Housing Revenue Account

Annex 2

2023/24 Budget and Medium-Term Financial Plan

CARDIFF COUNCIL

Contents

1.1 Introduction

The Housing Revenue Account (HRA) records income and expenditure in relation to Council Housing and is required to be 'ring fenced' in accordance with the Local Government and Housing Act 1989. The ring fencing of the account means that local authorities must not subsidise costs relating to Council Housing from the General Fund (i.e. from Council Tax or from the RSG) or subsidise General Fund costs from the HRA.

The main expenditure items for the Council's 13,846 properties include repairs and maintenance, supervision and management (including tenant consultation, rent collection, housing allocations and property and estate management) and capital financing charges on borrowing (interest and provision for repayment).

The major income streams include rents and service charges.

The above items are in accordance with legislation and the HRA Guidance Manual which sets out the regulations, guidance and best practice relating to the operation of a HRA.

Key services to tenants and leaseholders include management, repair and service costs of the housing stock, tenancy services including anti-social behaviour management, welfare advice and support including the Community Hubs.

Whilst recognising the importance of services to existing tenants, the Council also understands the pressure of housing need in the city. The Council has an ambitious new build programme to help address this and an allocations system that ensures that those with the greatest need are housed first.

1.2 Key Objectives and Priorities

There is a requirement to produce a 30-year business plan for the HRA setting out the service aims and objectives and demonstrating financial viability over the period. This plan is updated annually with the plan for 2023/24 to be considered by Cabinet in March 2023. Key service objectives include the following:

- Building new council homes
- Moving towards zero carbon homes
- Providing safe and inclusive communities
- Improving our neighbourhoods
- Preventing & addressing homelessness
- Supporting tenants through the cost-of-living crisis
- Modernising & improving our services for our tenants.

2.1 Rent Policy Framework

The Council sets the level of rents within a policy framework set by the Welsh Government (WG). The 5-year Social Housing Rent policy was introduced in 2020/21 and will continue until 2024/25 and allows for a maximum 1% rent increase above the rate of the consumer price index (CPI). Where CPI is outside the range of 0 to 3%, a ministerial decision is required for that year.

There is no confirmation of the rent policy approach beyond 2024/25. This and other uncertainties particularly around the impact of inflation represent a significant risk to the resilience of the HRA and business planning as the Council cannot control or accurately predict a key component of the plan.

In line with the current rent policy, a ministerial decision was made on 16th November 2022 to limit rents to a maximum increase of 6.5% for 2023/24 for all tenants. It was proposed that Cardiff set its rents at the maximum allowed. This was approved by Cabinet in December 2022 ahead of the 2023/24 budget setting and in line with the new notice period requirement of the Renting Homes Wales Act which stipulates 2 months' notice for tenants.

The Minister also set out a series of voluntary commitments for social landlords to prevent evictions and support tenants. These included:

- a commitment to invest in existing homes to keep them safe, warm and affordable to live in
- to work in partnership with tenants, Welsh Government, funders and other partners to develop a consistent approach to assessing affordability across the social housing sector in Wales.

The rent setting report to Cabinet in December 2022 approved the 2023/24 rent uplift as being at a level which considered the needs of tenants, affordability and value for money, but which also achieved a sustainable budget for the HRA. Further detail on affordability and value for money is set out in section 4 below.

Future rent modelling has been based on WG guidelines and taking account of forward indicators for inflation factors. These currently indicate CPI at an average 5.3% for 2023/24, reducing to a negative CPI until 2026/27 when CPI is forecast at 1.05% and rising to 2% in 2027/28.

It is considered that these rent uplifts will allow for obligations to tenants and lenders to be met and help to support the financial viability of the HRA whilst ensuring that rents remain affordable for current and future tenants. This level of increase will also allow for the continuation of the Council's ambitious new build plans and future capital programme.

The average rent for a Council home in Cardiff will increase by £7.22 per week (£7.67 based on 49-week collection) exclusive of service charges for 2023/24. This results in an average weekly rent of £118.38 for standard housing stock. The table below sets out the proposed average rent per property type for Cardiff for 2023/24.

No. of Bedrooms	Estimated Average Rent 2023/24
1	£106.68
2	£123.02
3	£140.84
4	£156.09

3.1 Revenue Budget

The forecast financial position for the Housing Revenue Account for the financial years 2023/24 to 2027/28 is set out below:

		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Expenditure	Employees	28,432	29,406	30,161	30,661	30,862
	Premises - Council House Repairs	22,806	23,162	23,394	23,763	24,276
	Premises - Other Repairs & Maintenance	1,560	1,591	1,619	1,655	1,705
	Premises - Other Premises Costs	8,029	10,118	10,931	11,357	11,697
	Transport	197	202	212	219	226
	Supplies & Services	4,889	5,102	4,860	4,984	5,143
	Third Party Payments	626	638	645	651	658
	Support Services	7,721	7,867	7,946	8,063	8,220
	Capital Financing	29,282	33,555	35,913	38,684	42,873
	Contribution to reserves/General balances	0	0	500	0	0
	Total Expenditure	**103,542**	**111,641**	**116,181**	**120,037**	**125,660**
Resources	Rents and Service Charges	(96,227)	(104,271)	(108,763)	(112,064)	(116,623)
	Fees & Charges	(713)	(734)	(739)	(746)	(757)
	Contribution from reserves	0	0	0	(500)	(1,500)
	Other Income	(6,602)	(6,636)	(6,679)	(6,727)	(6,780)
	Total Resources	**(103,542)**	**(111,641)**	**(116,181)**	**(120,037)**	**(125,660)**

3.2 Key Assumptions

The table and narrative below set out the key assumptions over the medium term.

	2023/24 %	2024/25 %	2025/26 %	2026/27 %	2027/28 %
CPI (based on September forecasts)	5.30	-0.15	-1.19	1.05	2.00
Rent Uplifts (inclusive of CPI and based on previous September)	6.50	5.30	1.00	1.00	2.00
Stock numbers	14,074	14,375	14,626	14,891	15,255
Bad debts	1.00	1.00	1.00	1.00	1.00
Void rents	1.75	1.75	1.75	1.75	1.75

Key assumptions and factors which make up the HRA revenue budget proposal and capital investment programme include the following items:

- Rent increases in line with WG guidelines taking account of forward indicators for inflation factors (6.5% uplift for 2023/24, 5.3% for 2024/25 reflecting the OBR forecast for September 2023 and back up to 2% by 2027/28)
- Following the end of the current rent policy term, it is assumed that the rent bands remain and that rent uplifts continue to be based on CPI +1% where CPI is within the range of 0 to 3% or CPI only where CPI is outside this range - this is considered a prudent approach
- Stock numbers as assumed using data from the planned new build programme and timings of availability for let
- In the absence of an agreed pay award, 6% annual uplifts are included for 2023/24. Provision is also made for employers' National Insurance and Superannuation contributions, employee incremental pay progression as well as other full year impacts of the costed establishment including Apprenticeship levies and the Real Living Wage. Pay uplifts at 2% are assumed for 2024/25 and 1% thereafter
- Drawdowns as required from earmarked reserves as a result of high inflationary cost increases and capital financing commitments in the medium term
- A £22.806 million budget has been set for Council Housing Repairs for 2023/24 reflecting the estimated requirements for both planned and responsive maintenance. This excludes the budgets for planning and clerical processing of repairs which are now classed as a management item and not repairs in line with the recommendations of the Housing Guidance Manual
- Provides for the additional resource requirements to implement the Renting Homes Wales Act 2016
- Estimated operating costs and service charge recovery levels for proposed new older persons Community Living schemes and for additional temporary and family supported accommodation

- Capital financing requirements reflect the current and increasing borrowing requirement proposed in the Capital Investment Programme, interest payable of 4%, and the Council's prudent revenue provision policy
- Receipt of the Welsh Government Major Repairs Allowance grant at a constant level of £9.5 million per annum, whilst costs of works for business planning purposes are assumed to increase by 3.5% p.a.
- Capital external grant funding and developer contribution assumptions where reasonable. These are usually on an annual bid process, so make longer term planning uncertain
- No inclusion of financial impact to meet the revised Welsh Housing Quality Standards focussing on decarbonisation, until clarity of approach and confirmation of any financial support to meet targets.

3.3 Capital Investment Programme

		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	%
Expenditure	Regeneration and Area Improvements	2,150	2,450	2,450	2,450	2,650	12,150	
	External and Internal Improvements	15,850	27,010	31,370	14,470	16,120	104,820	
	New Build and Acquisitions	90,000	69,800	48,925	68,800	96,700	374,225	
	Disabled Facilities Adaptations	3,000	3,000	3,000	3,000	3,350	15,350	
	Total Expenditure	**111,000**	**102,260**	**85,745**	**88,720**	**118,820**	**506,545**	
Resources	Major Repairs Allowance Grant	(9,570)	(9,570)	(9,570)	(9,570)	(9,570)	(47,850)	9.5
	Additional Borrowing	(69,250)	(69,215)	(48,543)	(68,050)	(102,750)	(357,808)	70.6
	Revenue / Reserves	(5,400)	(1,400)	0	0	0	(6,800)	1.3
	External Grant and Contributions Estimates	(24,280)	(21,575)	(27,132)	(10,600)	(6,500)	(90,087)	17.8
	Capital Receipts	(2,500)	(500)	(500)	(500)	0	(4,000)	0.8
	Total Resources	**(111,000)**	**(102,260)**	**(85,745)**	**(88,720)**	**(118,820)**	**(506,545)**	**100**

Expenditure commitments proposed over the next 5 years include the following:

- Regeneration and area improvement projects to create better and safer places to live, with works including defensible space, road/footpath realignment, improvements to flats, garages, gullies and open spaces
- Investment in existing housing stock for priority energy efficiency schemes and to meet Welsh Housing Quality Standards to ensure homes are warm, safe and secure

- Completion of existing house building and acquisition programme to deliver more homes to tackle the significant affordable housing demand and suitability challenges in the city. In accordance with a report considered by Cabinet in November 2022, expansion of house building programme with the development of a new Housing Partnership to streamline the delivery and pace of outcomes.
- Adaptations to dwellings for eligible tenants to live independently and improve their movement in and around the home.

The capital investment programme is reviewed annually in line with the 30-year HRA Business Plan with a detailed schedule to be included as part of the report to Cabinet on the plan.

The capital expenditure commitments for the HRA incurred previously and proposed for future highlight a significant need for the Council to borrow in order to invest in homes and to create new assets. This is demonstrated by an increase in what is termed the Capital Financing Requirement (CFR).

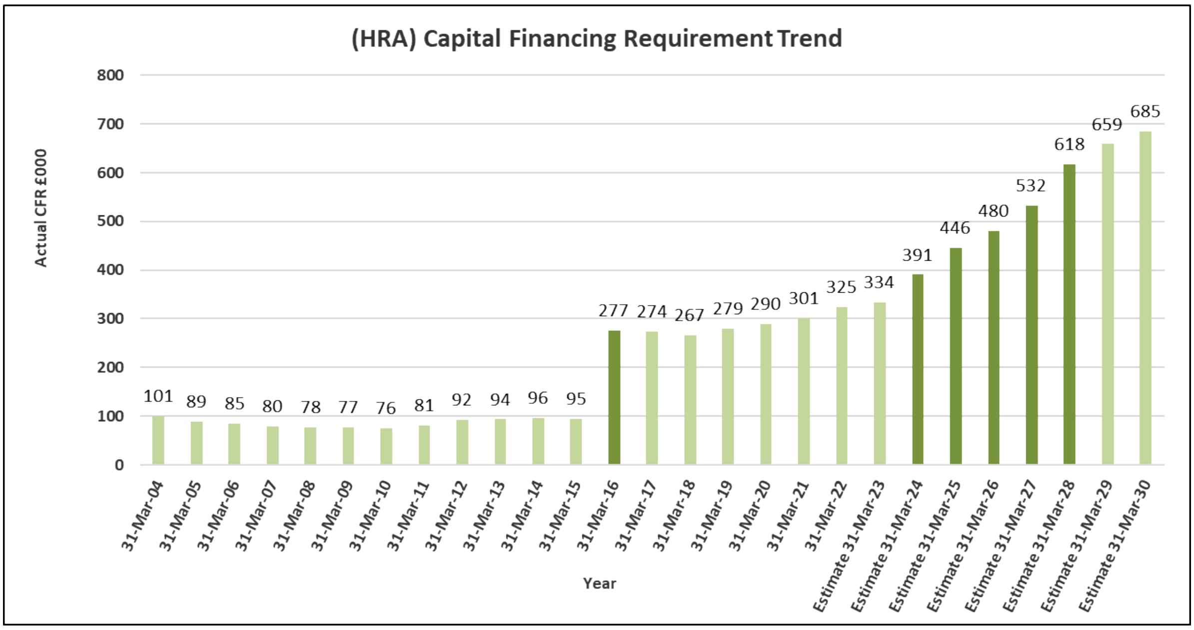
Where capital expenditure has been incurred without a resource to pay for it, this will increase the CFR which is the HRA's underlying need to borrow. A prudent provision is made for the repayment of historic capital expenditure from the revenue budget in line with an agreed policy. This reduces the CFR.

The calculation of the CFR is summarised in the table below.

Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Provision
=	Closing Capital Financing Requirement (CFR)

The chart below shows the historic trend in the CFR for the HRA since the inception of the Prudential Code. This includes the £187 million payment made to HM Treasury to exit the subsidy system in 2015/16 and the significant capital investment over the timeframe of this Medium-Term Financial Plan to increase the level of affordable housing. The CFR continues to increase after 2027/28.

Overall, this represents a more than doubling of the current Capital Financing Requirement and consequential impact on the revenue budget. Entering into commitments for borrowing cannot be reversed. Accordingly, it is essential that the systems, processes and controls that form the basis of demonstrating the viability of the HRA Business plan are developed in line with key risks with independent assessment where required and scrutiny to ensure this remains the case.



The Council's housing stock is required to be valued periodically as part of its financial reporting obligations on an Existing Use Valuation basis. The valuation of HRA land and property assets at 1 April 2022 for accounting purposes is £757 million and allows a comparison with the level of CFR at that date only as an indicator of Loan to Value.

The revenue budget impact of capital schemes for rent payers includes:

- The costs of operating/maintaining new assets
- The capital financing costs of servicing any borrowing required to pay for investment (interest and the Council's approach to making prudent provision for repayment of capital investment paid for by borrowing)
- The revenue costs of preparing and delivering projects
- Abortive costs required to be charged to revenue budgets if schemes do not proceed.

Some or all costs of that investment may be offset by financial and non-financial benefits such as additional rental income, cost avoidance and improved outcomes for rent payers. Whilst additional income may be receivable from rent, without grant income towards costs, rental may not fully cover costs for a significantly long period. Financial viability tools and parameters and, in parallel, a rigorous governance and skills and risk management framework that complements such tools for decision making are essential in ensuring borrowing remains prudent, affordable and sustainable to ensure the long-term viability of the HRA.

The table below shows two ratios highlighting the impact of the increasing borrowing requirement on the net revenue stream (rental and service charge income for the year).

a) Capital financing costs as a proportion of the net revenue stream - an increasing ratio indicates that a greater proportion of the HRA resources are required to meet capital financing costs over the period

b) HRA Capital Financing Requirement (Debt) as a ratio of the net revenue stream – this ratio shows the amount of debt proportionate to the net revenue stream and is an indicator of future financial sustainability. It helps to explain the relationship of debt to the HRA resources available to deliver services.

	21/22 Actual	22/23 Est	23/24 Est	24/25 Est	25/26 Est	26/27 Est	27/28 Est	28/29 Est	29/30 Est
HRA Capital Financing costs as a proportion of the Net Revenue Stream (%)	30.84	29.05	28.80	30.66	32.84	34.34	36.57	39.15	39.21
HRA Capital Financing Requirement as a ratio of Net Revenue Stream	3.81	3.74	4.04	4.25	4.39	4.72	5.28	5.34	5.30

4. Affordability and Value For Money

The WG Social Housing Rent Policy recognises the need to balance the needs of landlords and the interest of tenants. The policy includes a requirement that social landlords make an annual assessment of affordability, cost efficiencies and demonstrate that their homes and services represent value for money.

4.1 Affordability and Value for Money

The WG consider that affordability should include all costs of living in a property including rent, service charges and energy costs.

The rent setting report to Cabinet in December detailed the review and outcomes of an exercise carried out to establish the affordability of living in a Council property in Cardiff, using the Joseph Rowntree Foundation (JRF) Living Rent Model. This exercise established that the proposed rents for 2023/24 were well below the JRF living rent.

A range of high-quality services are provided to Council tenants, including a dedicated Welfare Liaison Team, to help to maximise income and prevent arrears and a Tenancy Sustainment service supports more vulnerable tenants. Where arrears have accrued, the introduction of the new rent arrears pathway will support tenants whether they are in receipt of benefits or not, reducing or removing arrears where appropriate. The clear aim of the housing service is to prevent unnecessary legal action and evictions.

Value for Money is achieved by focusing on key priorities in the pursuit of social objectives that benefit a range of stakeholders/service users and delivering these priorities in an effective and efficient way. Cardiff aims to achieve this in the following ways:

- Maintaining homes to a high standard
- Building new homes
- Delivering a high standard of tenancy services
- Community investment such as work to increase employability, financial, digital and social inclusion
- Meeting the housing needs of the most vulnerable
- Preventing evictions
- Supporting people to live independently
- Supporting national and local policy objectives.

In order to continue to demonstrate value for money, during 2023/24 and in future years, the Council will undertake the following:

- Review all costs to reflect activity and value for money
- Increase the use of digital services to reduce costs and provide a better customer experience whilst still offering tailored, 1-2-1 support for those that need it
- Seek opportunities to undertake external benchmarking and self-assessment with peers

- Continue to follow the Council's best practice in relation to procurement of goods and services
- Secure maximum value from assets through an understanding of stock and making intelligent (social) business decisions based on that understanding.

  This will necessitate an understanding of:
  - The condition of stock
  - Maintenance costs and investment needs
  - Demand within our communities
  - Performance of the stock at an appropriate and proportionate level of detail
  - Variation in performance across the stock
  - Priorities for improvement.

4.2 Cost Efficiencies

The report to Cabinet in December recommended the approach to the setting of rents and service charges and outlined a review of the HRA which took place within the Directorate to identify potential efficiencies. These included:

- Reduction in staffing costs through deletion of vacant posts or through the voluntary severance process where those changes can be made with no significant service changes required
- Reduction in non-staffing costs - this includes training and events budgets
- Reduced capital expenditure and resultant reduction in borrowing costs for 2023/4. This is due to several factors including: the use of external capital grants to offset borrowing in year; a review of spend on some areas of the capital programme including garage improvements and estate regeneration and deferred borrowing resulting from unavoidable delay in parts of the new council house build programme
- Reduction in proposed Direct Revenue Financing of the capital programme while allowing for increased borrowing requirements.

Additional opportunities for service change that will create savings continue to be explored, including:

- Increased opportunities for digitalisation – including the implementation of the My Repair digital solution and exploration of the use of Allocations Online
- A review of the Responsive Repairs Service to ensure works are carried out by the most appropriate operatives
- Review and alignment of back-office services and of senior management roles.
- Further review of services that are recharged to the HRA.

4.3 Financial Resilience

Key financial and operational risks for the HRA are set out in the Risk Matrix at 5.1 below. The Council has embarked on a £800 million new build programme to meet the housing needs of current and future generations. This creates a number of additional risks to financial resilience which need to be monitored and managed closely.

The Council will do this by:

- Ensuring that a HRA General balance is maintained at a prudent level
- Creating specific earmarked reserves to mitigate against increasing and unforeseen costs in respect to the new build programme such as the price of materials, uncertain rent policy in the medium / long term
- Annually updating and submitting to the WG for approval a 30-year business plan which considers revenue and capital expenditure plans over the longer period
- Continue to liaise and consult with the WG on future rent policy highlighting the risk of reliance on future rent increases to meet capital commitments currently being entered into remain viable
- Ensuring strong asset management practices and systems to support understanding of the condition of existing stock
- Maintaining a prudent approach to repayment of capital expenditure
- Regular monitoring and review of expenditure against approved budgets at a senior management level
- Use of approved viability assessment tools against agreed benchmarked parameters to ensure new build and property acquisitions are affordable and sustainable having regard to variables such as initial cost, ongoing maintenance and repayment of borrowing and rent levels
- Compliance with the terms of reference set by the Housing Development and Capital Finance Board in respect to approval of viability assessments or changes in sites proposed for new housing development
- Tracking of external grant or subsidy to support the costs of development and clear rational to proceed with a project where such funding is not available as part of a viability assessment brought forward for approval.

5. Key Risks and Uncertainties

5.1 Key Risks and Uncertainties

Key risks and uncertainties which could impact on the budget proposals for 2023/24 and the medium term include the following:

Risk Description	Impact	Pre-Mitigation Risk Analysis	Mitigating Controls	Post Mitigation
Restricted rent uplift in future years due to changes to the rent policy beyond 2024/25 or to levels of CPI **Stream of income (rents and service charges) means there is no control.**	Potential impact on level and quality of service provision to tenants and capital schemes that can be taken forward. Impact of affordability, prudence and sustainability of additional borrowing. Impact on local and national affordable housing targets	Red	Review and prioritise revenue operating costs to identify savings Review and reprioritisation of the Capital Programme and realignment where feasible of future spend plans. Continue to liaise and consult with the WG on future rent policy highlighting the importance of ensuring that capital commitments currently being entered into remain affordable Reduce new build development programme where other capital realignment is not possible Consider and budget for use of earmarked reserves and general balances to support financial resilience	Red
Cost inflation increase above rent uplifts	Increase in costs of supervision, management and repairs and maintenance, including capital contracts Increased cost of energy and fuel. Operational buildings, Hubs and warm rooms	Red	Review and reprioritise revenue operating costs and consider a reduction or deferral in planned expenditure (where feasible and in line with stock condition requirements), including within the Capital Programme where any variations to planned spend are feasible/not committed	Amber
A reduction in the (£9.5m per annum) WG Major Repairs Allowance (MRA) grant	Impact on the achievability of the Capital Programme Impact on the achievability and ongoing maintenance of WHQS standards	Red	Review and reprioritisation of the Capital Programme allowing for committed spend but realigning future spend plans Reduce new build development programme where other realignment is not possible	Amber
Failure to meet new build housing programme targets resulting in delays to timing of	Failure to reduce housing waiting list due to delays to timing of lettings of new build properties	Red	Contractual commitments are closely monitored by the Housing Development and Capital Finance Board	Amber

5. Key Risks and Uncertainties

lettings of new build properties	Impact on temporary accommodation and homelessness Holding costs of vacant sites and revenue costs of development teams Reduction in rental income receivable and resources available to support the HRA budget		Individual project viability is reviewed at key stages of the scheme development Ongoing review of new build programme development and resources required	
Treasury Management	Unplanned Increased interest cost payable for any capital expenditure incurred or planned to be incurred which is to be paid for by borrowing	Red	Integrated Council wide Treasury Management policy and strategy Borrowing at fixed rates where possible to ensure certainty for business planning Regular review of business plan for viability and affordability Viability parameter governance and approval by Governance Board to control risk Consideration of interest rate risk and financial resilience mitigations prior to approval of any viability and entering into contract awards Review of affordability indicators highlighting risk of Capital Financing costs as % of Net Revenue Stream Transparency and clear approval process where market risk is proposed to be undertaken.	Amber
Challenge of Decarbonisation	Failure to plan and invest strategically to meet carbon reduction targets could result in failure to meet WG target Impact on tenants' energy Costs The requirement to meet the cost of decarbonisation without additional funding will impact on other programmes of work – could reduce borrowing	Red	Work closely with WG to understand key requirements, targets, delivery methods and costs WHQS draft guidance sets a target date of 2029 to achieve SAP EPC energy rating of C and 2033 to achieve SAP EPC energy rating of A - significant external funding or technological advances will be required to achieve the shift from C to A. Plans in place to pilot renewable technology to meet the challenge	Red

5. Key Risks and Uncertainties

	capacity and reduce funds available for new build		If measures are cost prohibitive the measures must be planned and included as part of future programmes of work	
Additional requirements within the new WHQS 2023 standard	Lack of additional funding to deliver additional standards will impact on timescales/WHQS achievability	Red	The draft WHQS 2023 guidance is currently at consultation stage. Further Welsh Government clarification to follow.	Amber
Cost of Living Crisis	Impact of cost-of-living crisis on tenants' ability to pay rent and service charges, resulting in increased arrears, requirement for bad debt provision and increased debt collection and recovery costs Reduction in rental income receivable and resources available to support the HRA budget	Amber	Information and advice to tenants, e.g through Into Work Services Maximisation of funding for promotion of available benefits and specific support Introduction of the rent arrears pathway Regular review of bad debts provision Continuous improvement service review to ensure value for money and maximisation of resources	Green
Ensuring the accuracy of stock condition data, including the implementation of new standards	Planned improvement schemes are incorrectly budgeted for and timescales to deliver are potentially unrealistic	Amber	Stock condition data is continuously updated with live data and opportunities to survey properties taken to minimise inaccurate information	Green
Increased demand for services – Increased housing need, tenant support and advice, increased repairs and maintenance.	Conflicting priorities within the available resources resulting in the need to ensure service delivery achieves maximum impact	Amber	Tenant engagement and consultation Robust business planning and budget setting around identified priorities Management and monitoring of performance and against key performance indicators (KPIs)	Amber/ Green
Resilience of the HRA in the face of global issues – refugees, conflict	Implications on existing resources	Amber	Seek national support and guidance	Green

Review and monitoring of the financial and wider risks identified for the Housing Revenue Account takes place as part of the Directorate's risk identification and monitoring process.

5. Key Risks and Uncertainties

HRA risks are considered within the Directorate Operational Risk Register which is reviewed and updated quarterly.

The development and progress of the New Build programme is reported to and monitored at the Housing Development and Capital Finance Board which meets bi-monthly.

The revenue and capital financial position is considered as part of regular monthly monitoring and reporting processes.

5.2 Sensitivity Analysis

The assumptions as detailed within 3.2 above are based on best information and will be subject to a risk of change. The table below sets out key areas of sensitivity and their potential annual impact based on the financial year 2023/24.

This is on the assumption that all other factors remain constant and no mitigation/offsetting actions are in place. In reality, as set out within the Risk Matrix table at 5.1 above this would need to take the form of numerous and varied measures to ensure a viable financial position.

KEY ASSUMPTION 2023/24	REVISED ASSUMPTION/ CHANGE	FINANCIAL IMPACT £	SERVICE IMPACT
CPI 6.5%	CPI 4%	+£2.007m	A 2.5% reduction in the level of CPI to 4% reduces rental income and available revenue resources impacting the flexibility in service provision and ability to meet tenant priorities
Employers' Pay Award 6%	Employers' Pay Award 8%	+£0.724m	An increased pay award at 8% results in an increased funding requirement reducing the flexibility to progress other plans and priorities
Bad debt provision 1.0%	Bad debt provision 2.5%	+£1.283m	An increase of 1.5% in the bad debt provision would result in an increased funding requirement reducing flexibility within revenue resources
Void rent loss 1.75%	Void rent loss 1.0%	-£0.641m	A 0.75% decrease in the void rent loss increases potential rental income generated and the resources available to fund planned programmes of investment and service provision

(**+** = negative impact, **-** = positive impact)