



# 2015/16 Rent Report



*PRESENTATION BY*

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# Main Purposes of Report

- To set out the proposed HRA Budget for 2015/16
- To set out proposals for rent increases in 2015/16



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- Process
- HRA Budget
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# Process

- TMO Board
- Tenants Consultative Committee
- Scrutiny Committee
- Key Decision by Cabinet Member

# How is the HRA Budget made up?

- Gross Budget £48 million
- TMO Management Fee
- Managed TCC Budgets
- Council managed HRA budgets

# TMO Management Fee 2015/16

- Management Fee £10.6m
  - Inflation increase of 1.2% based on Local Government Pay settlement
  - Extend contract for 2 additional welfare officers to mitigate the effect of benefit changes
  - Extend contract of project officer to generate additional HRA income
  - Management fee and costs of Lancaster West now integrated
- TMO to maintain an operating surplus within the financial framework of the RBKC management fee including Lancaster West

# TCC Managed Budgets 2015/16

**£85k decrease in costs (0.4%) to £21.148m**

- Lancaster West expenditure integrated with expenditure codes
- Responsive Maintenance increased by £207k to reflect inflation
- Electricity, Heating and Hot Water increased by an estimate 1.5% £53k.
- Provision for bad debts reduced by £200k. To be reviewed over the course of the year.
- Planned Maintenance reduced by £217k (after adjustment for carry forward) including £150k individual heating due to increase in capital programme and £50k on estate lighting arising from re-procurement
- Other costs increase by inflation

# TCC Managed Budgets 2015/16

Income excluding rents increased by £241k to £14.329m

- Recovery of Leasehold major works now taken to Capital
- Heating & Hot Water reduced by £133k based on lower than forecast gas prices and consumption
- Tenants service charges reduced by £88k
- Leaseholder service charges increased by £230k including increase in maintenance works on communal parts
- Commercial properties rents increased by 219k including £187k from TMO led projects. Income from these projects will increase to £481k p.a. from 2018/19



# Council Budgets 2015/16

Overall Council managed budgets total £16.2m and comprise:

- Capital Charges 10.8m
- Depreciation 2.7m
- Insurance 1.4m
- Recharges for Council Services 1.1m
- Other 0.2m



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# Rent Setting - 1



- The budgeted income from dwelling rents in 2015/16 is 75% of total income
- Local Rent Policy
- Capital Expenditure requirements

# Rent Setting - 2

- Move to Target Rent over 5 years, ignoring the national caps
- Maximum annual increase 10%
- Average rent in 2015/16 £123.81
- An increase of 4.66%

# Budgets 2014/15 & 2015/16

All figures in £000	Original 2014/2015	Estimate 2015/2016
TMO	10,505	10,631
TCC Managed	-34,600	-37,117
Council	16,927	15,911
<b>Budgeted Surplus</b>	<b>-7,168</b>	<b>-10,575</b>
Contribution to Capital Expenditure	6,468	18,661
Leaseholder Major Works income	-2,000	-814
<b>Overall Change to Working Balance</b>	<b>-2,700</b>	<b>+7,272</b>



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# HRA Outlook



- HRA working balance estimated to be £12.3m at 31/3/2016
- Over 5 years revenue contributions to the Capital Programme total £72m
- Medium Term Forecast suggests working balance of £35m at 31/3/2020



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# Key Messages



- Local formula used to calculate rents
- Average rent increase 4.66%
- Healthy Working Balance
- Opportunity to increase capital resources