

Cambridge City Council Housing Options Appraisal

Key assumptions

All analyses are at 2004/05 prices, with starting stock numbers at 1st April 2004. Key assumptions about volume and cost behaviour and inflation plus movements year on year are common to all options. These assumptions are for the baseline analysis which is intended to represent the current position projected forward subject to external influences. Decisions able to be taken on budget behaviour are contained within the sensitivities and scenarios.

Description	Amount	Comments
Stock numbers 1/4/04	7,874	
Average rent (52 week basis) 2004/05	57.43	
Average EUV at March 2004	73,681	
Void rate	0.87%	Constant through 30 years
Bad debt rate	0.74%	Constant through 30 years
Management costs real increase	2%	Per annum for 8 years to reflect pensions increases and pay awards; no reductions for RTB
Repairs costs real increase	2%	Per annum for 8 years to reflect cost pressures in repairs; no reductions for RTB
All revenue budgets at 2004/05 budget level		
Stock Condition Survey – See Appendix 1		30 yrs 2004/05 - 2033/34
Minimum Standard / Cambridge Standard – see app 1		
Fees added to stock survey profile	8%	
Retention / ALMO		
Real increase in national guideline rents	1.50%	Per annum to 2011/12
Target rent 2004/05	66.09	
Target rent 2011/12 (2004/05 prices)	73.35	
Real increases in rent 2004-2011/12	3.50%	Average across 7 rent increases
Right to Buy sales	110	Falling to 85 by 2011/12.
Use of RTB sales receipts for HRA	18% 23%	No use on HRA until 2006/07 2006/07 2007/08 onwards
Level of borrowing approvals/regional grants to support HRA expenditure	£0.732m	Assumed 732k in 2005/06. Nil assumed from 2006/07
Major Repairs Allowance real increases	0%	
M&M allowances real increases	8%	2005/06
M&M allowances real increases	2%	Per annum 2006/07-2011/12
Current HRA reserve	£6.1m	
Stock Transfer		
Real increase in national guideline rents	0.50%	Per annum to 2011/12
Target rent 2004/05	69.97	
Target rent 2011/12 (2004/05 prices)	72.46	
Real increases in rent 2005-2011/12	3.38%	Assumes no convergence of formulae : requires update in final report following rent restructuring review
Diseconomy of scale overhead	10%	
VAT on revenue funded repairs	11.0%	
VAT on capital repairs	17.5%	

Cambridge City Council Housing Options Appraisal Baseline outputs for revenue and capital

Below are the “baseline” outputs from a “standstill” forecast of the HRA and capital resources against spending needs from the Stock Condition Survey. These have been subjected to sensitivity analysis and the development of a range of scenarios – see appendix 4

Revenue

	1	2	3	4	5	6	7	8
	2004.05	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11	2011.12
Dwelling rent income	23,147	23,664	24,173	24,689	25,222	25,763	26,325	26,898
Less Bad Debt Provision	-171	-171	-171	-171	-171	-171	-171	-171
Other income	2,354	2,362	2,370	2,378	2,386	2,394	2,402	2,410
Interest income	244	280	340	401	460	520	579	640
Housing Subsidy	-8,818	-8,832	-9,318	-9,823	-10,279	-10,742	-11,406	-11,879
Income	16,756	17,303	17,394	17,474	17,618	17,764	17,729	17,898
Management & Other costs	-6,145	-6,177	-6,210	-6,317	-6,427	-6,539	-6,640	-6,743
Repairs & Maintenance	-4,113	-4,195	-4,279	-4,365	-4,452	-4,541	-4,632	-4,725
Capital Charges	-627	-654	-667	-667	-667	-667	-469	-469
Major Repairs Allowance	-4,747	-4,638	-4,572	-4,507	-4,442	-4,380	-4,321	-4,265
Expenditure	-15,632	-15,664	-15,728	-15,856	-15,988	-16,127	-16,062	-16,202
Surplus / (Deficit)	1,124	1,639	1,665	1,617	1,629	1,636	1,667	1,696
** Operating account	894	1,373	1,340	1,231	1,184	1,131	1,102	1,070

Capital (against headline Stock Condition Survey outputs)

	Year 1	Yrs 1-7	Yrs 1-10	Yrs 1-20	Yrs 1-30
	2004.05	2010/11	2013/14	2023/24	2033/24
Total programme	15,654	89,724	109,561	173,150	223,874
Capital resources	6,197	36,427	50,307	92,834	131,351
Revenue surpluses	0	0	0	0	0
Prudential Borrowing	0	0	0	0	0
Total resource potential	6,197	36,427	50,307	92,834	131,351
Excess / shortfall	-9,457	-53,297	-59,254	-80,316	-92,523