DRAFT DOCUMENT

HOUSING REVENUE ACCOUNT BUSINESS PLAN

2012-2042

This document is a working draft for consultation and is due to be finalised in early 2012. The cost analysis and funding arrangements remain subject to finalisation in early 2012. The assumptions will need to be validated once the Government has issued further advice on the HRA reform and the borrowing cap for the transfer of the HRA housing stock is confirmed.

Version 1.0 revised for CEB

Contents

1 Introduction

This draft Business Plan sets out Oxford City Council's plans for the maintenance and regeneration of its 7,800 rented homes and its plans for the development of additional new affordable housing over the next thirty years. The plan is developed in response to the Government's reform of the Housing Revenue Account (HRA) regime.

This version of the Plan is a working draft which is released as part of the Council's wider consultation. The Plan will continue to be developed and refined over the next three months preparatory to finalisation in early 2012 when it will be presented to full Council for approval. This business plan is first and foremost a financial document which demonstrates that the Council can fund the borrowing required to meet the capital charge payable to Government when the HRA regime ends in 2012 and meet its management and repairs responsibilities thereafter. However the new freedoms post HRA create the potential for opportunities and choices in future housing investment which are outlined here and these will need to be considered and developed going forward.

The Government has confirmed that the HRA regime will cease on 31st March 2012. This ends the system where Councils, such as Oxford City, which had a notional surplus under the HRA, made an annual payment (negative subsidy) to Government. The payments were redistributed to Local Authorities which had a notional deficit. To bring this system to an end, Government has capitalised future payments and requires Local Authorities in surplus to make a single payment, which will be redistributed to Local Authorities in deficit. The Government will allow Local Authorities to borrow to fund this capital payment. Local Authorities will have responsibility for rents, repairs and maintenance and investment, and funding the borrowing.

The Council published its Housing Strategy in 2008 (for the period 2008-11), and will shortly publish its strategy for the period 2011-14. This strategy identifies considerable demand for housing in the city; one that continues to outstrip supply and demonstrates that we have a significant affordability gap for many in our community whose housing needs are met through social housing.

The Council remains committed to its landlord role, and the retention and ownership of its stock following an options appraisal in 2005, and consultation with its tenants. This plan is a fundamental part of our commitment to meeting this corporate objective.

The Council has delivered and met the national Decent Homes standard in its own stock in 2010, ahead of the deadline. It remains committed to the delivery of a high quality service and maintaining its housing assets. The priorities include: the continued improvement of our rented homes, the refurbishment of tower blocks, the regeneration of our estates, raising the thermal efficiency of homes and investing in new homes for rent to meet housing need.

This document sets out information on our stock condition; it identifies the work we need to do to sustain our stock through a thirty year period and beyond, including the further improvement and refurbishment work we intend to undertake and illustrates our plans for new development to help address the high demand for housing in the City. The financial plan has been modelled by CIH consultants with cost assumptions from asset management consultants Savills and Sector treasury management.

The Council is committed to a process of continuous improvement in its housing services. The business plan notes actions which are in hand or to be commissioned to deliver further improvements which are referenced in the document (A.reference number) and consolidated in an action plan in the appendices (Appendix 1).

The Plan is arranged as follows:

Section 2: Economic and Policy Context: describes the economic and policy context at national and local levels;

Section 3: Housing Need and Supply: describes our tenants and leaseholders and the requirement for social housing in Oxford.

Section 4: Council Housing Assets: provides an analysis of the Council's housing stock and planned maintenance and renewal;

Section 5: Governance and Consultation: reports on our engagement as part of the business plan process;

Section 6: Performance and Service Delivery: reviews our current performance and standards

Section 7: Resources: examines the funding available for the transfer of the housing stock our of the HRA and our projected income and borrowing;

Section 8: Self-Financing Housing Model: sets out the projected repairs, maintenance and other costs identified in the current programme

The appendices include the action plan summary, model cashflows, and risk register.

2 Economic and Policy Context

2.1 Economic context

The economic challenges which face social housing are significant:

- Major reductions in grant funding for social housing and regeneration, together with reductions in financial resources available to Local Authorities in general.
- Adverse economic and employment conditions where the effects are most keenly felt by the less affluent and more vulnerable in society.
- Increasing incidence of homelessness and rent arrears as a consequence of economic pressures and the changes in benefits and welfare policies.
- Increasing pressures on housing in Oxford with rising house prices and market rents, with market housing unaffordable for many in work as well as for those on benefits.
- Demographic factors reinforce these challenges: increases in migration, household formation and the incidence of family breakdown, and life expectancy.

In summary the demand for social housing is set to rise significantly even though the demand in Oxford is already evidencing the highest affordability gap nationally, with the exception of parts of London.

The current economic context also affords some opportunities:

- Borrowing costs are at extremely low levels
- Costs in the construction sector are being held back, at least in the short term.

These factors will help support the Council in taking opportunities to reduce costs, improve efficiency and re-invest the savings in its existing and new homes.

2.2 National policy

The reform of national housing policy and finance will have an impact on our city wide housing strategy. The reform of social housing finance is part of a wider approach to social housing reform by the Government.

Many of these reforms are contained in the proposed Localism Bill. Our Business Plan needs to be robust and flexible enough to manage the benefits and the risks which arise. This is reflected in our initial risk management plan (Appendix 1). Examples of the reforms that will impact on our service delivery plans are identified below.

Welfare Reform

Proposals for welfare reform will introduce the universal credit system with a single payment made to individuals and families, replacing a number of existing sources of welfare benefit. This payment may include the housing benefit allowance, currently paid to the landlord directly.

The potential risks are that overall benefit levels may be reduced, even if housing benefit is ring-fenced, and that the tenants receiving housing benefit allowance will be responsible for making rental payments. This is expected to lead to an increase in rent and service charge arrears, and affect the income side of our business plans.

Oxford City Council has a robust income management strategy and a specialist rental income team, who have an excellent record. We are confident that our performance, including early intervention, allied to a strong management and governance regime will minimise arrears and debt right-off. We will also seek to make arrangements with tenants to facilitate direct payment to the Council.

Increased Homelessness

There will be a duty upon Local Authorities to develop a tenancy strategy setting out their plans to meet housing need through a combination of different tenures and tenancy type. We already have a highly effective and 'beacon' private sector scheme to assist potentially homeless people. The reforms contained within the proposed bill will enable us to expand this to discharge our homeless duty, where appropriate, into this sector, alleviating pressure on our own housing stock to meet this demand. However, the welfare reforms are already resulting in an increased incidence in homelessness and rising costs for Local Authorities.

Affordable Rents

The Government's 'Affordable Rents' policy promotes the funding of new rented homes by setting rents up to 80% of market levels.

Following a successful bid to the HCA for funding to build new housing, in competition with many other social housing providers, we have received an indicative award of £2.5 million to build 112 new homes on Council-owned sites throughout the city. HCA funding is conditional on homes let at Affordable Rents, with limited exceptions. The Council will fund the balance of the cost of £16 million.

The Council's policy remains that affordable housing provided through Section 106 planning agreements are at social rents. Social housing provided in addition to planning requirements may be considered under the higher 'Affordable Rents' model. It will not support the re-letting of existing social housing stock at 'Affordable Rents'. The Council's proposed new build programme is consistent with this with 40 new homes provided at social rents and the balance which would not be provided under Section 106 will be at 'affordable rents' with priority for the homeless where they face moving to inappropriate market accommodation at full market rents.

Right to Buy

The Government has announced its intention to promote Right to Buy through increasing the sale discount to tenants. The details of the proposals have not been confirmed. Under current arrangements the Council receives only 25% of the net receipt with the balance paid to the Treasury. Council receipts will not cover the cost of replacement homes and any Council borrowing on the property is unlikely to be recovered in full. It is understood that the Government may require any Council receipts to be applied to new properties at the higher 'Affordable Rents'.

2.3 Local Policy

The Oxfordshire Local Investment Plan (March 2010), developed in partnership between the City Council, Oxfordshire District Councils, the County Council and the Homes and Communities Agency, sets out the sub regional housing priorities for the County within a wider regional context.

The priorities set out include the delivery of 7,200 new affordable homes up to 2030, in contribution to a wider South East Plan requirement of a further 22,000 new homes between 2006-2026.

The City of Oxford, with its high levels of housing demand is identified within this plan as a priority area for new housing. The Oxfordshire Local Investment Plan, identifies the need for a further 3,222 homes to be built in the city; 1,344 of which should be 'affordable', rented or ownership.

Oxford has considerable strengths:

- Our young, diverse and thriving community
- Our world class knowledge economy
- Oxford is the second fastest growing city in the UK
- Our place as a major tourist destination with a thriving tourism and cultural economy
- Our location as a preferred place for major industry, such as BMW
- Oxford has the third highest minority ethnic population in the South East of England, not only is it diverse, but; in part due to our high student population, it is a youthful, mobile and a continually renewing city.

A dynamic city provides great opportunities but also brings challenges. Covering only 29 square miles, the city has high densities of housing and is amongst the least affordable city in the UK, with high levels of homelessness, houses in multiple occupation, private renting and overcrowding.

The Council's Regeneration Framework for Oxford 2010 to 2026 sets out our City plan for the continued growth and regeneration of the city. These include:

- Reducing inequality
- Increasing the supply of housing, particularly affordable housing
- Creating a place where people wish to live
- Increasing skills and promoting skills development
- Providing sustainable jobs for all through economic growth
- Providing connectivity between employment, housing and those seeking employment

Our Regeneration Framework for Oxford 2010 to 2026 sets out how we are and will continue to meet these objectives, but it is clear that our Housing Service, through its Housing Strategy and this Business Plan, has a key role in delivering our corporate objectives for the continued growth and regeneration of the City of Oxford.

We will shortly be publishing our Housing Strategy 2012-2015 which recognise the problem of high demand within the City of Oxford for affordable housing and a lack of supply to meet this. The strategy recognises a lack of affordability for families to find housing in other tenures, including the private rented sector (particularly within the centre of the city, and the home ownership sector, throughout and within the wider Oxford City boundary. We also continue to have high levels of homelessness.

Our housing strategy sets out the following priorities:

- To provide more affordable housing to meet demand
- To prevent and reduce homelessness
- To address the housing needs of vulnerable people and communities
- To improve housing conditions
- To improve housing services
- To implement self financing of our HRA and ensure the delivery of our Business Plan to the optimum level of performance in order to support the delivery of objectives and support our role in meeting priorities.

In this context the aims of the Council's housing service are:

" To provide the highest quality of housing and landlord service to our tenants through continuous improvement of services and prudent investment in our housing stock and listening to our residents to ensure that we provide a service to them that meets local need and avoids waste ".

The Housing Strategy is delivered through the HRA Business Plan, Asset Management Plan, Treasury Management Plan, and Homelessness Strategy. Examples of how our strategic objectives are delivered through the HRA business plan are as follows:

Strategic Objective	**HRA Business Plan**
Provision of high quality housing by the City Council to its tenants	Programme and fund works to ensure that our stock continues to meet the Decent Home standard, and is well maintained.
Refurbishment of high rise flats	Some £8.4 million in refurbishment works is planned to modernise the exterior and communal areas of these properties giving them a high quality of life for at least a further 30 years.
Regeneration of Blackbird Leys	Initial discussions have begun through the Neighbourhood Management Groups and Area Forums to shape the regeneration strategy.
Increase the supply of social rented housing through the development of new homes	Development of over 320 new social rented homes within the Barton development, and other schemes on Council land such as Northway/Cowley. Funding proposed (including HCA grant) to build 112 new rented homes on Council land.
Increase levels of energy efficiency in our housing stock and improve levels of fuel poverty.	External cladding of tower blocks will bring over 400 homes will improve thermal efficiency. Installation of efficient gas boilers and improved insulation as part of stock maintenance. Solar panels and district-wide heating options are to be pursued as part of Low Carbon Oxford (A1).

Reduce levels of homelessness within the City	The Council's policies including new affordable homes, rents, service charges and tenancy sustainment are aligned to reduce homelessness.

2.4 Regulation of social housing

The Tenant Services Authority (TSA) approach to regulation concentrates on six main standards:

- Tenant involvement and empowerment
- Stock condition and repair and maintenance services
- Tenancy management
- Neighbourhood management (including anti social behaviour)
- Value for money
- Governance and financial viability (for housing associations only)

It is expected that the standards will be achieved through 'co-regulation' with tenants closely monitoring performance, whilst the regulator will intervene as a last report in strategic issues. The regime for complaints will be transferred to the Housing Ombudsman when the TSA is incorporated in the Homes and Communities Agency.

The Council's housing service has been restructured and formed into specialist teams: tenancy management, anti social behaviour, rental and service charge income, and have set up an in house housing repair service, to maintain our stock, giving us operational and strategic control over this critical aspect of our business plans, enabling us to determine repair and improvement priorities, service standards and cost.

We are developing plans with our tenant representatives to implement governance, training and development programme as part of our commitment to continual performance management, scrutiny and service improvement (A2).

The TSA also requires landlords to make a local 'offer' to tenants, agreed with them and specifying the service standards. We will revisit our service standards and revise these as part of developing a local offer in 2012 (A3).

3 Housing Need and Supply

3.1 Our tenants and leaseholders

The profile of our tenants and leaseholders helps shape our policies and plans to meet the diverse needs of our residents. We visit all our tenancies at least once every three years to ensure that properties are maintained and confirm registered tenancies. An outline residents' profile is given below.

- Tenants are more likely to be female (61%) than male (39%).
- A third of households (33% General Needs) have children (under 16 years).
- Half (51%) of tenants' households contain 3 or more persons; the remainder is evenly divided between one (26%) and two (23%) person households.
- The proportion of black or ethnic minority households (13%) corresponds with the City population.
- Over half (57% General Needs) receive Housing Benefit.
- Tenants with a disability comprise 16% and wheelchair users 1%.
- Residents tend to remain in the area: 22% of tenants have been resident for over 21 years and 98% of leaseholders for over 5 years.

Further work is being undertaken to develop residents' profiles (A4).

3.2 Local Housing Market

The main characteristics of the local housing market are summarised below.

Population

- The population of Oxford is over 150,000 and projected to reach 154,500 by 2020
- There are over 25,000 students in Oxford
- 12.9% of the population are from a black and minority ethnic background
- The population is relatively young: 64.6% aged under 40 and only 15% are over 60.
- There are an estimated 56,000 households in Oxford.

Housing market

- There are 57,800 dwellings in Oxford: 70% are houses or bungalows.
- The proportion of owner occupation in the city is low compared with the region, perhaps a result of high house prices and an affordability gap.
- Housing Market Assessment 2007 showed a need for a further 1,700 homes per annum in the city to meet demand.

Housing market by tenure, City of Oxford and South East England

	Oxford	South East
Owner Occupation	56%	76%
Private Rented	22%	13.5%
Social Rented	22%	10.5%

- There are over 5,000 Houses in Multiple Occupation in Oxford

- There are almost 1,000 homes in sheltered housing in the city

Affordability of housing in Oxford

- Average house prices have more than doubled in the last ten years with the average price £321,634 in 2010 for a three bedroom house.
- The average lower quartile house price in 2010 was £215,000; up to ten times the average income of a single income household

3.3 Need for social housing in Oxford

- Over 6000 households are on the Council's housing waiting list
- Over 190 households live in temporary accommodation
- Over 170 live in hostels across the City
- Over 6000 households are assessed as overcrowded in Oxford
- 713 social housing lettings were completed in 2009/10, but only 155 were for homes with three bedrooms or more.

It is clear from the above that Oxford will continue to be an area of high demand for affordable and social housing. With very limited availability of land for new build the ability of the Council and its strategic housing partners to meet this demand is very limited. The Council plans to build 112 new homes over the next three years, but more new affordable homes will be needed to meet demand.

4 Council's Housing Assets

4.1 Council Stock

The Council's housing assets by age and type are set out below (March 2011).

	<1945	1945-64	1965-74	1975-84	1985>	Total
Houses (traditional construction)						
1 bed	2			7		9
2 bed	386	87	5	115	97	690
3 bed	730	355	68	203	190	1546
4 bed+	127	26	7	9	32	201
Total	1,245	468	80	334	319	2,446
Houses (non traditional construction)						
2 bed		25	71	29		125
3 bed	22	1,009	253	35	4	1,323
4 bed+	1	48	16	3		68
Total	23	1,082	340	67	4	1,516
Flats and Maisonettes						
1 bed	58	208	512	391	196	1,365
2 bed	21	916	427	329	58	1,751
3 bed	5	107	27	9	5	153
4 bed+		1			5	5
Total	84	1,247	966	729	263	3,289
Bungalows						
1 bed		93	5	163	45	306
2 bed			1	12	20	33
3 bed		26	4		2	32
4 bed+		1		1		2
Total		120	10	176	67	373
Bedsits						
0 bed	29	61	40	13	35	178
1 bed		3	2	15		20
Total	29	64	42	28	35	198
Total						**7,822**

- Houses and bungalows comprise 55% the Councils housing stock, with 45% of its stock being flats and maisonettes. Tenants' preferences are generally for self-contained (non-flatted) properties, and these may be better suited to the needs of young families. However, flatted development is usually less costly to develop.

- Family sized accommodation; 3 bedrooms and above, makes up 43% of our housing stock. The Council continues to place a priority on family accommodation when adding to its housing stock.

- The Council own 12 sheltered housing schemes comprising of a total of 355 flats and bungalows. With the move to 'personalised' care many elderly persons chose to remain in their homes. The Council continues to keep sheltered provision under review and to redevelop stock where this no longer meets needs.

The Council also has the following associated non-housing assets in the HRA portfolio. These properties are fully let with the exception of a limited number of voids consistent with normal turnover. The demand for garages remains sustained. Whilst some of the retail units require new investment, the Council is pro-active in minimising voids. The hostels are let to service providers.

Non-housing assets	**Number in stock**
Garages in blocks	2,280
Garages within curtilage	275
Shops	67
Hostels	9
Total	**2,631**

4.2 Stock Condition: Planned and Responsive Maintenance

Overall the Council's stock is in good condition. The programme to address the legacy of system built housing, such as Orlit homes, has been completed (see below). The Council achieved Decent Homes status for its stock in 2010. With the exception of our five tower blocks, the forward programme is driven by responsive and planned maintenance (including environmental works) and programmed renewals such as boilers (every 15 years), kitchens (every 20 years) and bathrooms (every 30 years), doors, windows and roofs. The planned expenditure profile is shown in the following table. The renewals profile will be confirmed and monitored with Direct Services to ensure value for money in efficiency and workflow (A5).

Our stock condition records are held and maintained by Corporate Assets using a computer database (Codeman) which receives direct entry from on-site surveys and direct services works. The Council requires continuing corporate assurance on the data quality and the maintenance of computer systems. An annual on-site survey of 20% of the stock will be undertaken for the initial five years of the plan to provide comprehensive coverage (A6). Thereafter, an annual survey of 5-10% of stock will be undertaken. We will also review and update our software systems on a regular basis.

Oxford City Council
30 Year Repairs and Maintenance Obligations

Activity	No. of Units	Years 1 - 5 2012/13	2013/14	2014/15	2015/16	2016/17	Years 5 - 10 2017/18	2018/19	2019/20	2020/21	2011/22	Years 11 - 15	Years 16 - 20	Years 21 - 25	Years 26 - 30	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL																
Kitchens excluding wiring	350	1,636	1,636	1,488	1,488	1,339	1,190	1,041	1,041	1,041	1,041	5,205	5,205	5,205	5,205	33,761
Major Void Works	400	850	830	820	800	776	750	750	750	750	750	3,750	3,750	3,750	3,750	22,826
Electrics - Part of Kitchens programme	350	595	595	476	417	357	298	238	238	238	238	1,190	1,190	1,190	1,190	8,449
Electrics - Rewires / Upgrades	130	309	309	309	309	309	309	309	309	309	309	1,545	1,545	1,545	1,545	9,274
Bathrooms	260	619	619	585	585	553	553	553	553	553	553	2,765	2,765	2,765	2,765	16,783
Central Heating Boilers (ave. 15 year life)	440	792	792	770	770	748	748	748	748	748	748	3,740	3,740	3,740	3,740	22,572
Central Heating Carcass	246	464	464	451	451	439	439	439	439	439	439	2,195	2,195	2,195	2,195	13,245
Roofs and Associated Works	156	250	250	250	250	250	250	250	250	250	250	5,000	5,000	5,000	0	17,500
Wall Finishes		0	0	0	0	0	200	200	200	200	200	1,000	1,000	1,000	1,000	5,000
Windows	300	300	300	300	100	100	100	100	100	100	100	1,500	1,500	875	875	6,350
Doors	650	200	200	200	200	200	200	200	200	200	200	1,000	1,000	1,000	1,000	6,000
Communal Areas		150	150	150	150	150	50	50	50	50	50	1,000	250	250	250	2,750
Tower Blocks		1,000	1,000	1,000	1,000	1,000	1,100	1,100	1,100	0	0	0	0	0	0	8,300
Environmental Improvements		100	100	100	100	100	100	100	100	100	100	0	0	0	0	1,000
Related Assets - garages, shops, etc		117	117	117	117	117	117	117	117	117	117	585	585	585	585	3,510
Contingency Sum 5% on Major Repairs		19	19	19	19	19	22	22	22	22	22	226	226	226	76	959
Fees 7%		94	94	94	80	80	87	87	87	87	87	817	817	774	424	3,709
<u>Disctretionary</u>																
Aids & Adaptations		900	900	900	900	900	900	900	900	900	900	4,500	4,500	4,500	4,500	27,000
Total		8,395	8,375	8,029	7,736	7,437	7,412	7,204	7,204	6,104	6,104	36,018	35,268	34,600	29,100	208,987
REVENUE																
Responsive Repairs		3,713	3,675	3,640	3,600	3,565	3,530	3,485	3,450	3,415	3,380	21,615	21,615	21,615	21,615	121,913
Estate Shops		210	200	200	200	200										
Void Maintenance		1,336	1,320	1,300	1,285	1,270	1,255	1,240	1,225	1,210	1,195	5,975	5,975	5,975	5,975	36,536
Discretionary Spend - Exemptions (Decorating etc.)		200	200	200	200	200	200	200	200	200	200	1,000	1,000	1,000	1,000	6,000
Discretionary Spend - Garden Scheme		200	200	200	200	200	200	200	200	200	200	1,000	1,000	1,000	1,000	6,000
Planned Maintenance		2,283	2,260	2,240	2,220	2,200	2,180	2,160	2,140	2,120	2,100	10,500	10,500	10,500	10,500	63,903
Communal and Environmental Improvements		1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	6,375	6,375	6,375	6,375	38,250
Discretionary Disabled spend treated as Revenue		230	230	230	230	230	230	230	230	230	230	1,150	1,150	1,150	1,150	6,900
		9,446	9,360	9,285	9,210	9,140	8,870	8,790	8,720	8,650	8,580	47,615	47,615	47,615	47,615	279,501
Benchmarking Exclusions																
Aids and Adaptations		900	900	900	900	900	900	900	900	900	900	900	900	900	900	12,600
Discretionary Spend - Exemptions (Decorating etc.)		200	200	200	200	200	200	200	200	200	200	1,000	1,000	1,000	1,000	6,000
Discretionary Spend - Garden Scheme		200	200	200	200	200	200	200	200	200	200	1,000	1,000	1,000	1,000	6,000
										Average Cost per unit over 30 years			£59.5k	GRAND	TOTAL	463,889
		Average Unit Cost								Including fees and extra spend on Tower Blocks						

The average unit costs for works will need to be reduced over the programme to meet the budget allocation and maintain current volumes, levels of service and specification. The comparison is shown below.

	Average Unit Cost	
	Current	**Over 30 years**
	£	£
Kitchens excluding wiring	5,500	3,215
Major Void Works	TBA *	1,902
Electrics - Part of Kitchens programme	TBA*	805
Electrics - Rewires / Upgrades	TBA*	2,378
Bathrooms	3,200	2,152
Central Heating Boilers (ave. 15 year life)	TBA*	1,710
Central Heating Carcass	TBA*	1,795

* To Be Advised: Direct Services/Corporate Assets

4.3 Projected Stock Condition

The main housing types are reviewed below.

Tower Blocks

All five of the Councils tower blocks meet the Decent Homes criteria internally.

A structural investigation of the five blocks, it was found that four of the blocks had deficiencies with too few wall ties to secure brick panels and a lack of insulation which gave rise to cold bridging and high heat loss from the building. There is a need for structural repair works by providing a rain-screen, which will secure the brick panels and include insulation. This will extend the life of the blocks for a further 30 years. As part of the works the installation of Cat A energy efficient double glazed windows will be included. They will be designed to retain as much heat as possible in the winter period and reflect the sun's heat in the summer months, to make the living conditions more comfortable and provide affordable warmth for the residents.

In addition to the external envelope, the lifts need improving. There are two lifts in each block and they stop on alternate floors, which can result in difficulties for residents when a lift breaks down. It is proposed to start lift improvement works from 2017. The blocks also require improvements to the landlord's electrical supply and fire detection works in the communal areas which will be undertaken alongside the lift works. The existing heating is electric storage heaters which is nearing the end of its life. A number of flats have already had replacements fitted. It is important to look at ways in which we improve the energy efficiency and options will be considered such as combined heat and power or similar by making use of an ESCO (Energy Supply Company) and, if possible, linking/sharing the energy source with other buildings nearby. The heating replacement programme will also begin in 2017. The tower block works would be integrated with a wider estate renewal programme.

The latest estimated cost for each block is as follows:-

Hockmore Tower £1,336,451

Plowman Tower	£1,959,804
Forresters Tower	£1,905,230
Windrush Tower	£1,527,459
Evenlode Tower	£1,527,459

The costs for the external envelope – rain-screen, insulation and windows amounts to a total of £3,497,572 (£916,839 each for Forresters and Plowman Tower and £831,947 each for Windrush and Evenlode Tower) and it is this area which needs to be addressed first due to the structural issue with the wall ties (Hockmore Tower excluded).

It is proposed that works are carried out over a six year period with the following funding required:-

2011/12	£206,168
2012/13	£930,179
2013/14	£930,179
2014/15	£1,015,072
2015/16	£1,015,072
2016/17	£833,160
	£4,929,830

The 2017/18/19/20 programme will include heating, electrics and lifts at an estimated sum of £3,326,572, resulting in an estimated total sum of £8,256,402 to be spent on the blocks.

Leaseholders will be recharged a proportion of the costs through their service charges, and this will vary according to the works. There are currently 38 leaseholders in the four blocks that require the structural works, and we estimate that the income from recharges may be in the order of £286,000. However, the final amount and timing of repayments will need to be considered and they have not been included in the current forecasts.

Non-traditional Homes

The Council has a number of non-traditional properties which meet the Decent Homes standard and most of which have had comprehensive repair and improvement works carried out on them in order that they have a life of at least 30 years and have a much improved carbon footprint.

B.I.S.F. (steel framed) – 131 units in Barton. The structure has been checked and new roofs, external insulated cladding and double glazed PVCu windows fitted in 2008/10. Internal decent homes works were carried out at the same time and the insulation values and appearance of the buildings have been improved considerably.

Orlits – A programme of demolition and re-builds has just been completed and the Council no longer has Orlit houses within its housing portfolio.

Aireys – 17 units in Littlemore. During 2010/11 repairs have been made to the concrete frame together with the fitting of insulated external cladding and PVCu double glazed windows. Internal works to bring the homes up to decent homes standard were carried out at the same time.

Howard Houses (steel framed) – 199 units in Rose Hill and Barton. These properties have no structural problems and external insulated cladding was installed a number of years ago but the construction has resulted in additional decent homes costs due to the replacement of internal wall linings. Further works will be required in the future to address the inadequacies of the lean-to conservatory on the front elevation

Minox – 190 timber framed properties in Rose Hill and Barton. There are no structural problems but the properties are poorly insulated and a pilot scheme to fix external insulated cladding is being undertaken in 2011/12 to help identify options.

Glen Lyon Bungalows – the remaining 20 units in Rose Hill were demolished to make way for a recently completed new development scheme of general needs housing with the help of grant funding from the HCA.

Hawkesley Bungalows – these aluminium clad semi-detached bungalows were extensively improved by building an external brickwork skin, with insulated cavity and the installation of double glazed PVCu windows, giving them a further 30 year life.

Easiform – although classed as non-traditional, these houses and flats were built in blockwork in a number of styles with brick or rendered block external skin. There are no structural problems and they all have cavity wall insulation and double glazed PVCu windows.

Maisonettes
The Council's stock of one bed flats and maisonettes all meet the Decent Homes Standard. However, these properties have a poor and outdated design, and this has been associated with tenant dissatisfaction and has also attracted anti-social behaviour. There are 36 maisonette blocks with external walkway access within the city, predominantly in Blackbird Leys and the Friars Wharf area. These provide 367 homes, 80 of which have been sold and are now leasehold. The future of these blocks will be considered as part of the wider regeneration feasibility schemes for parts of the City (A7).

One Bed Flats
The Council has a stock of 1563 one bed flats and bedsits. These meet the demand for single accommodation but do not assist in addressing the most pressing need in Oxford, i.e. the need for family accommodation.

4.4 Delivering energy efficiency in our homes

The Council has a priority to improve energy efficiency in its housing stock and improve insulation using of grants or other funding where possible. Examples of the areas in which energy consumption has been reduced are -

- Central Heating - "A" rated condensing boilers always fitted in new and replacement systems together with thermostatic radiator valves and modern controls.
- Top-up lofts to 250mm insulation and lagging pipes. Cavity wall insulation if needed (Grant funded). External insulation to homes with no cavity and non-traditional

houses – extensive works recently undertaken on BISF and Airey houses in Barton and Rose Hill.

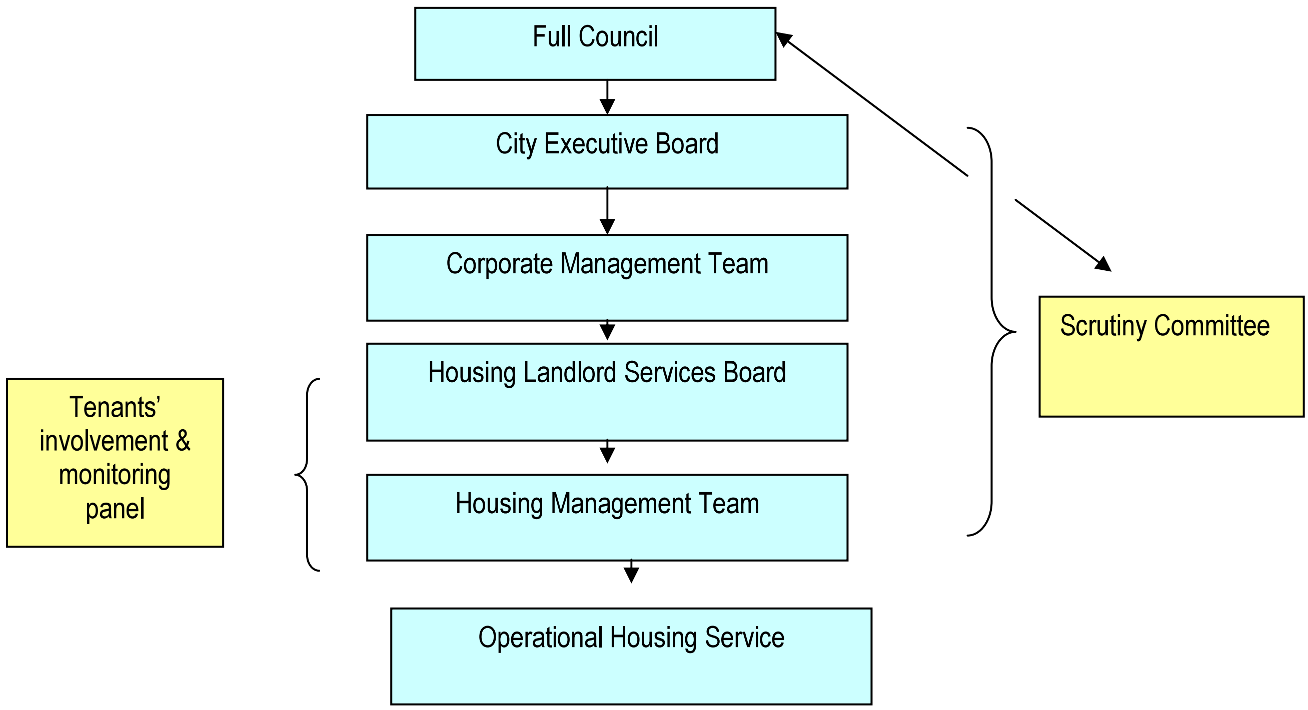
- Increased “lagging” within central boiler rooms of sheltered schemes (grant funded).
- Double glazing (“E” glass) to over 90% of homes. New installations are to Category “A” standard.
- Biomass - Centralised biomass systems have been installed for 14 new Council flats in the centre of Oxford and as part of the refurbishment of Cardinal House sheltered housing scheme.
- Heat pumps- a new build scheme of general housing has seen air source heat pumps and solar P.V. installed in 38 properties.
- Solar hot water- a number of schemes installed on elderly persons bungalows, two blocks of flats and to a sheltered housing block, all with solar P.V. to power the pumps.
- Solar P.V.- installed on the roof of Knights House, a sheltered housing scheme in Blackbird Leys, to feed the “landlords” supply with surplus being fed into the National Grid.
- A recent small scheme has resulted in the Council forming a successful partnership with Low Carbon West Oxford which provided solar p.v. on a block of five Council houses. The tenants receive free electricity and receipts from the Feed In Tariff (FIT) will go to fund additional units in the community.
- Electricity - “Sun pipes being used in sheltered scheme refurbishments to cut down on lights being used during the day.
- Low energy bulbs in all landlord supply areas in blocks of flats etc.
- Hard to treat homes - a project funded by the Strategy Technology Board and DCLG has seen the Council in partnership with Ridge & Partners and Brookes University, extensively improve an end of terrace, solid walled property through the installation of many regeneration measures, such as solar thermal hot water, solar P.V. and a heat recovery ventilation system (to improve air quality), together with improved insulation and draught proofing. The energy consumption will be closely monitored and analysed by Brookes University over the next two years to aid/inform future projects.

Next year the Government will announce the Green Deal –an initiative to establish a framework of private companies to offer consumers energy efficiency improvements to their homes, community spaces and businesses, at no upfront cost. The money will be recouped through a charge in instalments on the energy bill. The timetable is for detailed industry guidance to be prepared by Spring 2012 with the first Green Deals appearing in Autumn 2012. The Council will review the opportunities this scheme provides when the details are announced (A8)

5 Governance and Consultation

5.1 Governance

The Council's housing services governance structure is set out below. This provides for the effective direction, monitoring and review of service delivery and financial performance. The Tenants Involvement and Monitoring Panel provides independent scrutiny.



5.2 Resident involvement

The Council promotes a broad range of involvement with residents and communities, including tenants and leaseholders.

Neighbourhood Management Groups and Area Fora: the Council has established these to provide a focus for engagement between communities and residents, the Council, the voluntary and third sector and service agencies and providers.

Residents Associations: the Council is promoting the extension of the network of residents associations to provide comprehensive coverage and representation for Council tenants and leaseholders at the local level.

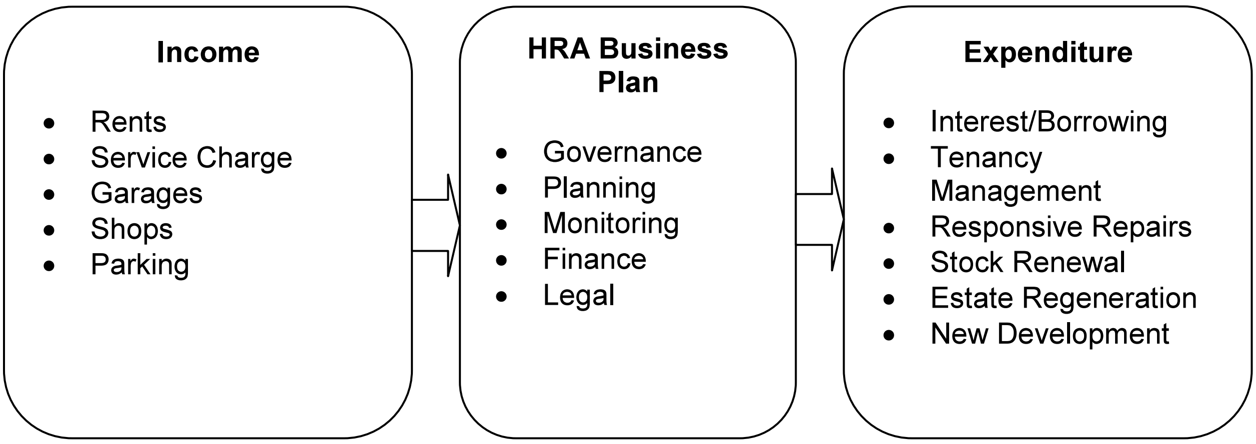
Tenants and Leaseholders Involvement and Monitoring Panel (IMP): where customer representatives work with officers to shape and monitor the quality of our housing service. IMP members are invited to Council bodies, including:

- Scrutiny committee (finance panel) – members panel
- Scrutiny committee (housing panel) – members panel
- Housing Landlord Services Board – joint member and staff panel.

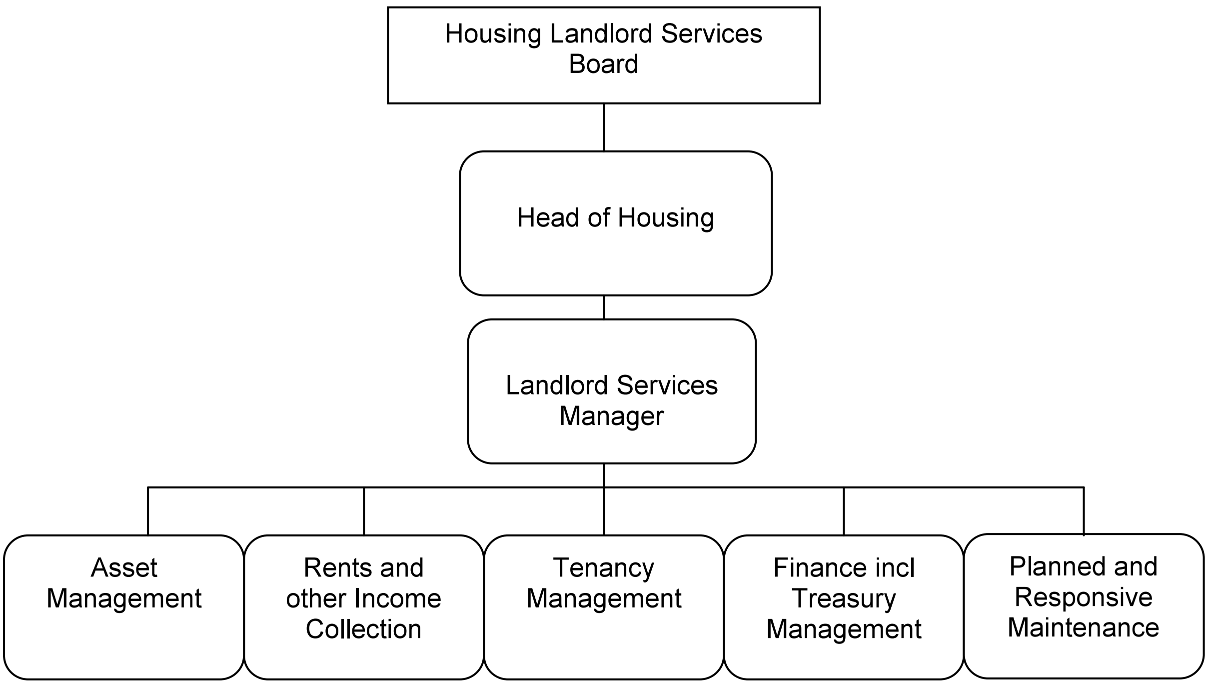
The Council is working with the IMP to review governance and to ensure that there is capacity for members to contribute their views and exercise scrutiny and to represent tenants and leaseholders effectively (A2). The aim is to develop a comprehensive network of residents' associations with representation on a single tenants' panel. This panel will have a representative on the Housing Landlord Services Board.

5.3 Executive

The main service elements are shown in the figure below.



The executive team reflects these functions.



5.4 Business Plan Priorities

Tenants were consulted over their priorities for the improvement of their homes and neighbourhoods during our options appraisal in 2005. The main priority identified in this consultation was that in meeting the Decent Home standard the Council should seek to replace elements of the standard sooner and at the end of their useful life cycle as follows: 15-20 years for kitchens and 25-30 years for bathrooms, provided their condition requires this.

In developing this Business Plan, further consultation was undertaken with tenant and leaseholder representatives and with all of our tenants through:

- a newsletter and survey, and
- five residents' consultation roadshows.

The following priorities were identified.

- [to be inserted following consultation]

6 Performance and Service Delivery

6.1 Performance measurement

The Council's Housing and Communities Service will measure and report progress against this financial plan and the service indicators listed below. The targets are set at or above the average for the top quartile nationally. Overall tenant satisfaction with the housing service is high: 84%. There is a corporate commitment to rise this to 87%.

Performance indicators compared to national performance levels*
[Indicators to be provided in the next draft version of the business plan]

Performance indicator	**Top quartile average**	**Oxford City Council**	
		Target	**December 2011 (Q3)**
Income Service			
% rent collected excluding arrears		99%	
% rent arrears of annual debit		TBA	
% rent roll paid by HB		52%	
Cash value of arrears		TBA	
Value of approved write-off		TBA	
Cases served NSP (number and % arrears >6 weeks		TBA	
Cases in court		TBA	
Cases evicted		TBA	
BVPI 66a (collection current rent +c/f arrears)		97%	
% leasehold service charge collection rate		98%	
% rent loss due to vacant dwelling		<1%	
FTA £ total outstanding/recovery %		TBA	
Repair Service			
Number/% RTR jobs completed within target		98%	
Number/% emergencies completed within target time		100%	
Number/% non-RTR jobs undertaken within target		97%	
Average cash value of RTR (incl mgt/admin)		TBA	
Average cash value of non RTR (incl mgt/admin)		TBA	
Tenant satisfaction with repair undertaken		98%	
Number/% pre-inspection undertaken		>10%	
Number/% post inspection satisfactory		TBA	
Planned Works (PPM/Cyclical)			
Gas servicing completed to planned target		100%	
High rise water tanks checked/cleaned to planned target		100%	
Lifts serviced to planned target		100%	
Lift call outs within planned time (1 hour)		100%	
Lift release within target time (30 mins)		100%	
Communal area H&S check low rise to target		100%	
Communal area H&S check sheltered to target		100%	
Voids and Allocations			
Average repair time for void property		<17 days	

Average allocation time for property in period		<4 days	
Average void time (total)		<21 days	
Average repair cost for void		TBA	
Property let first offer		75%	
High priority/TR cases not bidding/inactive		Nil	
Homeless/HWL split		TBA	
Cases let with support		TBA	
% New lettings satisfied with condition of property		100%	

Community Safety			
ASB cases received		TBA	
ASB cases investigated within target time		95%	
ASB cases actioned/closed (pre-court) within target		90%	
ASB cases to court (number)		TBA	
Perpetrator: tenant/leaseholder		TBA	
Cases evicted (number)		TBA	
% tenants satisfied with outcome		85%	
Hate crimes reported (number)		TBA	

Community and Neighbourhoods			
Number of active tenants associations		TBA	
TRA meetings attended/services in a month (no/%)		TBA	
Estate walkabouts undertaken		TBA	
%/number estates not meeting top standard		TBA	
New resident groups started		TBA	
Tenant training groups run		TBA	
Grant issued/% budget		TBA	
Newsletters produced		Quarterly	

Tenancy Management			
Welcome visits (no/% in target)		TBA	
Tenancy updates undertaken		TBA	
Number of unlawful ID's		TBA	
Unlawful occupants referred for possession		TBA	
Transfer cases assessed/medical cases		TBA	
RTB cases received		TBA	
RTB sales		TBA	
Homeswapper moves in period		TBA	
Evictions attended/%requested to		TBA	

Housing Service			
Complaints received		TBA	
Complaints investigated in target time		98%	
Member and MP enquiries responded on target		100%	
H&S issues raised/closed (staff)		100%	
H&S issues raised/closed (public)		100%	
Phone calls answered within 5 rings		95%	
Letters responded within 10 days		95%	
Appointments kept within 5 days of request		100%	
Tenant satisfaction with housing service		87%	

Finance			
Budget spend on profile		TBA	
HRA cashflow		TBA	
Compliance with BP treasury management plan		TBA	
Housing management cost per property		TBA	
R&M cost per property		TBA	
Programmed renewals: bathroom cost per property		TBA	

Programmed renewals: kitchens cost per property		TBA	
Programmed renewals: rewiring cost per property		TBA	

*Source of data 'Housemark', the Chartered Institute of Housing's benchmarking service covering 95% of all social housing providers in the UK (Council, ALMO and RSL)

There are certain key indicators which are critical to the financial performance and where there is business risk. These are identified as follows:

- Rent arrears: with benefits changes and the current economic context arrears could increase. We have set a maximum target of £0.5m arrears at any time.
- Void properties: our average re-letting time is currently 23 days, placing it top quartile nationally; however, this has been targeted to be reduced to a level that is under 20 days, by April 2012, to minimise rental loss.
- Programmed renewals and reactive maintenance: we are planning for a 10% per annum reduction in costs for the initial three years of the business plan (April 2012-2015)

6.2 Service Improvement Planning

The Council has an embedded process of service improvement. This is achieved through the following:

- A commitment to deliver services in the most efficient way
- A programme of comprehensive service reviews
- Scrutiny of service performance
- Benchmarking against Councils, housing associations and service providers
- Involvement of customers and service users in defining and shaping the services.

Our service improvement planning process is therefore a wide ranging one, involving all aspects of our service and all stakeholders. In March 2011, we restructured the service creating specialist teams, improving synergies with other parts of the Council's service, and delivered saving annually of £300,000.

7 Resources

7.1 Capital Payment and Borrowing Cap

Oxford City's HRA Business Plan has been compiled using the Government's capital valuation of the 30 year HRA notional surpluses and our indicative debt settlement in February 2011.

Under the HRA system Oxford City paid into the national fund £13 million per annum (negative subsidy), out of a total income of £34 million per annum. This was redistributed to Local Authorities where their HRA was in deficit. The winding up of the system will be achieved through a capital payment by those Local Authorities in surplus, with a one-off redistribution to those in deficit. Thereafter Local Authority stock is to be self-financing; that is income (rents and service charges) will need to cover services, new investment and any borrowing to fund the capital payment.

The Government has assessed that Oxford City Council is to pay £200 million when the stock is transferred out of the HRA on 31st March 2012. In addition there is a current HRA debt charge of £20 million, making a total payment of £220 million. The Government has set Oxford City's borrowing cap at £234 million, giving potential headroom of £14 million assuming the maximum borrowing. [Note the borrowing cap is subject to confirmation and may rise to £240 million giving maximum headroom of £18 million see below.]

DCLG HRA Assumptions	
	Feb 2011
Headline Assumptions	
Discount factor	6.5%
Maximum Debt Settlement Figure	£234m
HRA Notional Debt (Subsidy CFR)	£34m
Debt Oxford CC needs to pay DCLG	£200m
HRA Actual Debt (HRA CFR)	£20m
Borrowing potential	
HRA Notional Debt (Subsidy CFR)	£34m
HRA Actual Debt (HRA CFR)	£20m
Borrowing potential – Headroom	£14m
Management and Maintenance Allowance	
M&M uplift	5.3%
Allowance	£15m
Major Repairs Allowance	
MRA uplift	34%
Uplifted MRA per unit allowance –capital spend	£TBA
Consolidated average uplift	**15.8%**

The final determination of the borrowing cap will be made in November 2011 and confirmed in January 2012. Informally we understand that the cap will be in the order of £240 million. The main factors which will influence the final settlement are shown below.

Variable	**What will be used**	**Effect**
Retail Price Index	September 2011	The RPI figure used in the February valuation was 3.5%. September RPI is likely to be higher. A 1% increase adds around £1billion to the national debt settlement
Dwelling information	2012 base data	A decrease in dwellings will reduce an authority's valuation. The mix of dwellings will affect the allowance calculations. The RTB assumptions will also be updated.
Re-lets and terminations	2012 base data return	Relets/ terminations above the national average will increase management and maintenance allowances and reduce stock valuation.
Crime statistics	Home Office	Crime figures above the national average will increase management and maintenance allowances and reduce stock valuation.
Area cost adjustment	Local Government Finance Report for 11/12	A higher relative increase in ACA will increase management allowances and MRA, and reduce stock valuation.
BCIS price factors	BCIS survey of tender prices May 2011	An increase in the BCIS adjustment factor will increase maintenance allowances and MRA, reducing an authority's valuation.
GDP deflator	Office of Budget Responsibility forecast of GDP deflator	An increase in the GDP deflator will increase the expenditure allowances and reduce all authorities' valuations.

7.2 Treasury Management: Funding the Capital Payment and Borrowing

In principle there is a wide range of borrowing options available to Local Authorities. These include: the capital markets (such as retail or wholesale bonds and private placements), short term borrowing from financial institutions, pension fund lending, and fixed and variable borrowing (LOBO's: lender option borrower option). Most Local Authorities are likely to have a portfolio of borrowing with variables rates and repayment profiles which balance funding requirements and value for money.

Most recently Government has announced that borrowing will be available from the Public Works Loan Board (PWLB) at a preferential rate (estimated at 3.65%) for the amount of the HRA capital payment (£200 million for Oxford City). This will make this the main borrowing option for most Local Authorities, including Oxford City, as it is designed to undercut the costs and fees of market solutions. This still leaves options as to borrowing the balance (up to £34 million for Oxford City). The Council's treasury consultants will advise, but it may well include further borrowing from the PWLB (currently 4.57% pa for 30 year debt). In addition, PWLB is making available borrowing as part of the HRA payment for 12 months at a variable rate to allow Local Authorities a further period to finalise their longer term treasury strategies.

In borrowing funding there are two considerations which inform the initial treasury strategy: whether to maximise borrowing up to the cap and the priority on repayment.

The Council has decided to maximise its borrowing at least in the initial years for the following reasons:

- Interests rates are at an historic low level and the ability to borrow in the future might be curtailed;
- The additional financial headroom in the early years allows some flexibility if there is slippage in efficiency savings or additional cost pressures arise;
- Investment in improving the stock and the development of new affordable housing are priorities for the Council provided there is headroom.

Conversely for the same reasons whilst the Council could seek to pay down the initial debt over a sixteen year period the decision is to seek an early repayment of borrowing.

8 Self Financing Housing Model

The main assumptions for the model are listed below. The initial five years cashflow forecast is shown here, with a full 30 years forecast shown in the appendices (Appendix 2)

8.1 Income

Rents
Rent restructuring remains under the automatic convergence with average formula rents, although the 2015-16 convergence date used is very unlikely to be achieved. None of our rents will exceed cap or formula rents in accordance with the rent restructuring guidance.

The Council will not be adopting 'Affordable Rents' (up to 80% of market rents) on re-letting its existing stock

Capped rents remain and will continue to increase as per current subsidy determination calculations: RPI + 1%. The Council has the option to determine the rent formula going forward. Actual average rent increases are based on the rent restructuring formula and this is estimated to realise slightly above 5% for the first 5 years and 3% per year thereafter. Where formula rents are achieved, future increases are estimated at 3% per year.

Limit rents also remain to protect the Exchequer and to ensure authorities do not fall foul of the Rent Rebate Subsidy Limitation calculations. We have excluded the potential option to allow average rents to increase above the level allowed in the benefit subsidy regulations covering the limit rents as there is an estimated £4.37 per week difference between our 2011/12 average rent and the 2011/12 limit rent set for OCC. The average base weekly rent for 2011/12 is £85.19.

Service Charges
The Council accounts fully for services and there are these are recharged to tenants and leaseholders. However, for tenants there is currently a service charge cap (operated by a credit) which is a cost subsidy of £700,000 per year. For over half of our tenants who are on Housing Benefit the service charge is paid by the benefit. There is a case for considering removing the limiter, possibly on a phased basis, to release more income for investment, but this has not been included in the model (A9)

Voids
The plan ignores new tenancies which will go straight to formula rent following a void period. We currently have 400 voids per year. The model cannot identify which properties become void so some will be at the formula rent and others would have been below. In the latter case, this is additional income.

An annual voids rate of 2% has been applied to the model but it is hoped that we can reduce this to 1% or less.

HOUSING REVENUE ACCOUNT PROJECTIONS
Oxford City Council **£'000**

Year £'000	2011.12 1	2012.13 2	2013.14 3	2014.15 4	2015.16 5	Total
INCOME:						
Rental Income	34,653	36,492	38,385	40,334	42,340	1,808,896
Void Losses	-693	-730	-768	-807	-847	-36,178
Service Charges	868	889	912	934	958	38,090
Non-Dwelling Income	2,624	2,689	2,757	2,826	2,896	115,191
Grants & Other Income	834	834	834	855	876	34,913
Subsidy	-13,113	0	0	0	0	-13,113
Total Income	**25,172**	**40,175**	**42,120**	**44,142**	**46,224**	**1,947,800**
EXPENDITURE:						
General Management	-2,762	-2,831	-2,902	-2,974	-3,048	-121,250
Special Management	-2,349	-2,407	-2,468	-2,529	-2,593	-103,116
Other Management	-3,506	-3,593	-3,683	-3,775	-3,870	-153,912
Rent Rebates	0	0	0	0	0	0
Bad Debt Provision	-347	-401	-883	-928	-974	-40,716
Responsive & Cyclical Repairs	-9,446	-9,557	-9,679	-9,803	-9,934	-402,185
Total Revenue Expenditure	**-18,409**	**-18,790**	**-19,615**	**-20,009**	**-20,418**	**-821,178**
Interest Paid & Administration	-863	-11,094	-11,095	-11,074	-10,712	-116,991
Interest Received	7	6	18	36	29	16,464
Depreciation	-5,491	-8,251	-8,458	-8,669	-8,886	-350,857
Net Operating Income	**416**	**2,045**	**2,971**	**4,426**	**6,237**	**675,237**
APPROPRIATIONS:	0	0	0	0	0	0
FRS 17 /Other HRA Reserve Adj	-2,674	-74	-76	-78	-80	-5,765
Debt Repayment	0	0	0	0	-13,263	-199,203
AMRA Adjustment	0	0	0	0	0	0
Revenue Contribution to Capital	0	0	0	0	0	0
Total Appropriations	**-2,674**	**-74**	**-76**	**-78**	**-13,343**	**-204,968**
ANNUAL CASHFLOW	**-2,258**	**1,971**	**2,895**	**4,349**	**-7,106**	**470,269**
Opening Balance	2,500	242	2,213	5,108	9,457	2,803,242
Closing Balance	**242**	**2,213**	**5,108**	**9,457**	**2,351**	**3,273,512**
Other HRA Reserve Balance	0	0	0	0	0	**0**

Bad Debt Provision
We have factored in an increasing bad debts provision from 1% in Year 1 rising to 2.3% from Year 3 onwards. This is due to the anticipated Housing Benefit adjustments and the introduction of the universal credit.

Stock Change: Right to Buy and New Development
The model assumes 3 Right to Buy stock losses per year. During 2011/12 so far there has been one RTB so far. The impact of new proposed RTB regulations is unclear. Whilst average house prices remain unaffordable to tenants, the Government has announced it will reintroduce deep discounts on values and the experience is that will attract funding from relatives and property traders. The current regime provides for 75% of the proceeds to be remitted to the Treasury. There may also be a requirement to reinvest the net receipt in 'Affordable Rented' property. The net RTB receipt used in the model after the current average tenant discount, administration costs and recoverable capital works is estimated at £150,000 per property. [check]

The business plan reflects the decision in principle to deliver 113 new homes through the HCA Affordable Homes Programme in the first three years of the programme. However, the model does not include income from new development for two reasons. First, the development programme will not be confirmed with HC until March 2012. Second, the additional income provides a potential offset if there is a substantial increase in Right to Buy stock losses.

The Council has the ambition to develop more new affordable homes and this is reflected in the business plan options.

Non-Dwelling Property
We expect an annual income £566,000 from shops and £780,000 from garages in Year 1. Annual uplifts to these figures have been applied at 2.50%.

The potential option to transfer these assets to the General Fund will be explored (A10). These assets are not included in the Government's HRA payment and debt cap calculations. Transferring these assets to the General Fund may allow the Council additional borrowing capacity for housing investment.

8.2 Expenditure

Direct Service Costs
Annual uplifts have been applied to the rest of repairs at 2.50%.

The Council's Direct Services are responsible for undertaking a range of works contracts covering: programmed renewals, cyclical maintenance, re-letting and void works, environmental works, garages and shops, aids and adaptations.

The 30 year programme expenditure equates to around £59,500 per dwelling. This is towards the higher end of national average benchmarks of £55,000 to £60,000-but will still require significant changes to achieve this through improved efficiency and reduced costs. This in turn will release funds for further investment in our stock and new development. Increasing stock through new development may also assist in reducing fixed overhead costs. A full service review of repairs and maintenance costs is planned for 2012 (A11).

Oxford City Council 30 Year Repairs and Maintenance Obligations						
	Years 1 - 5					Total
Activity	2012/13	2013/14	2014/15	2015/16	2016/17	
	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL						
Kitchens excluding wiring	1,636	1,636	1,488	1,488	1,339	7,586
Major Void Works	850	830	820	800	776	4,076
Electrics - Part of Kitchens programme	595	595	476	417	357	2,440
Electrics - Rewires / Upgrades	309	309	309	309	309	1,547
Bathrooms	619	619	585	585	553	2,960
Central Heating Boilers (ave. 15 year life)	792	792	770	770	748	3,872
Central Heating Carcass	464	464	451	451	439	2,269
Roofs and Associated Works	250	250	250	250	250	1,250
Wall Finishes	0	0	0	0	0	0
Windows	300	300	300	100	100	1,100
Doors	200	200	200	200	200	1,000
Communal Areas	150	150	150	150	150	750
Tower Blocks	1,000	1,000	1,000	1,000	1,000	5,000
Environmental Improvements	100	100	100	100	100	500
Related Assets - garages, shops, etc	117	117	117	117	117	585
Contingency Sum 5% on Major Repairs	19	19	19	19	19	95
Fees 7%	94	94	94	80	80	442
Disctretionary						
Aids & Adaptations	900	900	900	900	900	4,500
Total	**8,395**	**8,375**	**8,029**	**7,736**	**7,437**	**39,972**
REVENUE						
Responsive Repairs	3,713	3,675	3,640	3,600	3,565	18,193
Estate Shops	210	200	200	200	200	1,010
Void Maintenance	1,336	1,320	1,300	1,285	1,270	6,511
Discretionary Spend - Exemptions (Decorating etc.)	200	200	200	200	200	1,000
Discretionary Spend - Garden Scheme	200	200	200	200	200	1,000
Planned Maintenance	2,283	2,260	2,240	2,220	2,200	11,203
Communal and Environmental Improvements	1,275	1,275	1,275	1,275	1,275	6,375
Discretionary Disabled spend treated as Revenue	230	230	230	230	230	1,150
	9,446	**9,360**	**9,285**	**9,210**	**9,140**	**46,441**
Benchmarking Exclusions						
Aids and Adaptations	900	900	900	900	900	4,500
Discretionary Spend - Exemptions (Decorating etc.)	200	200	200	200	200	1,000
Discretionary Spend - Garden Scheme	200	200	200	200	200	1,000

Average total cost per property (30 years)	£59,500
Base year: August 2011	7,799 homes

Programmed Renewals
These works are planned for replacement based on an average life cycle. In some cases elements will extend beyond their average life, whilst others will need replacing earlier. For efficiency and safety it is usually best to group renewals rather than wait for the individual failures to arise. For example we assume replacing bathrooms every 30 years, kitchens every 20 years, and boilers every 15 years. The elements and inclusive unit rates adopted are listed below, including management, works and supply of materials.

Description	Unit Rate/Dwelling
Kitchens	£3,215
Kitchens: electrics / wiring	£805
Bathrooms	£2,152
Re-wiring	£2,378
Central heating boilers	£1,710
Central heating carcass	£1,795
Voids-major works	£1,902

The current charges by Direct Services will be reduced over the initial three years of the programme to meet these unit costs. In general terms it will require efficiencies of around 10% per year, for example reducing kitchen costs from £5,500/dwelling and bathrooms from £3,200 without reducing the quality or specification.

Tower Blocks
A total of £8.25 million programmed expenditure is included to bring the five tower blocks to a good standard and provide a further 30 year minimum life. A proportion of this expenditure is recoverable through service charges. At this stage we have not made provision for any recovery. For tenants on benefits, there will be a cap on recoverable charges. For tenants who are not on benefits and leaseholders, whilst they may be liable for full recovery of service costs, many will not have adequate means to support this. The Council will need to devise an appropriate strategy (A12)

Cyclical Maintenance
This is a planned programme for redecoration and routine maintenance. Whilst there is some flexibility in timing, it is limited. At present the cost is £1,200 per dwelling and we have planned to reduce this by 5% in the initial 5 years, and thereafter progress to a benchmark cost of £700 per dwelling over the following 5 years.

Responsive and Void Maintenance
This expenditure covers call-out repairs and works to refit properties for new tenants. It is essentially demand driven, and is an estimate based on previous experience and national benchmarks.

Environmental Works
This covers works to common areas such as common parts and stairways, lighting, and external grounds.

Garages/Shops/Other
The Council needs to meet repairs and maintenance liabilities for these assets.

Contingency: this allowance reflects the need to provide for some more extensive repairs where we have to undertake unforeseen major or structural works.

Fees
This covers external professional fees for major works, such as the tower blocks.

Aids and Adaptations
We have maintained the current budget at £0.9m per annum. This budget is discretionary and covers a wide range of support, from funding adaptations/extensions to Council housing (in some cases up to £50,000) to stair rails and steps. To date the Council has funded almost all the applications, and this is above levels compared with some other Local Authorities. For example, some Local Authorities now require applicants who have the financial means to contribute to works, or effectively ration access to adapted flats through a waiting list. With an ageing population costs will escalate, and we would wish to develop a fair and transparent strategy with Members to manage the programme within the current budget (A13).

In addition there are gardening and decoration services which are provided to elderly and disabled persons (£0.2m per annum) which should be reviewed (A14).

8.3 Borrowing

Finance Rate
The Government have recently announced that for Self-Financing borrowing they are proposing that PWLB will charge pre Comprehensive Spending Review rates: 11-15 points above gilt prices, 85-89 basis points below prevailing rates. It is difficult to see how this can be bettered and this is expected to be the one preferred by Sector our Treasury Advisors. Using PWLB rates as at 12/10/11 normal 30 year maturity borrowing rates are 4.57%. The Self-Financing rates are 3.65%.

However, the rates are subject to daily changes between now and the last day we can apply for PWLB Self-Financing loans is 26 March 2012. Given there is potentially changes to the capital investment requirements the maturity periods that may be used and subsequently advised by Sector will be subject to change, as the borrowing cash flows need to mirror the capital investment requirements.

The model adopts an average interest rate of 4.9% to allow for any adverse movement in interest rates. It is anticipated that the figures available from PWLB next March will be lower than this.

Interest on Positive Balances
The model adopts a relatively higher LIBID rate than that currently experienced: 2% to Year 4 and then 5% thereafter. Interest earned on cash balances has been estimated at 0.5%.

Capital Finance Requirement

Subject to reviews required to reconcile the GF and HRA Capital Finance Requirements (CFR) the assumed actual HRA CFR at the beginning of 2012/13 is £24 million. Our 2011/12 subsidy HRA CFR is c. £34 million and this is unlikely to change.

The debt cap from the DCLG February valuation is £234 million. However, it is believed that we can add to our debt cap position £4.6 million borrowing approved as part of the HCA new build. Our debt cap is potentially £239 million.

Our potential headroom would £14 million (plus £4.6 million borrowing for HCA Affordable Homes Programme) if no borrowing is undertaken to finance the 2011/12 HRA capital programme. Any expenditure in the current year over and above in-year MRA should be funded from existing HRA reserves that currently stand at £2.6m as at 31 March 2011.There is an assumed nil balance on the Major Repairs Reserve at the beginning of 2012/13. Whilst the data is only relevant for 2011/12 some base plan assumptions are still required to be estimated and these include MRA uplifts, management and maintenance allowance uplifts, estimates for tenants in receipt of benefit, allowable debt management expenses, GDP uplifts. A minimum HRA balance of £2.5m is maintained

The model assumes that spare cash generated annually is used for repayment of debt early. This may not be the best option given local requirements and the aspirations of Members to engage in the new build agenda over and above the financial headroom generated by the debt cap.

Depreciation
Depreciation has been increased to the higher levels from c. £5.5m to £8m to reflect the increases in spend. This is to ensure that under the transitional arrangements CIPFA have introduced regarding the change in depreciation measurements that OCC HRA is affordable.

Repayment Profile
If all surplus payments are applied to the DCLG Self-Financing borrowing this would be repaid by 2027/28. However, it is likely that the repayment period will be extended and the additional resources generated in the early years to assist additional major projects such as new build, perhaps between £3-4million per year, once the initial tower block and new building programmes are completed.

Financial Capacity
The assessed financial capacity is based on the following assumptions:

Debt Cap	£239 (incl £4.6 borrowing for HCA programme)
Less HRA Self-Finance Payment	£200
Less HRA Debt Existing	£20
Net Borrowing Capacity	£19
Less Tower Block programme	£8.6
Less HCA programme net	£13.3

The totals show a commitment of £21.9 million against initial headroom of £19 million. However, with the tower block programme extending over 7-8 years there is the potential to manage cashflows to remain within the overall capacity of the programme.

8.4 Additional Commitments

As indicated above, there is potential financial capacity to fund additional commitments over the life of the 30 year programme as an alternative to paying down the borrowing at the earliest opportunity.

The opportunities identified are set out in broad order of priority on the basis of the following themes:

- New and affordable homes to address the housing shortage
- Estate regeneration
- Energy efficiency, carbon reduction and reducing fuel poverty
- Improving the quality of the existing stock and renewals.

New and Affordable Homes

HCA Affordable Homes Programme
The Council has successfully bid for programme funding to deliver 113 new homes in the period 2012-2015. The programme comprises the redevelopment of an existing sheltered housing block (Bradlands: 40 homes) together with a range of small surplus sites in the Council's ownership which would otherwise be sold and are beneath the Sec 106 Planning Obligations requirement to contribute to affordable housing (less than 10 homes). The programme provides for 68 homes at social rents. The balance of the programme will be higher 'Affordable Rents' to provide accommodation for homeless persons who would not otherwise find housing at market rents in the private rented sector. The HCA grant is £2.42 million with the balance of £18.5 million funded by the HRA (A15).

Barton Development
The Council has a partnership with Grosvenor Developments to deliver over 900 new homes over the next 10-15 years, with a minimum of 40% affordable social rent. The Council may elect to develop, fund and manage the affordable stock. This might be partly or fully funded through the HRA. The Council will review the financial options (A16).

Estate Regeneration

There is a range of opportunities for redevelopment within the existing housing estates. These have the potential to release opportunities for new affordable homes as well as to contribute to improving the environment and services on our estates. They may also provide for the decanting and demolition of stock such as the maisonettes in due course (A7).

Energy Efficiency and Carbon Reduction

The Council has already undertaken a wide range of initiatives to improve energy efficiency, including tacking our non-standard housing stock. The proposed tower block programme will improve 400 flat and raise their thermal standards to acceptable levels. With new additions to our stock we have introduced bio-mass boilers and are investigating options for CHP and other low carbon solutions. We are also pursing PV options for selected housing blocks. The Government's Green Deal next year gives us the potential opportunity to develop a wider and more holistic strategy for our stock (A1 and A8).

.***Improving the Quality of Existing Stock and Renewals***

The business plan provides for the continued renewal of bathrooms and kitchens to the Decent Homes standard, as well as the necessary safety repairs and maintenance of energy supplies. This is a modest standard and the Council would wish to explore the options to raise this to a higher Oxford standard. However, this option can only be progressed if efficiencies in the current cost of renewals identified in the business plan are delivered as a priority (A17).

APPENDICES

1. **Action Plan**
2. **Self-Financing Model 30 Year Cashflow**
3. **Risk Assessment**

Action Plan **Appendix 1**

	Action	Elements	Start	Complete
A1	City Homes Energy Efficiency Strategy	Work with Low Carbon Oxford to develop comprehensive strategy		
A2	Tenant Engagement and Governance Strategy	Undertake review with existing Improvement Monitoring Panel Implement strategy including resident groups framework	11/11 4/12	2/12 7/12
A3	Local Offer and Service Standards	Tenants roadshows Develop Local Offer and service standards Implement and monitor	11/11 12/11 4/12	11/11 1/12
A4	Residents Profile	Develop data capture framework Implement and monitor	4/12 7/12	6/12
A5	Planned Renewals Profile	Review with City Services	11/11	1/12
A6	Stock Condition Survey/Software Review	Stock survey framework Software review Implement annual survey	1/12 1/12 5/12	3/12 3/12 4/17
A7	Estate Regeneration Strategy	Blackbird Leys strategy development Donnington strategy development	10/12 10/12	4/12 4/12
A8	Green Deal Programme			
A9	Service Charge Cap Review	Commission review and report Implement changes	1/12 4/12	3/12 4/15
A10	Non-Commercial Assets Transfer	Review options	11/11	12/11
A11	Direct Services Review	Specification Commission and report	1/12 4/12	3/12 10/12
A12	Tower Blocks Service Charge Recovery	Strategy review	4/12	5/12
A13	Aids and Adaptations Review	Strategy review	1/12	3/12
A14	Gardening and Redecoration Review	Strategy review	1/12	3/12
A15	HCA Affordable Homes Programme	Programme development HCA contract	10/11 1/12	12/11 3/12
A16	Barton Affordable Homes Strategy		11/11	3/12
A17	Planned Renewals: Oxford Standard	Options review	6/12	9/12

HRA Financial Projections

HOUSING REVENUE ACCOUNT PROJECTIONS
Oxford City Council

Year	2011.12	2012.13	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME:															
Rental Income	34,653	36,492	38,385	40,334	42,340	44,406	46,532	47,974	49,394	50,857	52,322	53,788	55,294	56,843	58,435
Void Losses	-693	-730	-768	-807	-847	-888	-931	-959	-988	-1,017	-1,046	-1,076	-1,106	-1,137	-1,169
Service Charges	868	889	912	934	958	982	1,006	1,031	1,057	1,084	1,111	1,138	1,167	1,196	1,226
Non-Dwelling Income	2,624	2,689	2,757	2,826	2,896	2,969	3,043	3,119	3,197	3,277	3,359	3,443	3,529	3,617	3,707
Grants & Other Income	834	834	834	855	876	898	921	944	967	991	1,016	1,042	1,068	1,094	1,122
Subsidy	-13,113	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	**25,172**	**40,175**	**42,120**	**44,142**	**46,224**	**48,366**	**50,571**	**52,108**	**53,628**	**55,191**	**56,761**	**58,334**	**59,952**	**61,613**	**63,321**
EXPENDITURE:															
General Management	-2,762	-2,831	-2,902	-2,974	-3,048	-3,125	-3,203	-3,283	-3,365	-3,449	-3,535	-3,624	-3,714	-3,807	-3,902
Special Management	-2,349	-2,407	-2,468	-2,529	-2,593	-2,657	-2,724	-2,792	-2,862	-2,933	-3,007	-3,082	-3,159	-3,238	-3,319
Other Management	-3,506	-3,593	-3,683	-3,775	-3,870	-3,966	-4,066	-4,167	-4,271	-4,378	-4,488	-4,600	-4,715	-4,833	-4,954
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-347	-401	-883	-928	-974	-1,021	-1,070	-1,103	-1,136	-1,170	-1,203	-1,237	-1,272	-1,307	-1,344
Responsive & Cyclical Repairs	-9,446	-9,557	-9,679	-9,803	-9,934	-9,907	-10,084	-10,275	-10,469	-10,667	-12,077	-12,355	-12,639	-12,930	-13,228
Total Revenue Expenditure	**-18,409**	**-18,790**	**-19,615**	**-20,009**	**-20,418**	**-20,677**	**-21,146**	**-21,620**	**-22,104**	**-22,597**	**-24,310**	**-24,897**	**-25,499**	**-26,115**	**-26,746**
Interest Paid & Administration	-863	-11,094	-11,095	-11,074	-10,712	-10,137	-9,627	-9,024	-8,317	-7,498	-6,647	-5,766	-4,801	-3,748	-2,599
Interest Received	7	6	18	36	29	12	12	12	13	13	13	14	14	14	14
Depreciation	-5,491	-8,251	-8,458	-8,669	-8,886	-9,108	-9,336	-9,569	-9,808	-10,053	-10,305	-10,562	-10,826	-11,097	-11,374
Net Operating Income	**416**	**2,045**	**2,971**	**4,426**	**6,237**	**8,456**	**10,475**	**11,907**	**13,412**	**15,055**	**15,513**	**17,123**	**18,839**	**20,668**	**22,615**
APPROPRIATIONS:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FRS 17 /Other HRA Reserve Adj	-2,674	-74	-76	-78	-80	-82	-84	-86	-88	-90	-92	-95	-97	-99	-102
Debt Repayment	0	0	0	0	-13,263	-8,298	-10,346	-11,773	-13,242	-14,916	-15,378	-16,975	-18,688	-20,514	-22,459
AMRA Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Appropriations	**-2,674**	**-74**	**-76**	**-78**	**-13,343**	**-8,379**	**-10,430**	**-11,859**	**-13,330**	**-15,006**	**-15,471**	**-17,069**	**-18,785**	**-20,613**	**-22,561**
ANNUAL CASHFLOW	**-2,258**	**1,971**	**2,895**	**4,349**	**-7,106**	**77**	**45**	**48**	**81**	**49**	**42**	**53**	**54**	**54**	**55**
Opening Balance	2,500	242	2,213	5,108	9,457	2,351	2,429	2,474	2,522	2,603	2,653	2,695	2,748	2,802	2,856
Closing Balance	**242**	**2,213**	**5,108**	**9,457**	**2,351**	**2,429**	**2,474**	**2,522**	**2,603**	**2,653**	**2,695**	**2,748**	**2,802**	**2,856**	**2,911**
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INCOME:															
Rental Income	34,652,736	36,491,858	38,385,109	40,334,092	42,340,456	44,405,899	46,532,170	47,974,047	49,394,267	50,856,524	52,321,744	53,787,579	55,294,275	56,842,964	58,434,809
Void Losses	-693,055	-729,837	-767,702	-806,682	-846,809	-888,118	-930,643	-959,481	-987,885	-1,017,130	-1,046,435	-1,075,752	-1,105,886	-1,136,859	-1,168,696
Service Charges	867,603	889,293	911,525	934,314	957,671	981,613	1,006,153	1,031,307	1,057,090	1,083,517	1,110,605	1,138,370	1,166,830	1,196,000	1,225,900
Non-Dwelling Income	2,623,782	2,689,377	2,756,611	2,825,526	2,896,164	2,968,569	3,042,783	3,118,852	3,196,824	3,276,744	3,358,663	3,442,629	3,528,695	3,616,912	3,707,335
Grants & Other Income	834,049	834,049	834,049	854,900	876,273	898,180	920,634	943,650	967,241	991,422	1,016,208	1,041,613	1,067,653	1,094,345	1,121,703
Subsidy	-13,113,108	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	**25,172,007**	**40,174,740**	**42,119,593**	**44,142,151**	**46,223,756**	**48,366,142**	**50,571,096**	**52,108,376**	**53,627,537**	**55,191,077**	**56,760,785**	**58,334,440**	**59,951,567**	**61,613,362**	**63,321,052**
EXPENDITURE:															
General Management	-2,761,787	-2,830,832	-2,901,602	-2,974,143	-3,048,496	-3,124,708	-3,202,826	-3,282,897	-3,364,969	-3,449,094	-3,535,321	-3,623,704	-3,714,296	-3,807,154	-3,902,333
Special Management	-2,348,729	-2,407,447	-2,467,633	-2,529,324	-2,592,557	-2,657,371	-2,723,806	-2,791,901	-2,861,698	-2,933,241	-3,006,572	-3,081,736	-3,158,779	-3,237,749	-3,318,693
Other Management	-3,505,751	-3,593,395	-3,683,230	-3,775,310	-3,869,693	-3,966,435	-4,065,596	-4,167,236	-4,271,417	-4,378,203	-4,487,658	-4,599,849	-4,714,845	-4,832,716	-4,953,534
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-346,527	-401,410	-882,858	-927,684	-973,830	-1,021,336	-1,070,240	-1,103,403	-1,136,068	-1,169,700	-1,203,400	-1,237,114	-1,271,768	-1,307,388	-1,344,001
Responsive & Cyclical Repairs	-9,446,461	-9,557,414	-9,679,226	-9,802,944	-9,933,906	-9,906,889	-10,083,908	-10,275,037	-10,469,466	-10,667,240	-12,076,653	-12,354,723	-12,639,149	-12,930,074	-13,227,646
Total Revenue Expenditure	**-18,409,255**	**-18,790,498**	**-19,614,549**	**-20,009,405**	**-20,418,483**	**-20,676,740**	**-21,146,376**	**-21,620,474**	**-22,103,619**	**-22,597,477**	**-24,309,604**	**-24,897,127**	**-25,498,839**	**-26,115,082**	**-26,746,207**
Interest Paid & Administration	-863,200	-11,093,853	-11,095,053	-11,073,863	-10,711,738	-10,137,371	-9,626,897	-9,024,147	-8,316,880	-7,498,230	-6,647,083	-5,765,814	-4,801,234	-3,747,672	-2,599,407
Interest Received	6,838	6,123	18,259	36,323	29,448	11,920	12,225	12,457	12,781	13,107	13,335	13,573	13,840	14,109	14,381
Depreciation	-5,490,585	-8,251,250	-8,457,531	-8,668,970	-8,885,694	-9,107,836	-9,335,532	-9,568,920	-9,808,143	-10,053,347	-10,304,681	-10,562,298	-10,826,355	-11,097,014	-11,374,439
Net Operating Income	**415,804**	**2,045,262**	**2,970,718**	**4,426,235**	**6,237,289**	**8,456,115**	**10,474,516**	**11,907,291**	**13,411,676**	**15,055,130**	**15,512,753**	**17,122,775**	**18,838,980**	**20,667,703**	**22,615,380**
APPROPRIATIONS:															
FRS 17 /Other HRA Reserve Adj	-2,673,854	-73,854	-75,700	-77,593	-79,533	-81,521	-83,559	-85,648	-87,789	-89,984	-92,234	-94,539	-96,903	-99,325	-101,809
Debt Repayment	0	0	0	0	-13,263,285	-8,297,519	-10,345,994	-11,773,409	-13,242,406	-14,915,782	-15,378,321	-16,974,955	-18,688,388	-20,514,155	-22,458,846
AMRA Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Appropriations	**-2,673,854**	**-73,854**	**-75,700**	**-77,593**	**-13,342,817**	**-8,379,040**	**-10,429,553**	**-11,859,057**	**-13,330,195**	**-15,005,765**	**-15,470,554**	**-17,069,495**	**-18,785,290**	**-20,613,480**	**-22,560,655**
ANNUAL CASHFLOW	**-2,258,050**	**1,971,408**	**2,895,017**	**4,348,642**	**-7,105,529**	**77,075**	**44,963**	**48,234**	**81,481**	**49,365**	**42,199**	**53,280**	**53,689**	**54,223**	**54,725**
Opening Balance	2,500,000	241,950	2,213,358	5,108,375	9,457,017	2,351,489	2,428,563	2,473,527	2,521,761	2,603,242	2,652,606	2,694,805	2,748,085	2,801,775	2,855,997
Closing Balance	**241,950**	**2,213,358**	**5,108,375**	**9,457,017**	**2,351,489**	**2,428,563**	**2,473,527**	**2,521,761**	**2,603,242**	**2,652,606**	**2,694,805**	**2,748,085**	**2,801,775**	**2,855,997**	**2,910,722**
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

HOUSING REVENUE ACCOUNT PROJECTIONS
Oxford City Council

Year	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
INCOME:															
Rental Income	60,071	61,753	63,481	65,258	67,084	68,961	70,891	72,874	74,912	77,007	79,160	81,373	83,648	85,986	88,388
Void Losses	-1,201	-1,235	-1,270	-1,305	-1,342	-1,379	-1,418	-1,457	-1,498	-1,540	-1,583	-1,627	-1,673	-1,720	-1,768
Service Charges	1,257	1,288	1,320	1,353	1,387	1,422	1,457	1,494	1,531	1,569	1,608	1,649	1,690	1,732	1,775
Non-Dwelling Income	3,800	3,895	3,992	4,092	4,195	4,299	4,407	4,517	4,630	4,746	4,864	4,986	5,111	5,238	5,369
Grants & Other Income	1,150	1,178	1,208	1,238	1,269	1,301	1,333	1,367	1,401	1,436	1,472	1,509	1,546	1,585	1,625
Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	**65,076**	**66,879**	**68,732**	**70,637**	**72,593**	**74,604**	**76,670**	**78,794**	**80,976**	**83,218**	**85,521**	**87,889**	**90,322**	**92,821**	**95,390**
EXPENDITURE:															
General Management	-4,000	-4,100	-4,202	-4,307	-4,415	-4,526	-4,639	-4,755	-4,873	-4,995	-5,120	-5,248	-5,379	-5,514	-5,652
Special Management	-3,402	-3,487	-3,574	-3,663	-3,755	-3,849	-3,945	-4,044	-4,145	-4,248	-4,354	-4,463	-4,575	-4,689	-4,806
Other Management	-5,077	-5,204	-5,334	-5,468	-5,604	-5,745	-5,888	-6,035	-6,186	-6,341	-6,499	-6,662	-6,829	-6,999	-7,174
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-1,382	-1,420	-1,460	-1,501	-1,543	-1,586	-1,630	-1,676	-1,723	-1,771	-1,821	-1,872	-1,924	-1,978	-2,033
Responsive & Cyclical Repairs	-13,532	-13,843	-14,162	-14,487	-14,821	-15,161	-15,510	-15,866	-16,231	-16,604	-16,985	-17,375	-17,774	-18,182	-18,600
Total Revenue Expenditure	**-27,393**	**-28,055**	**-28,733**	**-29,427**	**-30,138**	**-30,866**	**-31,612**	**-32,376**	**-33,158**	**-33,959**	**-34,780**	**-35,620**	**-36,481**	**-37,362**	**-38,265**
Interest Paid & Administration	-1,345	-417	-147	-151	-154	-158	-162	-166	-170	-175	-179	-184	-188	-193	-198
Interest Received	15	59	178	330	489	654	825	1,003	1,187	1,377	1,580	1,794	2,016	2,246	2,484
Depreciation	-11,659	-11,950	-12,249	-12,555	-12,869	-13,191	-13,521	-13,859	-14,205	-14,560	-14,924	-15,297	-15,680	-16,072	-16,474
Net Operating Income	**24,694**	**26,516**	**27,781**	**28,834**	**29,921**	**31,042**	**32,201**	**33,395**	**34,628**	**35,900**	**37,218**	**38,582**	**39,989**	**41,440**	**42,937**
APPROPRIATIONS:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FRS 17 /Other HRA Reserve Adj	-104	-107	-110	-112	-115	-118	-121	-124	-127	-130	-134	-137	-140	-144	-147
Debt Repayment	-24,529	-8,820	0	0	0	0	0	0	0	0	0	0	0	0	0
AMRA Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Appropriations	**-24,634**	**-8,927**	**-110**	**-112**	**-115**	**-118**	**-121**	**-124**	**-127**	**-130**	**-134**	**-137**	**-140**	**-144**	**-147**
ANNUAL CASHFLOW	**60**	**17,588**	**27,672**	**28,722**	**29,806**	**30,924**	**32,080**	**33,271**	**34,501**	**35,770**	**37,084**	**38,445**	**39,848**	**41,296**	**42,790**
Opening Balance	2,911	2,971	20,560	48,231	76,953	106,759	137,683	169,763	203,034	237,535	273,305	310,389	348,834	388,683	429,979
Closing Balance	**2,971**	**20,560**	**48,231**	**76,953**	**106,759**	**137,683**	**169,763**	**203,034**	**237,535**	**273,305**	**310,389**	**348,834**	**388,683**	**429,979**	**472,769**
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

INCOME:															
Rental Income	60,071,006	61,752,784	63,481,405	65,258,165	67,084,398	68,961,472	70,890,795	72,873,812	74,912,008	77,006,910	79,160,084	81,373,144	83,647,742	85,985,581	88,388,407
Void Losses	-1,201,420	-1,235,056	-1,269,628	-1,305,163	-1,341,688	-1,379,229	-1,417,816	-1,457,476	-1,498,240	-1,540,138	-1,583,202	-1,627,463	-1,672,955	-1,719,712	-1,767,768
Service Charges	1,256,548	1,287,962	1,320,161	1,353,165	1,386,994	1,421,669	1,457,210	1,493,641	1,530,982	1,569,256	1,608,487	1,648,700	1,689,917	1,732,165	1,775,469
Non-Dwelling Income	3,800,019	3,895,019	3,992,395	4,092,204	4,194,510	4,299,372	4,406,857	4,517,028	4,629,954	4,745,703	4,864,345	4,985,954	5,110,603	5,238,368	5,369,327
Grants & Other Income	1,149,746	1,178,489	1,207,952	1,238,150	1,269,104	1,300,832	1,333,353	1,366,686	1,400,854	1,435,875	1,471,772	1,508,566	1,546,280	1,584,937	1,624,561
Subsidy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	**65,075,899**	**66,879,199**	**68,732,284**	**70,636,521**	**72,593,317**	**74,604,116**	**76,670,399**	**78,793,691**	**80,975,557**	**83,217,605**	**85,521,487**	**87,888,900**	**90,321,587**	**92,821,339**	**95,389,995**
EXPENDITURE:															
General Management	-3,999,891	-4,099,888	-4,202,386	-4,307,445	-4,415,131	-4,525,510	-4,638,647	-4,754,614	-4,873,479	-4,995,316	-5,120,199	-5,248,204	-5,379,409	-5,513,894	-5,651,741
Special Management	-3,401,660	-3,486,701	-3,573,869	-3,663,216	-3,754,796	-3,848,666	-3,944,883	-4,043,505	-4,144,592	-4,248,207	-4,354,412	-4,463,273	-4,574,854	-4,689,226	-4,806,456
Other Management	-5,077,373	-5,204,307	-5,334,415	-5,467,775	-5,604,469	-5,744,581	-5,888,196	-6,035,401	-6,186,286	-6,340,943	-6,499,466	-6,661,953	-6,828,502	-6,999,214	-7,174,195
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-1,381,633	-1,420,314	-1,460,072	-1,500,938	-1,542,941	-1,586,114	-1,630,488	-1,676,098	-1,722,976	-1,771,159	-1,820,682	-1,871,582	-1,923,898	-1,977,668	-2,032,933
Responsive & Cyclical Repairs	-13,532,016	-13,843,336	-14,161,766	-14,487,464	-14,820,596	-15,161,331	-15,509,839	-15,866,296	-16,230,883	-16,603,783	-16,985,184	-17,375,277	-17,774,259	-18,182,330	-18,599,697
Total Revenue Expenditure	**-27,392,573**	**-28,054,547**	**-28,732,507**	**-29,426,838**	**-30,137,934**	**-30,866,201**	**-31,612,053**	**-32,375,913**	**-33,158,216**	**-33,959,408**	**-34,779,943**	**-35,620,288**	**-36,480,922**	**-37,362,333**	**-38,265,023**
Interest Paid & Administration	-1,345,194	-417,358	-147,006	-150,681	-154,448	-158,309	-162,267	-166,324	-170,482	-174,744	-179,112	-183,590	-188,180	-192,884	-197,706
Interest Received	14,668	58,680	177,583	330,435	488,914	653,732	825,087	1,002,651	1,186,619	1,377,192	1,579,552	1,794,059	2,016,115	2,245,952	2,483,812
Depreciation	-11,658,800	-11,950,270	-12,249,027	-12,555,253	-12,869,134	-13,190,862	-13,520,634	-13,858,650	-14,205,116	-14,560,244	-14,924,250	-15,297,356	-15,679,790	-16,071,785	-16,473,580
Net Operating Income	**24,694,000**	**26,515,704**	**27,781,327**	**28,834,185**	**29,920,715**	**31,042,475**	**32,200,532**	**33,395,456**	**34,628,362**	**35,900,402**	**37,217,734**	**38,581,725**	**39,988,810**	**41,440,289**	**42,937,498**
APPROPRIATIONS:															
FRS 17 /Other HRA Reserve Adj	-104,354	-106,963	-109,637	-112,378	-115,187	-118,067	-121,018	-124,044	-127,145	-130,324	-133,582	-136,921	-140,344	-143,853	-147,449
Debt Repayment	-24,529,245	-8,820,266	0	0	0	0	0	0	0	0	0	0	0	0	0
AMRA Adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Appropriations	**-24,633,599**	**-8,927,229**	**-109,637**	**-112,378**	**-115,187**	**-118,067**	**-121,018**	**-124,044**	**-127,145**	**-130,324**	**-133,582**	**-136,921**	**-140,344**	**-143,853**	**-147,449**
ANNUAL CASHFLOW	**60,401**	**17,588,475**	**27,671,690**	**28,721,808**	**29,805,528**	**30,924,408**	**32,079,514**	**33,271,412**	**34,501,217**	**35,770,078**	**37,084,152**	**38,444,804**	**39,848,466**	**41,296,436**	**42,790,049**
Opening Balance	2,910,722	2,971,123	20,559,598	48,231,288	76,953,095	106,758,624	137,683,032	169,762,545	203,033,957	237,535,174	273,305,253	310,389,404	348,834,208	388,682,674	429,979,110
Closing Balance	**2,971,123**	**20,559,598**	**48,231,288**	**76,953,095**	**106,758,624**	**137,683,032**	**169,762,545**	**203,033,957**	**237,535,174**	**273,305,253**	**310,389,404**	**348,834,208**	**388,682,674**	**429,979,110**	**472,769,159**
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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RED RISK
CLOSED RISK

Risk ID	Risk						Corporate Objective	Gross Risk		Residual Risk		Current Risk		Owner	Date Risk Reviewed	Proximity of Risk (Projects/ Contracts Only)
Category-000-Service Area Code	Risk Title	Opportunity/ Threat	Risk Description	Risk Cause	Consequence	Date raised	1 to 6	I	P	I	P	I	P			
CRR-000-CHCD	Universal Credit (P)	T	Reduction in benefits entitlement	Changes in Government policy	Increased tenant arrears	17.11.11	2	4	5	4	2	4	4	TP	Current	NA
CRR-000-CHCD	Housing Benefit payment (P)	T	HB payment changed from landlord to tenant	Changes in Government policy	Increased tenant arrears	17.11.11	2	4	5	4	2	4	4	TP	Current	NA
CRR-000-CHCD	Increased homelessness (E)	T	Increased homelessness	Economic context	Increased presentations and waiting list	17.11.11	1	4	4	4	2	4	3	TP	Current	NA
SRR-000-CHCD	Affordable rents policy (E)	T	Grant funding conditional on 'Affordable Rents'	Changes in Government policy	Less funding support and development	17.11.11	1	3	4	2	4	3	4	TP	Current	NA
CEB-000-CHCD	Right to Buy	T	Increased discounts for RTB	Changes in Government policy	Reduced stock and income	17.11.11	1	4	3	3	3	4	3	TP	Current	NA
CEB-000-CHCD	Tenant governance (P)	O/T	Need to overhaul tenant scrutiny and engagement	Lack of effective tenant participation	Poor tenant scrutiny/engagement	17.11.11	6	4	5	2	2	4	2	TP	Current	NA
SRR-000-CHCD	Local Offer	O/T	Local offer required	TSA regulation	Lack of regulatory compliance	17.11.11	2	4	3	2	2	4	2	TP	Current	NA
SRDR-000-CHCD	Residents profiles	O	Raise quality/coverage of resident profiles	Inadequate survey information	Less effective targeting of services	17.11.11	1	4	4	2	2	3	3	TP	Current	NA
SRR-000-CA	Renewals/repairs database	T	Lack of stock condition data assurance	Inadequate data and systems	Higher costs and poor workflow	17.11.11	1	5	4	3	2	4	4	SS	Current	NA
SRR-000_CA	Stock condition	T	Accurate stock condition data needed	Inadequate data and systems	Higher costs and poor workflow	17.11.11	6	5	4	3	2	4	4	SS	Current	NA
CEB-000-DS	Renewals/repairs costs	T	Current costs too high	City Services costs too high	Excessive costs	17.11.11	1	5	4	3	3	5	4	GB	Current	NA
CEB-000-CA	Tower block programme	T	Cost exceed programme	Additional works required	Additional costs	17.11.11	6	4	3	2	2	3	2	SS	Current	NA
SRR-000_CA	Green Deal	O	Funding for energy efficiency	Government programme announcement	Potential to access funding	17.11.11	1	4	3	2	2	4	3	SS	Current	NA
SRR-000-CHCD	Performance measures	O/T	Need to confirm indicators suite	Current indicators not comprehensive	Inadequate reporting	17.11.11	1	5	4	2	2	3	3	TP	Current	NA
CRR-000-FI	Treasury strategy	O/T	Interest charges and conditions	Market volatility	Increased finance risk/costs	17.11.11	1	5	3	3	2	3	3	NK	Current	NA
CEB-000_FI	Borrowing cap	T	Reduction in borrowing cap	Changes in Government policy	Inability to fund programme	17.11.11	1	4	3	3	3	4	3	NK	Current	NA
CEB-000_-FI	Rent increase	T	Possible cap on future rent increases	Government regulation and high inflation	Lower income	17.11.11	1	4	2	3	2	3	3	NK	Current	NA
CEB-000-CA	Service charges	O	Potential to secure full tenant recharge	Policy to cap tenant charges	Failure to recover full service costs	17.11.11	1	3	5	3	3	3	4	SS	Current	NA
SRR-000-CHCD	Voids	T	Increased incidence and extended void period	Reduction in benefits/change in benefit payment	Lower rental income	17.11.11	6	4	4	3	3	3	4	TP	Current	NA
SRR-000-CHCD	Bad debts	T	Increased bad debts	Reduction in benefits/change in benefit payment	Lower rental income	17.11.11	6	4	4	3	3	3	4	TP	Current	NA
CEB-000-CA	Tower block cost recovery	O	Potential to recharge part to leaseholders	Leaseholders unable to fund	Lower income	17.11.11	6	4	5	2	4	3	5	SS	Current	NA
CRR-000-CA	HCA programme delivery	T	Failure to deliver programme	Council capacity and land holdings	Non-delivery of affordable homes	17.11.11	1	4	4	3	2	4	3	SS	Current	NA
CEB-000-CA	Barton development	O	Potential for City Council to deliver affordable homes	Management and financial capacity	Lack of increase of Council stock	17.11.11	1	4	4	3	3	4	4	SS	Current	NA
CEB-000-CA	Estate regeneration	O	Potential for City Council to deliver affordable homes	Management and financial capacity	Lack of increase of Council stock	17.11.11	1	4	4	3	2	4	4	SS	Current	NA
CEB-000-CA	Energy efficiency and carbon reduction	O	Potential to support Low Carbon Oxford and reduce fuel poverty	Strategy required	Potential efficiencies and carbon reduction targets missed	17.11.11	1	3	4	2	3	2	4	SS	Current	NA
SRR-000-CA	Raise quality of stock renewal	O	Improve specification for bathroom and kitchen renewals	Strategy required	Potential to raise stock standards missed	17.11.11	1	2	4	2	3	2	4	SS	Current	NA

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