

Appendix B – HRA Business Plan Assumptions for Base Model

Item	Assumption
Stock Level at 1 st April 2007	3,951 dwellings, based on revised estimates of RTB sales (N.B. original stock condition survey based on 4,426 dwellings)
Minimum level of balances to be maintained	£427,000 in real terms, which approximates to 3.5% of gross expenditure. This is considered to be a prudent level.
Working Balance Brought Forward	£2.672m
Supervision & Management costs	Based on 2007/2008 budget estimates. Costs to rise in line with RPI from 2007/08 onwards
Fixed/ variable costs	100% of Supervision & Management costs are fixed. There is no assumed variation with changes in stock numbers
Revenue Repairs spending	Revenue repairs increase at RPI. A reduction in revenue repairs expenditure of 50% after WHQS is met in 2012.
Rent rebates	68.30% of gross rents to be rebated
Rents	£61.59 per week (average) calculated on a 52 week basis for 2007/2008 to increase by RPI + 1% from 2007/08 onwards inline with notional rent increases
Service Charges	£0.18 per week tenant Service Charges (based on budget) calculated on a 52 week basis
Voids & bad debts	2.48% a year.
Mortgage interest	To reduce in line with the repayment of existing mortgages
Subsidy variables	Taken from the 2nd advance HRA subsidy claim (HRAS 07-01(W)) & determinations made by the Welsh Assembly
All other revenue income & expenditure	Based on 2007/08 budget
Recharges to General Fund	Increased reallocations of costs to the General Fund have been made relating to Housing Strategy Costs, Ground Maintenance, Removal of rubbish and waste clearance (estimated at £200,000)
Capital Investment / Stock Condition	Based on Tribal HCH revision of StevensScanlan survey. Per unit costs to rise in line with RPI. Prelims added to capital repairs & maintenance at 9%, and fees at 6%

Item	Assumption
RTB sales	Freehold - 26 sales per annum Leasehold – 4 per annum Until 2012/13 when assumed increase to 45 p.a.
RTB Stock Valuation	Gross Average Valuation £101,651 based on 2005/06 Actuals adjusted for inflation
RTB discounts	Max discount of £16,000 in 2007/08 & subsequent years
Usable receipts from RTB sales used to pay for the HRA capital programme	25% of the sale value.
Penarth Heights Sale	Capital Receipts relating to Penarth Heights are anticipated to be received and used as follows – 2011/12 £0.985M, 2013/14 £0.367M, 2014/15 £1.094M, 2017/18 £1.537M, 2020/21 £1.090m
Use of available capital receipts	Use of £2M capital receipts in Year 3 (2009/10), there are approximately £2.4M Housing Revenue Account receipts currently available.
Hostel bed spaces	29 bed spaces, which equate to 10 units for HRA subsidy purposes
Hostel capital repairs	Assume £100,000 every 10 th year from year 8 onwards, to be funded from Capital Resources