engagement Co-ordinator and a Tenant Engagement Assistant. They will ensure effective communication between tenants and residents and the Council.

2.1.7 The Council has sought to address the need for staff resources to undertake the Interim Investment Plan and wider Implementation Plans and will put in place a Property Project Manager to undertake the work associated with the Interim Investment Plan and a Project Manager to co-ordinate delivery of the Implementation Plans.

## **2.2 Financial Model and Assumptions**

2.2.1 A financial analysis has been carried out on the Council's ability to achieve the WHQS whilst maintaining a viable Housing Revenue Account. The HRA Business Plan Model used by Tribal has been utilised and updated.

2.2.2 Assumptions used in the financial modelling are shown in Appendix B for information. The following provides a summary of the main assumptions:

- Stock Level at 1st April 2007 – 3,951 dwellings
- Supervision & Management costs based on the budget for 2007/08. Costs to rise in line with the Retail Price index (RPI) from 2007/08 onwards
- 100% of Supervision & Management costs are fixed. There is no assumed variation with changes in stock numbers
- Revenue repairs increase at RPI. A reduction in revenue repairs expenditure of 50% after WHQS is met in 2012. For 2007/08, total repairs, maintenance and improvement expenditure per property is expected to be £2,217. This includes both revenue and capital expenditure. During 20013/14 this figure will decrease to £1,737, which seems reasonable.
- Average Rents at £61.59 per week in 2007/08 calculated on a 52-week basis, increasing by 1% plus RPI per annum as per notional rent increases advised by the Welsh Assembly Government (WAG), for Housing Subsidy purposes.
- Increased reallocations to the General Fund have been made relating to housing strategy costs, ground maintenance, removal of rubbish and waste clearance (total estimated at £200,000 p.a.).
- Catch-up repairs of £2.832million can be funded from carried forward Major Repairs Allowance (MRA) underspend.
- The number of Right To Buy (RTB) sales in 2007/08 is expected to be 30 based on current trends, it is anticipated that this trend will continue until 20012/13 when sales will increase to at least 45 per annum. It has been assumed that after WHQS is met in 2012 the properties will become more desirable. In the past sales have been as much as 166 per annum (2003/2004).

- Capital Receipts relating to Penarth Heights are used; the profile is estimated below. Now that contracts have been exchanged it would seem reasonable to assume that this receipt will be available.

Year	Useable Receipt
	£
2011/12	984,561
2013/14	366,738
2014/15	1,094,126
2017/18	1,537,458
2020/21	1,089,562
<b>Total</b>	<b>5,072,445</b>

- The use of £2,000,000 capital receipts in Year 3 (2009/10). There are approximately £2,400,000 Housing Revenue Account receipts currently available.

2.2.3 These assumptions have been agreed with the relevant officers.

## 2.3 Housing Revenue Account projections

2.3.1 The financial analysis undertaken on the base model showed the Council unable to achieve the WHQS without further action.

2.3.2 Consequently, a further analysis was undertaken to show the position after taking the following actions:

- **Action 1** – Increased Service Charges of approximately £127,000 per annum from 2008/2009 (Year 2) onwards. A review is currently being undertaken by consultants and it is anticipated that Cabinet will be presented with the results during the summer of 2007.
- **Action 2** – Stepped reduction in supervision and management costs at 1.30% every 5 years to reflect a reduction in the housing stock due to Right-to-Buy sales. It is reasonable to assume that as the housing stock reduces the management and supervision time would also reduce.

- **Action 3** – A reduction of £200,000 to the Building Maintenance Client recharge from 2008/09 onwards due to efficiencies being found within the service.
- **Action 4** – Efficiency Savings of 1% per annum for 15 years from 2008/09 to 2021/22 on Supervision and Management costs. Cabinet have already agreed on efficiency savings for 5 years, but with the constant pressures facing public services, now and in the future, 15 years would seem a more accurate target.
- **Action 5** – HRA Land Asset sales totalling £3million in 2008/2009. Current financial rules allow the council to use 50% of the total value. Currently quotes are due for marketing/valuation advice for the sites originally highlighted in Tribal's report.
- **Action 6** – Prudential Borrowing (Unsupported borrowing) of £34.780M

2.3.3 A number of additional sensitivities could be undertaken and were also modelled:-

- **Sensitivity 1** – Management & Maintenance (M&M) Allowances to increase by 2% plus RPI p.a. until 2012/13 (instead of RPI only). WAG's current guidance is that M&M allowances should increase by inflation only, however over, the last few years' allowances have increased on average by 2% plus RPI, and for 2007/2008 the increase was 5% plus RPI.
- **Sensitivity 2** - Rent increases at 5% plus RPI from 2008/09 to 2013/14. Rents are currently assumed to increase by RPI plus 1%, which is in line with notional rents in the Subsidy.

2.3.4 The detailed capital and revenue projections for the models are shown in Appendices C to F as follows:

C(i) – Major Repairs and Improvements Financing (Capital) – Base Model

C(ii) – Operating Account (Revenue) – Base Model

D(i) – Major Repairs and Improvements Financing (Capital) – Base Model adjusted for the impact of Actions 1 - 6

D(ii) – Operating Account (Revenue) – Base Model adjusted for the impact of Actions 1 - 6

E(i) – Major Repairs and Improvements Financing (Capital) – Base Model adjusted for the impact of Actions 1 – 6 & Sensitivity 1

E(ii) – Operating Account (Revenue) – Base Model adjusted for the impact of Actions 1 – 6 & Sensitivity 1

F(i) – Major Repairs and Improvements Financing (Capital) – Base Model adjusted for the impact of Actions 1 – 6 & Sensitivity 2

F(ii) – Operating Account (Revenue) – Base Model adjusted for the impact of Actions 1 – 6 & Sensitivity 2

2.3.5 The Major Repairs and Improvements Financing appendices detail the total required capital investment to meet the WHQS and to maintain the stock over the next 30 years. The following table gives a description of each column:

<b>Major Repairs and Improvements Financing</b>	
'Catch up Repairs'	This relates to carried forward MRA underspend
Planned Maintenance	Includes work required to maintain and improve the stock, particularly to meet the WHQS in 2012.
Improvements	Improvements and environmental works to estates, this will be secondary to any building works.
RTB Receipts	This represents 25% of receipts from the Sale of Council Houses
Major Repairs Allowance	Grant from WAG approximately £2.7million per annum
Other Receipts	This includes capital receipts other than RTB's.
RCCO	Revenue Contributions to Capital are appropriations from the revenue account to fund capital expenditure, where the revenue account is in surplus.

2.3.6 The Operating Account displays the revenue account position year on year:

<b>Operating Account</b>	
Net Rent Income	The rent and service charge income receivable on all dwellings adjusted for voids and bad debts
Other Income	Garage rents

Miscellaneous Income	Includes rent on the hostel, commission from welsh water, supporting people income, wayleaves and easements.
Management Expenditure	Fixed costs for management and supervision.
Maintenance	Revenue repairs expenditure
Debt Charges	Charges for loan debt
HRA cost of rent rebates	Equates to the shortfall in rent rebates receivable via Department of Works and Pensions, due to average rents been higher than notional guideline rents.
Miscellaneous expenses	Hostel expenditure
HRA subsidy payable	Money due to WAG based on stock size, notional rents, and outstanding debt

2.3.7 The figure below summarises the results of modelling the investment scenarios and the agreed sensitivities:

### Results of HRA Projections

	CAPITAL ACCOUNT		REVENUE ACCOUNT		
	Shortfall Against Required Investment		Year Account Goes Below Recommended Balance	Year Account Goes Negative	Weekly Rent @ 2012
	Year 6	Year 30			
	2012/13	2036/37	YEAR	YEAR	£
	£m	£m			
<b>Base Model (Appendix C)</b> Includes recharges to the Council Fund (nil prudential borrowing)	25.19	25.19	Not Within 30 Years	Not Within 30 Years	74.25

	CAPITAL ACCOUNT		REVENUE ACCOUNT		
	Shortfall Against Required Investment		Year Account Goes Below Recommended Balance	Year Account Goes Negative	Weekly Rent @ 2012
	Year 6	Year 30			
	2012/13	2036/37	YEAR	YEAR	£
	£m	£m			
<b>Base Model including Actions 1 – 6 (Appendix D)</b> Includes Prudential Borrowing of <b>£34.78</b> million	0	0	Not Within 30 Years	Not Within 30 Years	74.25
<b>Sensitivity 1 – (Appendix E)</b> Actions 1-5 and M&M allowances @ 2%+RPI until 2012/13 and prudential borrowing of <b>£25.33</b> million	0	0	Not Within 30 Years	Not Within 30 Years	74.25
<b>Sensitivity 2 – (Appendix F)</b> Actions 1 – 5 Rent increases at 4% pa more than guideline from 2008/09 to 2013/14 Prudential Borrowing of <b>£22.92</b> million.	0	0	Not Within 30 Years	Not Within 30 Years	86.48

2.3.8 The base model above shows that the Council cannot meet the WHQS by 2012 or maintain it over 30 years, with a capital shortfall totalling 27.34m by 2012. This however is subject to a number of sensitivities:

- The effect on revenue repairs of meeting the WHQS in 2012 has been assumed to decrease by 50%. If the decrease were only 30% then the revenue account will stay in surplus, but this surplus will decrease over the 30-year period from £23,016,000 to £532,000. A reduction of £22,484,000. The shortfall against required investment will increase by £637,000 for 2012/13 and over 30 years the increased shortfall on investment will be £5,459,000.
- The current level of Right to Buy sales is approximately 30 per annum. It has been assumed that after WHQS is met in 2012 the properties will become more desirable and sales will increase to 45. However, should the increase be 10% less, the effect on the revenue account will be a reduction in surplus over 30 years of around £2,467,000, with minimal reduction on any shortfall in investment. Should the increase be 10% more, the effect

will be a decrease of £73,000 in the shortfall on investment, and an increase in the revenue account surplus of £2,432,000.

- The total surplus after 30 years on the revenue account is £23,016,000 however, by not borrowing and only using Revenue contributions to capital there will be a delay on meeting the WHQS, as demonstrated in the table below. This assumes no borrowing to meet WHQS, and shows an overall shortfall on investment of £2,685,000.

<b>Year</b>	<b>Cumulative Shortfall in Investment</b>	<b>Annual Use of Revenue Surplus to fund Capital</b>	<b>Cumulative use of Revenue Surplus</b>	<b>Remaining Investment Shortfall</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
2009/10	<b>3,990</b>			<b>3,990</b>
2010/11	<b>13,003</b>			<b>13,003</b>
2011/12	<b>21,212</b>			<b>21,212</b>
2012/13	<b>25,194</b>			<b>25,194</b>
2013/14	<b>25,194</b>	830	<b>830</b>	<b>24,364</b>
2014/15	<b>25,194</b>	1,470	<b>2,300</b>	<b>22,894</b>
2015/16	<b>25,194</b>	531	<b>2,831</b>	<b>22,363</b>
2016/17	<b>25,194</b>	550	<b>3,381</b>	<b>21,813</b>
2017/27	<b>25,194</b>	6,009	<b>9,390</b>	<b>15,804</b>
2027/37	<b>25,194</b>	13,119	<b>22,509</b>	<b>2,685</b>

2.3.9 Actions 1 – 6 will improve the position by borrowing to meet the WHQS. However, the following Sensitivity Analysis highlights what would happen if Actions 1 – 5 were not achieved:-

- Action 1 assumes the rent and service charge setting review currently being undertaken, will be implemented in time for the 2008/2009 financial year. If it does not go ahead the effect on the Business Plan will be that the revenue account will go below the recommended balance in 2010/11, but will re-stabilise the following year. The shortfall against required investment will increase by £183,000 for 2012/13 and £5,197,000 by year 30.
- Action 2 assumes that management costs will reduce on a stepped basis every 5 years by 1.3%. If this is not the case, then the effect on the business plan will only be to the shortfall on investment to year 30 which will increase by £3,943,000.
- Action 3 assumes that the Building Maintenance Client recharge to the HRA will reduce by £200,000 p.a., from 2008/2009. The effect of this not happening is that the HRA working balance will fall below the recommended level in 2010/11 but will re-stabilise in the following year. The shortfall in required investment will be £508,000 in 2012/13, and £7,541,000 by year 30.
- Action 4 assumes that efficiency savings of 1% per annum on management costs will occur year on year for 15 years. If this does not happen then the shortfall against required investment will increase by £26,000 by 2012/13 and £11,535,000 by year 30 .
- Action 5 assumes that land asset sales totalling £3M will occur in year 2 (2008/2009). If the sale of land is not realised, the shortfall against required investment will increase by £1,641,000.

2.3.10 WAG's current guidance is that M&M allowances should increase by inflation only i.e 2.0% each year. However over the last few years allowances have increased on average by 2% plus RPI. Sensitivity 1 considers the impact of M&M allowances increasing by 2% plus RPI until 2012/13. This results in the amount of borrowing required to meet WHQS reducing to £25.33 million.

2.3.11 Sensitivity 2 considers rents increasing at 5% plus RPI and combining Actions 1 to 5, this results in average rent increases being 4% above those in the base model. The impact is that rents at 2012/13 will be £86.48 per week compared to £74.25 in the base model, a difference of £12.23 per week. Increasing rents to this level would mean a reduction in borrowing to £22.92million.

## 2.4 HRA Debt & Unsupported Borrowing - Stock Transfer Implications

2.4.1 The above analysis considers unsupported prudential borrowing in the region of £22.92m to £34.78m along with a number of other measures in order to achieve a position where stock retention is a viable option for the Council.

2.4.2 However should stock retention then become not viable at some point in the future and the Council considers stock transfer at that stage, then the earlier use of prudential borrowing would impact on the Council's ability to pursue Stock Transfer because of the potential significant financial impact on the General Fund.

2.4.3 The current guidance from the Welsh Assembly Government is that HRA debt will be written off by the Treasury on transfer. However the amount written off will be based on the HRA subsidy capital finance requirement (HRA SCFR), which for the Vale of Glamorgan currently totals £2.6M. The HRA SCFR excludes all of the unsupported borrowing identified above. Therefore should stock transfer take place the unsupported borrowing would become a cost to the General Fund. If the Council undertook the minimum borrowing of £34.78M this would not be written off on transfer and remain a cost to the General Fund. Below gives a summary of the balance outstanding of unsupported debt at various intervals and the effect on General Fund revenue if that debt transferred during that year. The Capital financing costs relate to the charges falling on the General Fund during the year of transfer.

<b>Year of Transfer</b>	<b>Balance Unsupported Borrowing</b>	<b>Capital Repayment</b>	<b>Interest Repayment</b>	<b>Total charge in year of transfer to fall on General Fund</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
2011/12	10,916	437	891	<b>1,328</b>
2016/17	25,877	1,035	1,491	<b>2,526</b>
2021/22	24,966	999	1,463	<b>2,462</b>
2026/27	26,835	1,073	1,546	<b>2,619</b>
2031/32	24,257	970	1,398	<b>2,368</b>
2035/36	22,374	895	1,292	<b>2,187</b>

2.4.4 The Council needs to be aware that a decision to undertake Prudential Borrowing to achieve a viable HRA may significantly constrain its ability to pursue Stock Transfer at some future stage.

## 2.5 Risk Assessment

2.5.1 A risk assessment has been conducted on the Assumptions and Actions identified in the Housing Business Plan.

2.5.2 The Council’s corporate methodology for the identification of risks and their levels has been used. Each risk is assessed according to the impact that it would have on the Council (Magnitude). For this assessment the Magnitude of each risk has been based on financial impact. The probability of each risk occurring (Likelihood) is then assessed and the two scores multiplied. The higher the resulting score, the greater the risk and the more important it is to take appropriate action in the form of countermeasures to control the risk.

2.5.3 Scores are converted to an overall risk category as follows:

### Risk Assessment Matrix

<b>Possible Impact or Magnitude of Risk</b>	<b>Catastrophic</b>	4 <b>MEDIUM</b>	8 <b>MEDIUM/HIGH</b>	12 <b>HIGH</b>	16 <b>HIGH</b>
	<b>High</b>	3 <b>MEDIUM /LOW</b>	6 <b>MEDIUM</b>	9 <b>MEDIUM/HIGH</b>	12 <b>HIGH</b>
	<b>Medium</b>	2 <b>LOW</b>	4 <b>MEDIUM</b>	6 <b>MEDIUM</b>	8 <b>MEDIUM/HIGH</b>
	<b>Low</b>	1 <b>LOW</b>	2 <b>LOW</b>	3 <b>MEDIUM/LOW</b>	4 <b>MEDIUM</b>
Low 1-2 Low/Medium 3 Medium 4-6 Medium/High 8-10 High 12-16		<b>Very Unlikely</b>	<b>Possible</b>	<b>Probable</b>	<b>Almost Certain</b>
<b>Likelihood/Probability of Risk Occurring</b>					

- 2.5.4 The results of the risk assessment are included at Appendix G. This highlights future MRA allocations and future revenue repairs as having the greatest risk, which are Medium/High.
- 2.5.5 The Appendix also identifies the countermeasures that should be taken to manage the various risks.

### **3 Alternative options**

3.1 There are alternatives to the current model of delivery that the Council could consider:

- externalising the management;
- externalising the ownership of the stock and the management (i.e. stock transfer).

#### **3.2 Externalising the management**

3.2.1 There are two main options for Housing Management

- to set up a new organisation, controlled by the Council, but managed at arms length;
- enter into a partnership arrangement with a existing provider to deliver the service.

3.2.1 Neither of these options would remove the need for the financial viability actions discussed above, but they could place the management and delivery of these strategies in an environment that would create a focus for change and improvement in housing service delivery. This would need to be set against additional costs of both implementation and maintenance of new arrangements.

#### **3.3 Stock Transfer**

3.3.1 Tenanted stock transfers can take place in Wales only to bodies registered with the Assembly. The Assembly registers, supervises and provides some funding to Registered Social Landlords. This is the name given to organisations encompassing registered housing associations, local housing companies, community mutual organisations and other social landlords, although housing association is the more common term and the one used in this report. Housing Associations in Wales are regulated by the Assembly and inspected by the Wales Audit Office. Stock transfer of tenanted stock can only occur after tenants have been balloted and have endorsed the move.

3.3.2 The Assembly's preferred model for transfers in Wales is the Community Mutual Housing (CHM) model, whereby a Council transfers its stock to a body which is wholly owned by the community. The basis of community mutual is that the ownership of local authority stock would transfer, following ballot, to the tenants of the new organisation. Board composition of the new body would largely follow the traditional 'third/third/third' structure. The only shareholders in the transferred organisation would be its tenants.

- 3.3.3 Unlike existing models, however, not only is the business conducted for the benefit of the community, but the organisation is also owned by the community. This is achieved by having as members of the Community Mutual those members of the community in receipt of the services being provided, namely the tenants. By this mechanism, there is a real sense of ownership by the local community, and a real sense of participation and involvement by the tenants. It also avoids any sense of some remote or unaccountable organisation owning and running the properties.
- 3.3.4 Valleys to Coast Housing has adopted some aspects of the Community Mutual Model.
- 3.3.5 Most tenants, when consulted in the options appraisal, were not in favour of stock transfer. However, there may be financial benefits of stock transfer to tenants.
- 3.3.6 While the Council retains the stock it is subject to WAG's HRA subsidy rules, therefore over a 30-year period the tenants of the Vale are paying in excess of £200 million to WAG for HRA subsidy. Also the current rules on Right to Buy (RTB) and land receipts are that the Council will have pay over to WAG 75% of RTB receipts and 50% of other Housing land asset sales, when debt free in 2 to 3 years time, this totals over £110 million over 30 years. If the Council transferred its stock the new landlord would not be subject to HRA subsidy or pooling of capital receipts. However, any potential Dowry funding from WAG for a new landlord, depending on how assessed, may take some of these factors into account.
- 3.3.7 There are benefits to tenants:
- there would be more certainty about meeting WHQS;
  - there may be more resources available to improve services.
- 3.3.8 However, there are both costs and benefits for the Council:
- Costs
- residual corporate costs, the HRA is currently charged £1.3M per annum for support services, not all staff within the support service departments will transfer to the new landlord, there will be a residual element which will remain a cost to the Council, based on previous transfer experience the residual costs could be between £0.5M to £0.8M, a complete analysis of support services will be required to accurately identify the residual corporate costs;
  - half of the pre-ballot set up costs (around £200,000) would fall to the General Fund in the event of a 'no' vote;

### Benefits

- potential for new housing development in the medium and long term;
- a new partner to help pursue the regeneration agenda.

## 4 Conclusions

- 4.1 The analysis in section 2 shows that stock retention is an option for the Council as WHQS can be met by 2012 and a sustainable revenue account exists. However the viability of the HRA is dependent upon the Assumptions and Actions included in the financial analysis including the following:
- management costs reducing by 1% real each year for 15 years to reflect efficiency savings together with other significant revenue savings
  - capital receipts from Right to Buy, land and Penarth Heights sales being received
  - prudential borrowing of 34.78million
  - reliability of the base stock condition survey data from StevensScanlan as adjusted by Tribal HCH
- 4.2 Therefore it is clear that in order to achieve WHQS difficult decisions will need to be taken by the Council. In addition the Council will need to put plans and procedures in place to achieve and monitor the above Assumptions and Actions.
- 4.3 The Council needs to be aware that a decision to undertake Prudential Borrowing to achieve a viable HRA may significantly constrain its ability to pursue Stock Transfer at some future stage.
- 4.4 The option of stock transfer will need to be considered if the above Assumptions and Actions are not implemented.
- 4.5 In order to retain the stock, the strategy upon which the Housing Business Plan is based will need to be approved. This includes the Actions 1 –6 highlighted in paragraph 2.3.2. This will then form the Housing Revenue Account Base Model for the future, which will need to be pursued and monitored.