



Tonight's Presentation

- The Council's Budgets
- The Housing Revenue Account
- How We Pay for Council Housing
- Managing Risks
- Your Top 3 Priorities
- Challenges in 2014/15
- Our Plans for 2014/15
- Our Recommendation

The Council's Budget



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The Housing Revenue Account

	Original 2013/14 £	Revised 2013/14 £	Original 2014/15 £
INCOME			
Rents - Dwellings Only	14,866,500	14,862,500	15,294,000
Service Charges	200,000	236,000	262,000
Supporting People Grant	100,000	98,600	0
Total Income	15,166,500	15,197,100	15,556,000
EXPENDITURE			
Repairs and Maintenance	3,506,530	3,616,030	3,672,850
General Management	2,190,000	2,151,000	2,168,840
Special Services	932,670	907,670	1,015,860
Rents, Rates, Taxes & Other Charges	20,000	111,000	110,000
Contribution to Bad Debt Provision	175,000	175,000	200,000
Depreciation	1,562,700	1,568,600	1,533,400
HRA Subsidy / HRA Self Financing	5,115,200	5,115,200	4,516,250
Total Expenditure	13,532,100	13,634,500	13,520,270
Net Cost of Services	(1,663,400)	(1,661,600)	(2,005,730)
Interest Payable	190,350	190,350	190,350
HRA Investment Income	(12,250)	(12,250)	(6,800)
Transfer To/From Major Repairs Reserve	1,336,300	1,379,600	1,672,180
Contingency	150,000	0	150,000
Net Operating Expenditure	0	0	0
Net Change in Balances	0	0	0
Balance Carried Forward	(558,000)	(558,000)	(558,000)

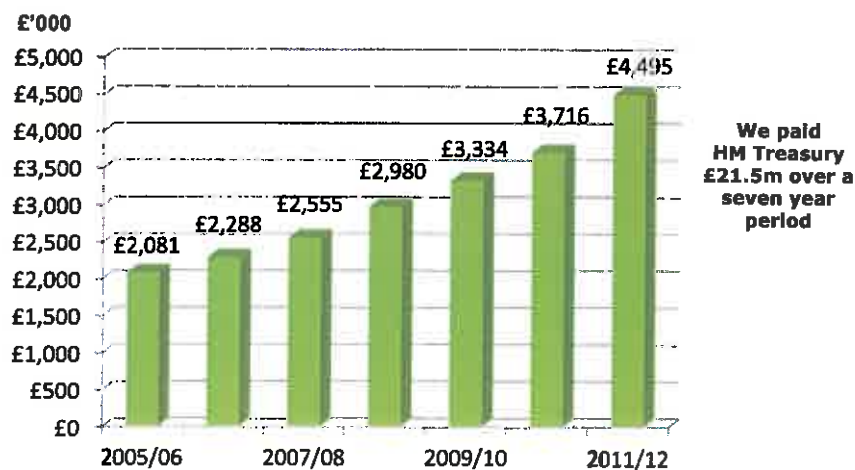
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How We Pay for Council Housing

- Until April 2012, council housing was funded through a national housing subsidy system
- In the last year of the old system,
 - Rents went up by 7%
 - We collected £13.4 million in rents and charges
 - We paid the Government £4.5 million
 - Only £8.9 million was available for services
- £1 in every £3 of your rent used to leave Kettering – a tax on tenants!

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Housing Subsidy – A Reminder



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How We Pay for Council Housing

- In April 2012, the new local self-financing system for council housing was introduced
- Now, we can keep all our rental income
- But we do have to service debt of £72.9 million that was transferred to us in March 2012
- At the end of March, the debt will have been reduced to £68.9 million
- A 30 year Business Plan helps us to manage the service over the long term

+ debt.

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Managing Risks

Welfare reform

- More difficult to let larger properties
- Rising rent arrears
- Falling tenancies
- More voids

Voids

- Welfare reform
- Demographic factors

Supporting People

- NCC cuts to housing support services
- Impact on Silver Service

Right to Buy

- Larger discounts
- More council properties being sold
- Impact on HRA Business Plan

Rents policy

- Rent convergence ending a year earlier
- Long term impact on Business Plan

Changing local housing market

- Growing private rented sector
- Keyways housing allocations scheme

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Changes to Rent Policy

- **Rent Convergence Policy** – Increasing rents for council housing so that they are comparable with housing associations:

Retail Price Index + 0.5% + £2 per week

- **New Policy** – End rent convergence in March 2015 and introduce a new formula:

Consumer Price Index + 1%

- Rent convergence built into the HRA Business Plan, therefore this change could result in a loss of income of £10 million over 30 years

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Your Top 3 Priorities

During the rent-setting process last year, you told us that your top 3 priorities were:

- 1.Improving the housing stock**
- 2.Investing in day-to-day services** – tenancy support, fighting fraud sign-ups and introductory tenancies
- 3.Building new homes** – when the time is right

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Challenges in 2014/15

- Making sure that council housing is fit-for-purpose, easy to let and continues to meet local needs
- Managing the impact of welfare reform and providing support for our tenants
- Ensuring that we continue to provide 'Silver Service' in the wake of cuts to housing-related support services.
- Responding to the mismatch between supply and demand

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Our Plans for 2014/15

- Investing more in tenancy support and the management of rent arrears
- A greater focus on introductory tenancies and face-to-face contact with tenants
- Improving your homes and neighbourhoods – increase of £290,000 in the capital programme
- 'Homes for the Future' – First neighbourhood modernisation project at Desborough
- A more pro-active approach to marketing and letting void properties

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Our Recommendation

Average rent increase

5.1%

Average weekly rent increase **£3.87**

Average weekly rent **£79.73**

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Rent Increases since 2008/09

Financial Year	Average Rent Increase
2008/09	7.5%
2009/10	6.4%
2010/11	3.1% (Planned increase of 6.2% was reduced by Government)
2011/12	7.0%
2012/13	7.9%
2013/14	4.75%
2014/15	5.1% (Recommended)
2015/16	2.9% (Projection in HRA Business Plan based on a CPI of 2%)
2016/17	2.5% (Projection in HRA Business Plan based on a CPI of 2%)

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Rent Increases in Northants

Social landlord	Average Rent Increase	Average weekly rent
Corby BC	3.5%	£77.35
Kettering BC	5.1%	£79.73
Seven Locks Housing	4.2%	£86.26
Northampton BC	5.5%	£89.88
Daventry & District Housing	6.0%	£94.04
South Northants Homes	5.8%	£100.00
Spire Homes	3.7%	£100.47

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Main Points



- Rent increase: 5.1%.
- The Council will be able to meet your priorities and manage key business risks
- A lower rent increase would have a huge impact on services and investment plans

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