‘Modern and sustainable council housing for Melton’

Council housing business plan 2012

Melton Borough Council owns nearly 1,900 council homes across the borough.

Whilst we are very proud of the way in which we have managed our housing, the finances have been very difficult, especially over the last few years. Government rules have meant that we have had to pay an increasing amount of rent income into a national pot. Now the government is changing the rules for the better and introducing a new financial system for council housing in which we take out a kind of mortgage to take control of our finances. This will mean that, really for the first time in well over a generation, we will be able to put our council housing on a really sound financial footing for the long term.

This is our council housing business plan. It starts in April 2012 when the new system comes in and gives details of our plans for the next 2 years, in which we will complete our current programme of investment in the housing stock whilst at the same time working through with tenants and other partners the basis for a long term strategy for council housing. We will develop a plan in which we will make sure that we can keep things financially secure for 30 years. We have included all the financial and other details of how we will manage, maintain and improve our homes in the short term and in time hopefully add to the number of council homes in the future.

This is a new era for council housing and above all, this will be a plan for investment. Council housing will become centre stage for the council in helping us to deliver our key council objectives for:
- Place: better places to live, work and visit
- People: supporting those most in need
- Well Run Council: good services that are value for money.

Our vision is for **‘Modern and sustainable council housing for Melton’** and this plan sets out how we will start to do it.

This supports the Council’s Housing Strategy priorities of:
- **Supporting** the housing needs of vulnerable groups
- **Balancing** the local housing market and the condition of houses
- **Improving** housing services

Overview

The current system for council housing finance is a national system in which councils such as Melton have to pay surplus rent into a national housing pot so that other councils which are deemed to have more 'need' can be subsidised. In 2011, we paid nearly £2m of our rents into the pot (about 30%). As our rents go up, the amount we pay over would continue to go up. The current system is universally unpopular and has fallen into disrepute; the government now accepts that it is time for change. The current system has been under-funded (it does not let us keep enough of our own rent income to maintain and improve our homes to the standard we need to) but above all, we have not been able to plan effectively as the government has constantly changed the rules in terms of how we much money we have.

From April 2012, the current system is being abolished, and is being replaced by a new 'self financing' system. In making this change, the government has also recognised that the current system is under-funded and made an assumption that we will be able to spend more. The government has worked out that our housing stock would be able to support £33.7m of debt – this is known as the value of the stock based on future rents and future costs. This is good news but the government is also acting to control borrowing by capping our borrowing at the opening debt level. For historical reasons, we will actually start the new system with slightly lower debt (£32.1m).

We already have an assumed amount of Subsidy Capital Financing Requirement (SCFR) debt of £5.9m. This means that, in return for a one-off payment to the government of £27.8m, we will in future be able to keep all of our rents locally and spend them on our homes and services.

We will be paying this amount to government at the end of March 2012 and we will need to borrow to fund this payment. The interest payments on the new borrowing will be less that the rent we are paying to government and this will allow us to increase the amount we spend on our homes to the level we need to give them a long term and secure future.

Because we will no longer be linked to a national system, we have to prepare our own long term plan. The standard period is for 30 years although we will continually refine and update the plan as time moves on and for Melton, the introduction of the new system comes part way through a three year capital investment programme.

We have prepared a financial model to support the business plan which starts at April 2012 and runs over 30 years. We have made assumptions about how the plan will start and the way income and expenditure will develop over the long term. Details of the assumptions and outputs from the modelling are critical to this business plan and there is a detailed section setting out what we have assumed and what the key risks are.

This business plan for Melton's council housing therefore:

- Summarises the main policies and plans for council housing for the first 2 years in detail as we complete the current programme - within the context of a sustainable 30 year plan
- Sets out the basis for a longer plan for capital investment and maintenance of our existing homes
- Confirms our plans for providing council housing services
- Summarises the work we have done to assess how we will manage our stock (and other assets such as garages) into the future and the work we will be undertaking to consult on the long term plan (our Asset Management Strategy) during 2012
- Identifies some options for additional investment which will be subject for further consultation during 2012.

The plan is based on a detailed financial model which forms the basis of all the future funding for council housing.

Council housing current position: our stock and services

We deliver housing services to our 1,886 tenanted properties and 27 leaseholders through the council's Communities & Neighbourhoods Service.

We provide a housing management service, that is not traditional in the sense that, we do not have a "housing department", to all our tenants and have taken the approach in line with our People & Place theme. We have prioritised services to the most vulnerable people who live in our properties through our Family Intervention Project in partnership with other agencies.

Our repairs service is comprehensive and focused on meeting the day to day demands of tenants who need repairs within their homes. We are in the process of retendering our repairs services with a view to securing a long term better and more efficient service for our tenants.

We have around 400 properties designated as sheltered; funding for around one quarter of the cost of services to sheltered housing come from council housing rents, the remainder from Leicestershire's supporting people service.

Our stock has been well maintained in the past and we were able to retain our stock and meet the decent homes standard set by government. A key area for future development is energy initiatives and to help our tenants better deal with the escalating cost of keeping their homes warm and tackling fuel poverty.

Despite this overall position, like all councils, Melton has some properties which are of poor design and which are in need of regeneration or redevelopment. Properties at Fairmead and Beckmill (for example) are the subject of a separate feasibility exercise looking into how we might improve conditions and increase the number of homes on the estate. We also have some non-traditionally build properties that will need significant investment in order to keep them sustainable.

Housing needs in the borough are on the increase. The council's housing register has increased from 300 to over 700 applicants in the last 2 years and the current economic and public sector financial difficulties are adding pressure to our waiting lists.

In setting out this business plan, we aim to protect our current services, improve their effectiveness and deliver a long term programme of repairs, maintenance and investment which will sustain homes well into the future.

The current service is therefore the starting point for this business plan and we aim to thoroughly review our services and investment programmes in the next year so that we develop a comprehensive plan for improvements from 2014 onwards.

Governance and Tenant Empowerment

The Council currently sets its strategies and plans for housing through the Community and Social Affairs Committee (CSA).

CSA will continue to be the effective governance forum for the HRA business plan going forward and receive updates and approve changes and developments as required.

The regulation of social housing services is operated through the Homes and Communities Agency (HCA) (formerly the separate Tenant Services Authority). The aim is to develop what is known as 'co-regulation' between the council, tenants and the HCA. There is a statutory requirement to establish a Tenant Panel which will scrutinise services and assist in setting the priorities for council housing services.

In Melton, we have our Tenant Forum Executive Committee (TFEC) which acts as our Tenant Scrutiny Panel and with which we work closely to develop our plans and services.

The TFEC has been actively involved in setting the standards for our housing services and in helping to improve services to tenants and residents. TFEC members are also involved in awarding major contracts for repairs and capital improvements.

As we work up our plans in more detail and review long term options for asset management, we expect the TFEC to remain a key and central part of our plans to develop the service.

We will keep under review the role TFEC plays and how this fits with the decision making undertaken at CSA and develop a partnership approach to the delivery of the business plan going forward.

One major opportunity in this plan is for council housing to play a more central role in the delivery of the council's overall corporate objectives. These are set out in appendix 1.

Investment in council housing:

- Improves PLACE through the physical investment in homes, the environment, sustaining jobs in construction and maintenance with some potential to deliver more homes to reduce waiting lists and pressure on housing need.

- Invests in PEOPLE through providing services to those in most need, including those in housing need, the poor and vulnerable and those most likely to suffer from reductions in public expenditure and benefits.

- Leads to a WELL RUN COUNCIL through prioritising service improvements and investment in the context of a sustainable financial plan.

Funding our Housing Services in this business plan

We currently spend £1.3m a year on managing council housing and £2m on day to day repairs and maintenance.

Our plan provides for a continuation of this level of service expenditure, with inflation, over the lifetime of the plan.

Our service standards and improvement plans are the subject of separate strategies which have been agreed with TFEC and tenants as a whole. The main headlines are:

- Customer service, choice and complaints, involvement and empowerment, understanding and responding to the diverse needs of tenants
- Quality accommodation, repairs and maintenance, allocations
- Neighbourhood management and anti-social behaviour
- Good services that are value for money.

We have already delivered efficiencies across the council and within the housing service, for example introduction of self serve and joint working at Parkside. Within our 'back office' services, we have already made considerable savings through management review and following a restructure. We have a number of successful shared services such as internal audit, legal, equalities and will continue to pursue opportunities as they arise. IT services are in the process of being reviewed regarding future service delivery and has included consultation within the council. The development of the website is also being examined with a view to achieving efficiencies over the longer term through those customers able to access this media and improve the level of support that can be provided to those more vulnerable customers through enhanced face to face services.

For repairs, we have recently increased our expenditure to bring it into line with the demands placed in the service by tenants. We are in the process of retendering the service and we recognise that we can aim to improve efficiency within the service. Repairs costs are higher than average for authorities of our size (they are currently £1,060 per property per year compared to an average of around £800 for other similar authorities) and we will bring forward plans to seek efficiencies in the future, especially as we will be able to increase capital investment. Funding has also been used to tackle fire risk works over a 3 year phased programme.

Any future savings in repairs will be reserved for reinvestment via the capital programme within this business plan. The stock condition survey completed during 2010 and the latest asset management information will provide a better understanding of the needs of our stock, this coupled with future management costs matched against income will provide a holistic picture for each property and enable strategic investment decisions to be made. This will provide efficiencies by delivering more planned works with the view to reduce reactive works.

Asset Management

The Council's asset management plan and capital strategy is currently being reviewed. We are set to receive a large capital receipt from the sale of land at Nottingham Road and there are funds available from the New Homes Bonus (a fund set up by government to give more resources for councils that deliver new housing). Following the receipt of this money and consideration of the strategy members of the council will consider the best use of these funds and the opportunities they provide. Affordable housing is a key priority for the council and their use towards helping the delivery of affordable housing through our own (council) ownership is an option that we will be considering.

In order for us to fully understand the needs of the stock going forward, we undertook a Stock Condition Survey during 2010 (undertaken by CPC). This survey assessed the condition of all the elements in each of our property types and set out a financial profile (capital profile) over a 30 year period. The survey covers all the major cost elements such as kitchens, bathrooms, windows and doors, heating systems and roofs, as well as all the smaller elements in the properties. The total needs are factored into the business plan to ensure that we are able to generate enough money to meet the needs of the stock in its current form. So that the data can be updated as time moves on and as work is carried out, we have developed a detailed database of all elements for all properties.

During 2011, we commissioned Savills to undertake a detailed review of our stock and asset base with a view to understanding the value and financial performance of the stock. In partnership with Savills, we have:

- Carried out further testing on our asset/element database
- Classified our stock into different areas and stock types
- Projected income and expenditure for each type of stock to test financial performance.

The outcomes of this work are in two main areas: to update and refine the long term capital profile and to undertake a detailed cashflow-based asset analysis.

The capital profile that we are working to and which is included in this business plan represents the investment needs of the existing stock in its current format. The total profile is £65.9m over 3 years, representing around £35,000 per property over 30 years. This represents a comprehensive programme of refurbishment and is in line with the expectations that government have placed on us in terms of maintaining stock into the long term in the settlement.

Within the overall profile, there is a significant ‘peak’ of need in the middle part of the plan with the life cycles replacement needs increasing significantly in around 15-20 years time. The financial summary on page 11 shows the pattern (chart 1). We need to spend more time understanding this pattern and ensuring that we are able to plan effectively for this period.

The most significant fact informing this plan is that we need to increase the annual programme of refurbishment on our stock to above £2m where we have traditionally spent between £1-£1.5m in the recent past. We will be able to afford this investment and will need to ensure that we deliver effective procurement of new contracts to get the best value for our resources.

Against these programme commitments, we will use our detailed asset data to ensure that we set aside sufficient resources from our rents into the Major Repairs Reserve (technically operated through a charge for depreciation) and from the element of Right to Buy receipts that are retained by the council (this is likely to be around £18k per sale in line with the amount of debt we have)

The outcomes of the detailed asset analysis work are beginning to become available as the new self financing regime is introduced. In common with many authorities, we are taking the time to analyse in detail what needs to happen to our stock over the long term and what our options are. The outcomes of this work will be subject to detailed evaluation and consultation during the remainder of 2012. From this, we will develop an Asset Management Strategy which will form the basis of our long term plan from 2014.

The main themes within the Asset Management Strategy will be threefold.

1. What standards we will maintain our stock to (for example, specification for kitchens and bathrooms) agreed with tenants.

2. Classification of properties into those which will:
    - Maintain and improve
    - Invest further to improve energy efficiency
    - Regenerate and/or redevelop
    - Remodel or change in other ways (eg conversions).

3. We will also seek opportunities to build new homes in plots of land, redeveloped garage sites and other options as they become available.

In the meantime, we will continue to deliver the current 3 year capital programme which has two years to run from 2012 to 2014. The main priorities within this programme are:
- Sustaining decent homes
- Decent Homes Standard Plus works
- Fire Risk works.

Subject to the detailed review work identified above, we expect the programme from 2014 to continue further with these priorities with new programme areas likely to include improving the communal areas, major and catch-up works and energy efficiency initiatives.

Options and priorities

We will be able to deliver more investment for council housing in the new system. The sources of additional funding are quite complex but can be summarised in the following way.

Firstly, the government has recognised that council housing has been under-funded for decades and included a big increase in allowance for major repairs factored into the debt settlement. The onus is therefore in the council to ensure that we have plans to effectively maintain the stock as will no longer be able to go back to government and ask for more money. The increase will enable our programme to increase to above £2m annually.

Secondly, we will keep rent income from all future rent increases rather than returning a large proportion to government. This will mean that, providing we keep control of our costs, we will generate revenues which we will be able to reinvest. These revenues are dependent on us sticking to the government's rent convergence policies. We will set aside these resources into reserves for future investment and develop plans in the Asset Management Strategy.

Thirdly, we will have around £1.6m borrowing headroom within the government's borrowing cap. We will need to pay the interest on any additional borrowing but we might use this to make investment happen quickly and, subject to a review of options for solar panels, use some of the headroom in the very short term. Generally, we will review the options for drawing down additional borrowing in the context of our overall plan for investment.

Fourthly, if we deliver any additional efficiencies, we will be able to reinvest these back into the service or the stock. This should act as a powerful incentive for us to deliver savings so we can deliver more of what our tenants need.

Risks and challenges

The main risks that we have identified as affecting our ability to deliver the plan over the long term are set out below. Risk management strategies against these are set out at appendix 4 and a summary of the financial sensitivity of the plan is also set out below.

- Getting our asset information right.

- Government Right to Buy policy.

- Restrictions on housing benefit to our tenants causes difficulties in payment and places pressure on our services.

- Inflation and interest rates are uncertain in the economic environment.

- Cost pressures (for example fuel and running costs).

Financial strategy and planning

We have prepared a financial model which includes all the income and expenditure for revenue and capital associated with council housing from 2012 for 30 years. The 30 year dimension is critical in terms of being able to demonstrate that we are able to manage and maintain the homes and assets that we have now. Appendix 2 lists the main assumptions in detail.

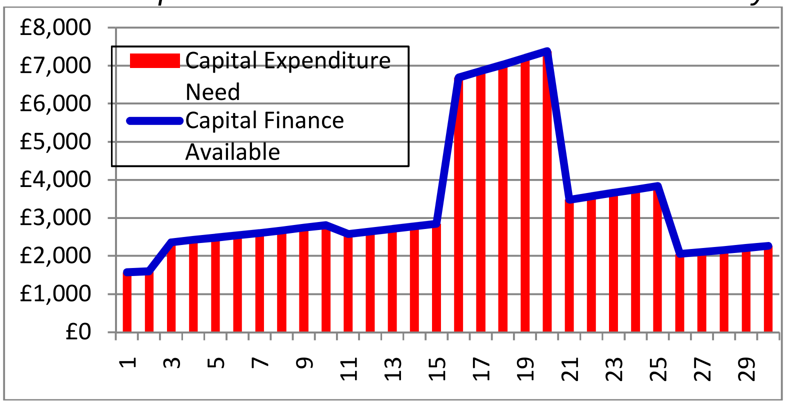
We have ten principles and policies upon which our baseline plan is constructed:

1. We will take out a mix of funding for the settlement payment which gives us some predictability around interest rates but gives us flexibility for refinancing as the plan develops over time (for example if we want to increase investment in regeneration or new build); precise loan mixes will be considered in the context of our overall Treasury Management strategy in the immediate run up to 28th March.
2. We will aim to ensure the council is debt free within the General Fund by allocating all existing loans to the HRA.
3. We will maintain and manage debt (rather than repay it) over the long term. Although it may be that repayment in the short to medium term may be considered if it is beneficial when considered within the treasury management strategy, when balancing investment returns and borrowing rates.
4. We will raise rents to meet convergence targets by 2016 (or as soon after as possible), including re-letting properties at target rents.
5. We will continue to invest in service delivery at current levels but look for efficiencies and greater effectiveness in service improvements.
6. We will complete our existing capital programme with the potential for the inclusion of a solar panel programme subject to separate approval by the council.
7. We will increase investment from 2014 in the current stock in line with the needs of the existing stock. We will operate a depreciation policy in line with CIPFA guidance which covers the individual components within the stock.
8. We will end our current approach to holding budget contingencies and establish a reserve for regeneration and new build with a commitment to placing any unspent resources into this reserve; in the first 5 years, we are planning for £3.57m to be set aside in this reserve for future investment in regeneration and new build.
9. Our minimum working balance for the HRA will be increased to £500k.
10. We will develop options for additional investment of reserves and revenues taking into account information about the stock, long term asset needs and the opportunities for investment set out in this summary – options include taking an active role in the redevelopment of Fairmead and other areas of high need (Beckmill/Town Centre), building new homes and/or looking to increase energy efficiency in existing homes. We will not draw down any additional borrowing until we have completed this review.

In showing how well financed the plan is, we have set out three charts below which describe the revenue, capital and debt position for the baseline business plan. Taken together, these represent a sustainable long term plan for the existing stock and asset base. Tables setting out the 5 year planning timeframe are included at appendix 3.

Our capital expenditure plans over the long term

Chart 1: Capital investment needs with finance annually

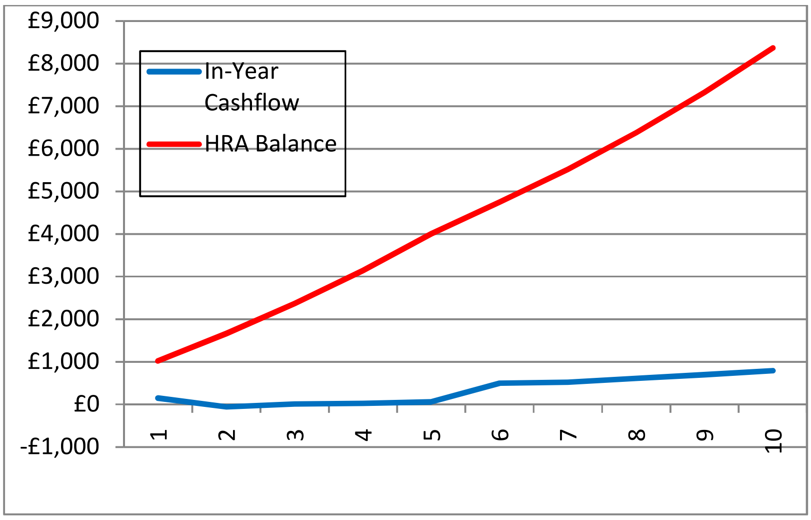


The headlines are:

- The current 3 year programme can be completed by 2014 and expenditure in the programme increased to a steady £2-£3m annually for the following 13 years – this is in line with the needs of the current stock.
- Half way through the plan, the asset management data suggests a big increase in expenditure needs (life cycle renewals); we will need to phase these works more evenly over time and will be doing more work to look at how that phasing might work – the plan generates sufficient resources to meet these needs in those middle years.
- All capital expenditure can be met in all years in which the needs arise.

Our revenue forecast over the medium term

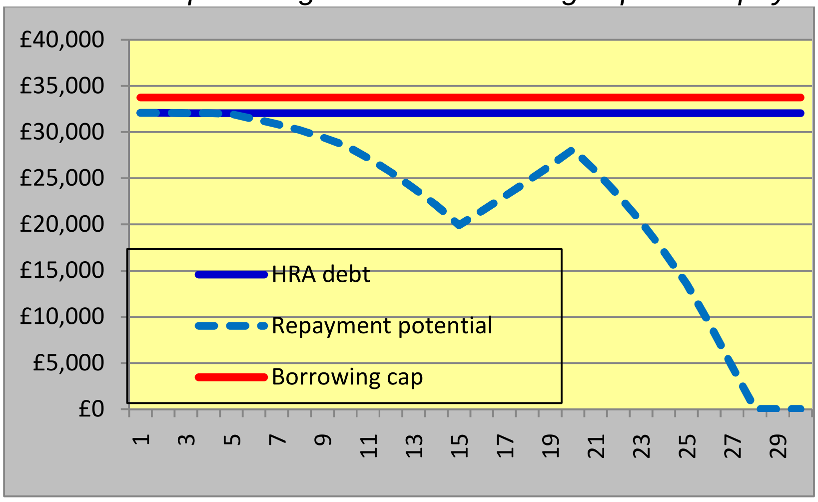
Chart 2: combined HRA and new build reserves in-year and carried forward



The main headline is that we are planning to build reserves of c£8m in the next 10 years both in the HRA working balance and set aside for regeneration and new build. This is a significant resource and we will develop and consult on plans for investment within 2012.

The debt profile over the long term

Chart 3: debt profile against the borrowing cap with repayment potential



The main headlines are:

- We will manage our debt in line with the opening settlement along a flat profile within the borrowing cap, giving some future headroom for investment financed through borrowing.
- Although we will not aim to repay debt, the dotted line shows that the plan is sustainable in that debt can be covered within 30 years.

Sensitivities

Taken together, the 3 charts above show how our business plan is sustainable over 30 years. There are risks to the delivery of the plan which might have an impact on the financial performance and investment potential over the long term. In order to demonstrate the possible effect of these risks, the table below shows the impact of a series of changes to assumptions on the amount of resources we can invest and the way in which we can cover debt payments.

Table 1: schedule of the impact of risks and sensitivities

	Reserves at yr 10 £m	Debt coverage year
Baseline	8.4	28
RTB sales 10pa (not 4)	8.3	29
Inflation 3.5% not 2.5%	9.7	26
Interest rates 1% higher every year	6.2	32
Expenditure inflation 1% higher than rent inflation	5.2	Rising @ 30
HB change doubles arrears	7.8	29

In addition to those set out in the table, and as set out above, a further key risk is the pattern of renewal needs in the middle part of the plan. It is essential that the council plans effectively to ensure that there are sufficient resources to meet needs at the stage when the big increase in replacements is required. The way in which we will address this will be to smooth patterns of needs when we review the asset management strategy in detail during 2012.

The table shows that our plan is reasonably resilient to changes in assumptions – the only area that would be a major problem for us is if we failed to control cost inflation; in effect this is a risk the council manages well under the current system and across all service areas.

New Corporate Policy Framework

Overarching Strategies

- Melton Community Strategy
- People Strategy
- Corporate Plan
- Medium Term Financial Strategy
- Locality Commissioning Plan

Service or Subject Strategies

Place

- Capital Strategy and Asset Management Plan
- Local Development Plan
- Civil Contingency and Emergency Plans (including Business Continuity Plans)
- Melton Housing Strategy

People

- Community Involvement Strategy
- Youth Strategy
- Social Inclusion and Community Cohesion Strategy
- Anti Poverty Strategy

Well Run Council

- Customer Service Strategy and Standards
- Procurement Strategy
- Single Equalities Scheme
- ICT Strategy

Partner Strategies

Places

- Leicestershire Local Transport Plan/ Car Park Strategy
- Business Improvement District Business Plan
- Economic Development Strategy

People

- Leicestershire Supporting People Strategy 2010
- Locality Based Partnership
- Melton Community Safety Strategy

Leicestershire Together Commissioning Boards

- **All working within the LT framework**

- **Health and Wellbeing**
- **Children and Young People**
- **Safer Communities**
- **Environment**
- **LEP**

Appendix 2: schedule of key financial assumptions

The table below details the main financial assumptions that we have made in preparing the financial plan which support this business plan.

Description	Short term (2012-14)	Medium-long term (2014/2017 onwards)
Basis for settlement – listing the key components and funding elements	Opening debt at settlement £32.1m against cap of £33.7m	Long term cap £33.7m
Property changes over the plan	1,886 properties 1.4.2012 with 4 RTB per annum	4 RTB per annum
Economic – inflation and interest rates	2.5% core inflation, 3% rent inflation, interest rates start at 3.70%	2.5% core inflation, 3% rent inflation, interest rates stable at 5% long term
Rents – convergence rate and RPI assumptions	£68.85 rising average 4% to convergence complete in 2018	3% long term rent increases
Arrears and bad debts	0.6% of rents in year 1 rising to 0.75% in year 2 due to Universal Credit	0.75% of rents long term
Management costs	£1.3m rising with inflation at 2.5%	Inflation long term at 2.5%
Repairs costs	£2m rising with inflation at 2.5%	Inflation long term at 2.5%
Capital profile	Existing programme £3.17m 2012-14	£66m over 30 years based on existing stock moving with 2.5% inflation
Assumptions of efficiencies being delivered	All inflationary pressures above main inflation absorbed	All inflationary pressures above main inflation absorbed
Depreciation assumptions re dwellings and non dwellings	£823 per property	£823 per property
Use of capital resources (RTB receipts etc) and explanation for basis	RTB receipts available at the level of debt element (£17,834 per sale)	RTB receipts available at the level of debt element (£17,834 per sale)

Appendix 3

Tables setting out the 5 year revenue and capital financial plans for the HRA

REVENUE

Year	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
£'000	**1**	**2**	**3**	**4**	**5**
INCOME:					
Rental Income	6,745	7,006	7,277	7,556	7,847
Void Losses	-135	-140	-146	-151	-157
Service Charges	374	384	393	403	413
Non-Dwelling Income	88	90	93	95	97
Grants & Other Income	45	45	45	45	45
Total Income	**7,117**	**7,385**	**7,662**	**7,948**	**8,245**
EXPENDITURE:					
General Management	-809	-829	-850	-871	-893
Special Management	-517	-530	-543	-557	-571
Bad Debt Provision	-40	-53	-55	-57	-59
Responsive & Cyclical Repairs	-1,999	-2,049	-2,101	-2,153	-2,207
Total Revenue Expenditure	**-3,365**	**-3,461**	**-3,549**	**-3,638**	**-3,730**
Interest Paid & Administration	-1,207	-1,290	-1,374	-1,457	-1,541
Interest Received	2	4	6	7	8
Depreciation	-1,683	-1,722	-1,762	-1,802	-1,844
Net Operating Income	**864**	**916**	**983**	**1,058**	**1,138**
Contribution to reserves	-700	-620	-700	-750	-800
Revenue Provision (existing)	-14	-14	-14	-14	0
Revenue Contribution to Capital	0	0	-149	-542	-560
Total Appropriations	**-714**	**-634**	**-863**	**-1,306**	**-1,360**
ANNUAL CASHFLOW	**150**	**282**	**120**	**-248**	**-222**
Opening HRA Balance	**419**	**569**	**851**	**971**	**723**
Closing HRA Balance	**569**	**851**	**971**	**723**	**501**
Other HRA Reserve Balance	***700***	***1,320***	***2,020***	***2,770***	***3,570***

CAPITAL

Year	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**
£'000	**1**	**2**	**3**	**4**	**5**
EXPENDITURE:					
Planned Fixed Expenditure	-1,572	-1,601	-2,148	-2,201	-2,256
Procurement Expenditure	0	0	-215	-220	-226
Total Capital Expenditure	**-1,572**	**-1,601**	**-2,363**	**-2,421**	**-2,482**
FUNDING:					
Major Repairs Reserve	1,501	1,528	2,139	1,802	1,843
Right to Buy Receipts	71	73	75	77	79
Unsupported Borrowing	0	0	0	0	0
Revenue Contributions	0	0	149	542	560
Total Capital Funding	**1,572**	**1,601**	**2,363**	**2,421**	**2,482**
Major Repairs Reserve Bal:	**183**	**377**	**0**	**0**	**0**

Appendix 4: Risk management

Risks have been classified into the following headings:

Description	Impact	Probability	Mitigation and residual risk
Insufficient knowledge of current stock causes unknown liabilities	Critical	Significant	Increase surveys, external validation of asset database -> reduce likelihood to Low
Cost inflation is higher than income inflation	Critical	Low	Effective budget and financial control -> reduce impact to Marginal
Interest rates rise	Marginal	Significant	Flexible approach to debt funding giving opportunities to refinance -> reduce impact to Low
Right to Buy levels increase	Marginal	Significant	Depends on government policy towards discounts and moves in the housing market; managing costs to the number of properties held -> reduce impact to Low (but impact on availability of housing)
Restriction on housing benefits; introduction of Universal Credit	Critical	High	intensive management and services to vulnerable tenants -> reduce likelihood to Significant/Low
Government revisits the settlement	Critical	Very Low	No action by the council but investment of available resources could reduce scale of impact.
Rent increases are not implemented in accordance with government expectations	Critical	Very Low	Council policy towards raising rents to convergence included in this plan