

Appendix 2

Key assumptions

All analyses are at 2005/06 prices, with starting stock numbers at 1st April 2005. 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 1/4/05	8,418	8,532 Incl. LSSO
Average rent (52 week basis) 2005/06	63.18	
Average EUV at January 2001	59,030	
Void rate	3.13%	2% from 2007/08
Bad debt rate	0.74%	Constant through 30 years
Management costs real increase	1%	Per annum for 5 years; no reductions for RTB
Repairs costs real increase	1%	Per annum for 5 years; no reductions for RTB
All revenue budgets at 2005/06 budget level		
Stock Condition Survey – Base Standard		
		30 yrs from 2005/06
Raw profile	Less RTB plus fees	
2005-2010	£97.7m	£101.4m
2005-2015	£130.5m	£133.5m
2005-2025	£223.7m	£219.8m
2005-2035	£316.2m	£300.4m
Stock Condition Survey – Reduced Standard		
		30 yrs from 2005/06
Raw profile	Less RTB plus fees	
2005-2010	£84.7m	£87.9m
2005-2015	£115.9m	£118.4m
2005-2025	£206.3m	£202.2m
2005-2035	£297.2m	£281.3m
Stock Condition Survey – Minimum Standard		
		30 yrs from 2005/06
Raw profile	Less RTB plus fees	
2005-2010	£71.4m	£74.0m
2005-2015	£98.9m	£100.8m
2005-2025	£182.6m	£178.5m
2005-2035	£267.6m	£252.5m
Fees added to stock survey profile	8%	
Retention / ALMO		
Real increase in national guideline rents	1.50%	Per annum to 2011/12
Target rent 2005/06	63.74	
Target rent 2011/12 (2005/06 prices)	69.70	
Real increases in rent 2005-2011/12	1.65%	
Right to Buy sales	114	Falling to 84 by 2011/12. Reducing by 5% per year.

Use of RTB sales receipts for HRA (exc. B/F receipts)	100%	Based on Cap prog financing to 2007/08
	0%	2008/09 and subsequent years
Level of Supported Capital Expenditure to support HRA expenditure	£0k	
Major Repairs Allowance real increases	0%	
M&M allowances real increases	2%	Per annum 2006/07-2011/12
Stock Transfer		
Real increase in national guideline rents	0.50%	Per annum to 2011/12
Target rent 2005/06	65.78	
Target rent 2011/12 (2005/06 prices)	67.78	
Real increases in rent 2006-2011/12	1.19%	Assumes no convergence of formulae
Diseconomy of scale overhead	10%	
VAT on revenue funded repairs	11.0%	
VAT on capital repairs	17.5%	

BASELINE OUTPUTS – revenue and capital

Revenue

	1	2	3	4	5	6	7
	2005.06	2006.07	2007.08	2008.09	2009.10	2010.11	2011.12
Dwelling rent income	26,972	27,061	27,471	27,592	27,718	27,856	28,010
Less Bad Debt Provision	-200	-200	-200	-200	-200	-200	-200
Other income	1,920	1,571	1,566	1,561	1,557	1,552	1,549
Interest income	132	105	114	122	116	94	56
Housing Subsidy	-10,224	-10,405	-10,802	-11,199	-11,599	-12,007	-12,417
Income	18,600	18,132	18,149	17,876	17,592	17,296	16,998
Management & Other	-8,582	-8,663	-8,719	-8,777	-8,835	-8,895	-8,867
Repairs & Maintenance	-4,400	-4,444	-4,488	-4,533	-4,578	-4,624	-4,624
Capital Charges	1,324	1,324	1,324	1,324	1,324	1,324	1,324
Major Repairs Allowance	-6,120	-5,905	-5,824	-5,747	-5,674	-5,604	-5,539
Expenditure	-17,778	-17,688	-17,707	-17,733	-17,763	-17,799	-17,706
Surplus/Deficit	822	679	651	337	22	-288	-454
RCCO	-560	-560	-560	-560	-560	-560	-560
Working Balance	1,513	1,705	1,877	1,745	1,291	506	-484

Capital

Stock Condition Survey – Base Standard

	Year 1	Yrs 1-6	Yrs 1-10	Yrs 1-20	Yrs 1-30
	2005.06	2010/11	2013/14	2023/24	2033/24
Total programme	19,104	101,418	133,534	219,830	300,398
Capital resources	15,398	50,622	72,413	123,462	171,225
Revenue surpluses	560	3,360	5,600	11,200	16,800
Prudential Borrowing	0	0	0	0	0
Total resource potential	15,958	53,982	78,013	134,662	188,025
Excess / shortfall	-3,146	-47,436	-55,521	-85,168	-112,373