

Rent Review 2012/13

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Tonight's Agenda

- The Housing Revenue Account
- The New System
- Rents in 2012/13
- Questions and answers

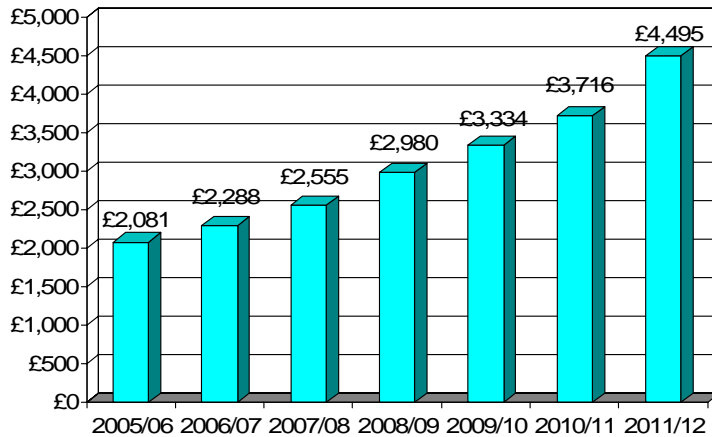
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The Housing Revenue Account

	Original 2011/12 £	Revised 2011/12 £	Original 2012/13 £
INCOME			
Rents - Dwellings Only	13,060,780	13,030,000	13,940,300
Service Charges	269,240	228,000	269,240
Supporting People Grant	100,000	190,000	100,000
Total Income	13,430,020	13,448,000	14,309,540
EXPENDITURE			
Repairs and Maintenance	3,295,660	3,278,920	3,306,750
General Management	2,062,820	2,059,410	2,066,470
Special Services	914,590	872,700	927,400
Rents, Rates, Taxes & Other Charges	20,000	20,000	20,000
Contribution to Bad Debt Provision	75,000	75,000	75,000
Depreciation	2,249,200	1,576,100	1,624,700
HRA Subsidy / HRA Self Financing	4,494,730	4,494,730	5,393,530
Total Expenditure	13,131,960	12,376,860	13,413,850
Net Cost of Services	(298,030)	(1,071,140)	(895,690)
Interest Payable	29,540	29,540	29,540
Amortised Premiums & Discounts	64,400	64,400	43,100
HRA Investment Income	(6,700)	(6,700)	(12,250)
Transfer To/From Major Repairs Reserve	210,790	883,900	835,300
Net Operating Expenditure	0	(100,000)	0
Net Change in Balances	0	(100,000)	0
Balance Carried Forward	(663,376)	(663,376)	(663,376)

HRA Subsidy

£'000



We have paid
DCLG £21.5m
since 2005/06

116%
increase
since
2005/06

The New System

- In April 2012, the new funding system for council housing will be introduced (A Mortgage!)
- We won't have to pay the Government housing subsidy but we will take on debt of £72.9m
- Debt management and servicing costs will replace subsidy
- 30 Year Business Plan will help manage the Business
- Settlement payment – 28 March

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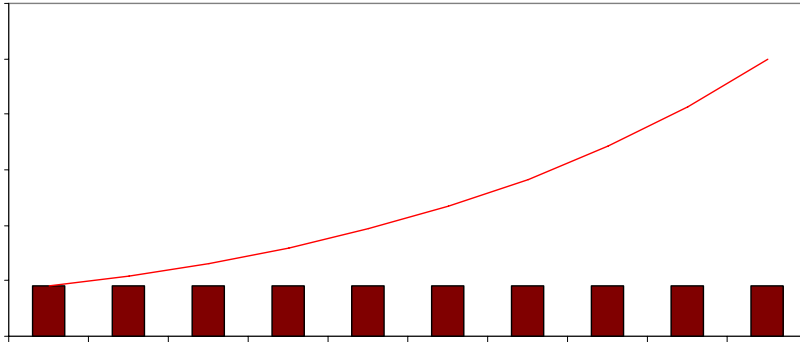
The Benefits of the New System

- All rental income to be kept locally
- Enables KBC to actively manage its assets
- KBC now accountable to the tenants
- Business Planning – Greater Certainty

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The Benefits of the New System

Subsidy vs Debt repayment



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Disadvantages of the New System

- Loan of £72.9m but better than the subsidy system

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Borrowing Considerations

- How much to borrow - £72.9m
- Who to borrow from – Public Works Loan Board (PWLB)
- Fixed or Variable Loan - Fixed
- Type of Loan – Maturity
- Structure of Loans

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Your Priorities



1. Continue to invest in your homes
2. Better day-to-day services
3. Build new homes when the time is right

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Business Planning



- Factors we need to take into account
- Known, unknowns etc
 - 30 year Business Plan
 - RTB
 - Welfare Reform
 - Reserve powers for debt settlement

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Recommendation

Average rent increase

7.93%

£5.29

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What's happening elsewhere?



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What's happening elsewhere?

▪ Northampton	6.79%
▪ Leicester	7.20%
▪ North Kesteven	7.60%
▪ Kettering	7.93%
▪ Corby	8.01%
▪ Cambridge	8.30%
▪ North Warwickshire	8.50%
▪ Broxtowe	8.60%

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Questions and Answers

- What will we do with the extra 7.93%?
 - service the debt
 - maintain properties to Decent Homes Standard
 - improve service delivery
 - future development

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Summary



- An average rent increase of 7.93% in 2012/13
- Enables the Council to meet your priorities
- Business Plan models 7.93% increase
- Significant impact on the Business Model and investment plans if a lower rent increase were adopted

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