

Appendix A

Business Plan and Options Study

WEST DUNBARTONSHIRE COUNCIL
HOUSING BUSINESS PLAN
AND
OPTIONS STUDY

JULY 2005

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1. INTRODUCTION

This document is the Business Plan for The West Dunbartonshire Council (the Council). It will provide a detailed account of how the Council will ensure that all of the Council's Housing stock is brought up to and maintained at the Scottish Housing Quality Standard (SHQS).

1.1 Background

This Business Plan is intended to be a live planning document that will assist the Council in preparing its Standard Delivery Plan and in planning a path towards full compliance with the SHQS by 2015. The plan will demonstrate that the Council's approach is deliverable, affordable and prudent and will provide the Council with a useful monitoring tool against which to measure its business objectives; its achievement of the standard by 2015 and its maintenance thereafter.

1.2 Objectives of the Assignment

This plans sets out to achieve the following objectives:

- develop/update a 30 year Business Plan for both retention and Community Ownership options;
- integrate the scale and profile of properties failing the Scottish Housing Quality Standard;
- provide financial analysis - including how the achievement of the SHQS will be funded – e.g. HRA, Prudential Borrowing, rent policy etc.;
- model the effect on the Business Plan Model of the partial transfer option;
- integrate projections on how and when the standard will be met;
- provide a value for the Council's housing stock using Arneil Johnston's Business Plan Model and Communities Scotland Pricing Model;
- report on the results of the sensitivity analysis performed on the Business Plan Model; and
- identify areas of risk and methods of mitigating such risks.

2. FINANCIAL APPRAISAL

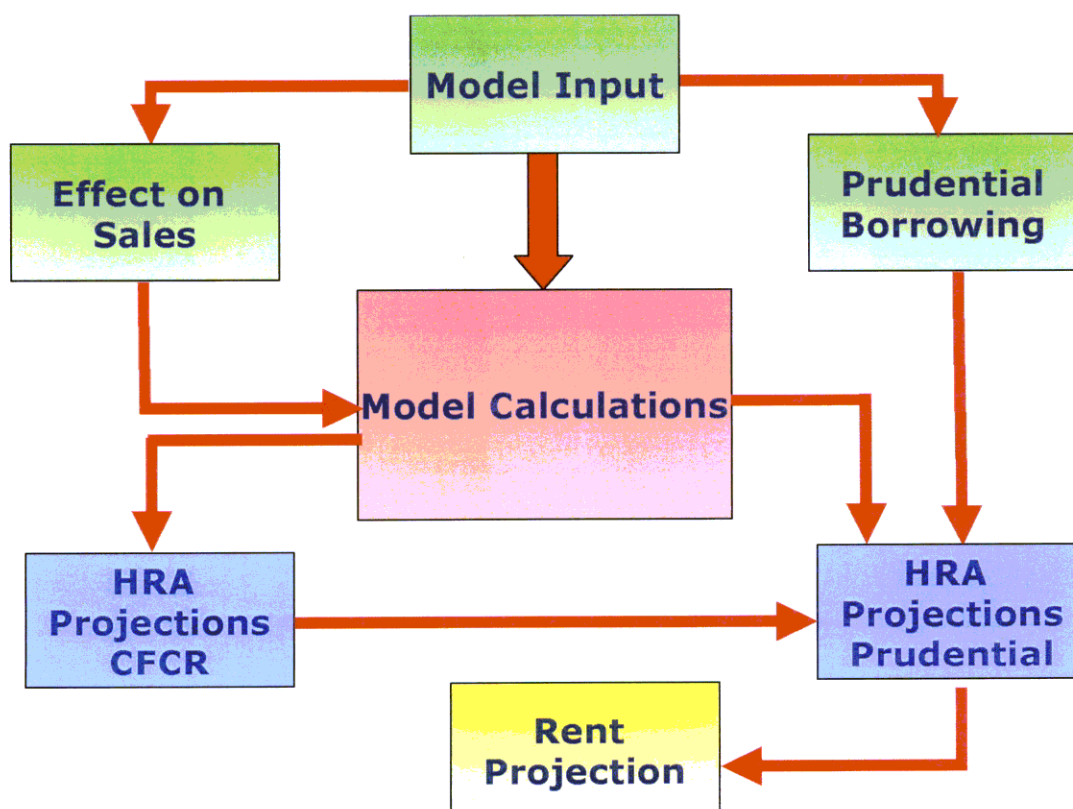
2.1 Introduction

This section focuses on the financial assumptions surrounding the Council's Business Plan.

2.2 Business Plan Assumptions

This business plan aims to demonstrate how West Dunbartonshire Council can bring its housing stock up to the Scottish Housing Quality Standard, and maintain it thereafter, whilst keeping a positive balance on the Housing Revenue Account (HRA).

It is a 30-year business plan model that takes account of all costs and income connected with the management and maintenance of the stock over that period. The model is illustrated graphically below:



The model prepares a 30-year cash flow projection, models the HRA account and enables the Council to assess the appropriate levels of borrowing to achieve its objectives. The Business Plan is based on agreed assumptions on Stock Numbers, Inflationary and Rate increases, Income and Expenditure, Right to Buy, Fixed Costs and Capital Debt/Borrowing. The end results of the model are shown in rent projections which calculate if rents would have to increase to retain the stock and bring it up to the SHQS, if so, by how much.

The Assumptions in tables 2.1 to 2.8 below have been included within the Council's Business Plan.

Criterion	Assumption
Year 1	2005/06
Number of housing properties 1st April 2005 (estimate at June 2005)	12,302
Total number of properties including non-rented properties	12,332
Number of Lock-ups	1,154
Average rent per unit per year – year 1	£2,287

Table 2.1: Business Plan Assumptions

Criterion	Assumption
Annual Rent Increase (2005/06 Rents from Stock Database as at 1st April 2005)	RPI + 1%
Garage rent Increase	RPI + 1 %
Admin Cost Increase	RPI + 0.3%
Building Cost Inflation	RPI + 1% Year 2-4 & RPI +0.5% Year 5-6 & RPI thereafter
Professional Fee Rate (Capital)	10%
Bad debt rate	1.29%
Void Rate – Houses (Average)	7.07%
Void Rate – Garages (Average)	51%
Turnover Rate (Average)	9.12%

Table 2.2: Inflationary and Rate Assumptions (WDC)

Demolition	Year 1
Numbers	84
Cost per unit	£4,500

Table 2.3: Demolition Numbers

Income Assumptions	Assumption
Garage Income per year (£6.02 per week)	£326,000
Garage site income per year, (Occupied sites only)	£5,290
Income from shops per year (Net of EPES Commission)	£138,000
Factoring/ insurance charge per year (Increasing each year with house sales)	£758,000
Scottish Executive Grants 2005/06 only	£30,000
Interest on Revenue Balances per year	£100,000
Interest on Home Loans per annum	£60,000
Service Charges per annum (Grey Street and Mountblow House)	£29,000
Rechargeable repairs	£125,000

Table: 2.4: Income Assumptions

Expenditure Assumptions	Assumption
Total Average Administration cost (Net of recharges to general fund and capital of which includes reallocated salaries of £2.5Million, Property insurance and recharges included in other income of £300k)	£406 per unit
Response and void repairs (Savills Stock Condition Survey – June 2005)	£561 per unit
Cyclical maintenance cost (Savills Stock Condition Survey – June 2005)	£135 per unit
Programmed Renewals over 30 years (Savills Stock Condition Survey – June 2005)	£237,937,00
Improvements over 30 years (Savills Stock Condition Survey – June 2005)	£2,067,000
Contingency @ 3% over 30 years (Savills Stock Condition Survey – June 2005)	£7,200,000
Non-Traditional over 30 years (Curtains Structural Report – June 2005)	£32,200,000
High Rise over 30 years (Curtains Structural Report– June 2005)	£18,411,000
Environmental Improvements over 30 years (Savills Stock Condition Survey – June 2005)	£6,166,000
Asbestos over first 10 years (Savills Stock Condition Survey – June 2005) ¹	£9,223,00
Related Assets over 30 years (Savills Stock Condition Survey – June 2005)	£9,223,000
Special Needs Projects per year	£80,000
Disabled Adaptations per year (Net of transfer to general fund)	£174,000
Council Tax on Void Houses per year	£290,000
Property Insurance	£64 per unit

Table: 2.5: Expenditure Assumptions

¹ The Original Costs recommended by Savills were reduced as a result of consultation with the Council. These original Savills costs reflect an additional £42 Million, which should be reflected in Pricing the Councils Housing Stock under Transfer Conditions (See pages 17 and 18). The Capital Spend profile throughout the life of the Business Plan Model is based on the Stock Condition Survey Profile.

RTB Assumptions	Assumption
Cost of Sales admin per unit (YEAR 1-30)	£960
RTB Avg. property value (YR1-30)	£49,000
RTB Avg. disc % (YR1-30)	59%
Existing RTB (% Assumptions)	
YEAR 1-5	2.80%
YEAR 6-10	2.50%
YEAR 11-20	2.00%
YEAR 21-30	1.80%
New RTB (%Assumptions)	
YEAR 1-5	1.55%
YEAR 6-10	1.50%
YEAR 11-20	1.40%
YEAR 21-30	1.35%
Number of Right to Buy (30 Years)	4,574

Table 2.6: RTB Assumptions (WDC)

Fixed Costs (% of sales to be included)	YEAR 1-5	YEAR 6-10	YEAR 11-15	YEAR 16-20	YEAR 21-25	YEAR 26-30
Programme Renewals	5%	5%	5%	5%	5%	5%
Admin Costs	100%	100%	100%	100%	100%	100%
Improvements	10%	10%	10%	10%	10%	10%
Response and Voids	10%	10%	10%	10%	10%	10%
Cyclical	10%	10%	10%	10%	10%	10%
Structural & Environmental	25%	25%	25%	25%	25%	25%

Table 2.7: Fixed Cost Assumptions

The Business Plan model is framed in the context of prudential borrowing over 20 years. The Business Plan has been based on the following Capital Debt assumptions:

Capital Debt Assumptions	Assumptions
Debt outstanding as at 1st April 2005	£77,819,000 (estimate June 2005)
100 % Usable Capital receipt	
Pool Rate	6.75% interest 0.08% Expenses
Debt charges Calculation	Annuity Method
Prudential borrowing assumption (Write off period)	20 Years
Affordability Indicator - (Debt charges as % of rental income net of voids and bad debts)	Affordability is assessed on the availability of future revenue to fund debt charges generated by additional Prudential Borrowing
Mortgage Lending (expenditure)	£70,000 Per annum
Loan Repayments (Income)	£100,000 per annum
Land Sales	£773,000 only in 2005/06
CFCR (Capital Funded from Current Revenue)	Any Surplus in the revenue account after new Prudential Borrowing debt charges, is used to fund capital in order to reduce the future years borrowing requirement

Table 2.8: Capital Debt Assumptions

2.3 Amendments to Business Plan Assumptions

The Business Plan Assumptions are estimates at June 2005. As part of the population and agreement of the final business plan and pricing model the following Assumptions will be subject to change:

- Stock Numbers;
- Stock Condition Survey Information;
- Debt Assumptions; and
- General Business Plan Assumptions.

2.4 Inflation

The model is based on real cash flows. Therefore, the following results do not include the effect of inflation. As part of the risk analysis an inflationary assumption of 2.5% has been built into the model. However, this option will be subject to key sensitivities such as increases in interest rates and has been tested accordingly.

3. OPTION APPRAISAL

3.1 Introduction

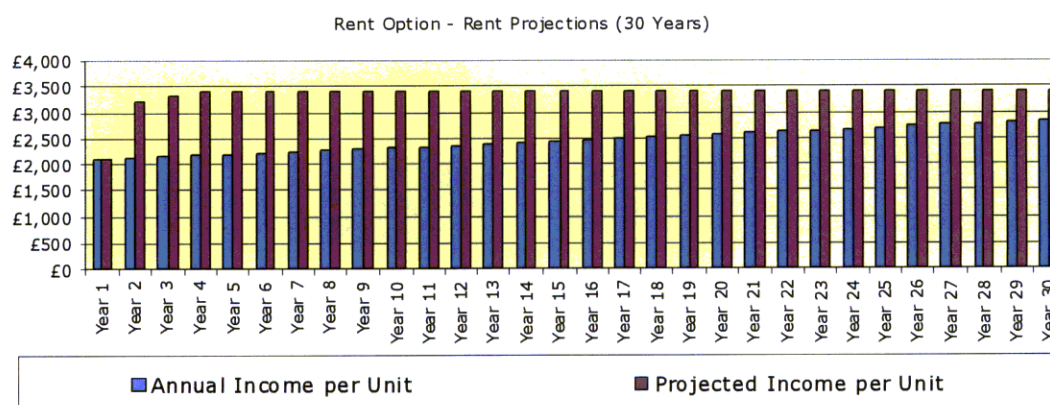
This section focuses on the financial results of the Councils Business Plan and demonstrates the viability of achieving the SHQS based on annual rent increase of Inflation +1% under the following Options:

- Option A – Stock Retention;
- Option B – WDC Suggested Partial Transfer;
- Option C – Partial Transfer of Entire Areas; and
- Option D – Full Stock Transfer.

This section models the effect of each of the Options and draws some comparative conclusions.

3.2 Option A – Stock Retention

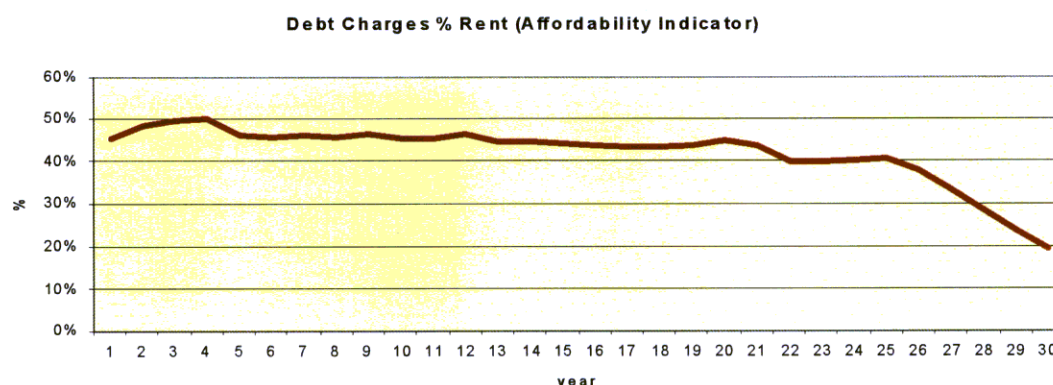
Initially the model was constructed to assess the viability of meeting the standard with a rent increase of RPI+1%. It was found that, with this level of increase, the Scottish Housing Quality Standard could not be met by Year 10 and that this level of funding became unsustainable from Year 2 onward. This is illustrated in the graph below:



Graph 3.1: Option A (RPI+1% Years 1-30)

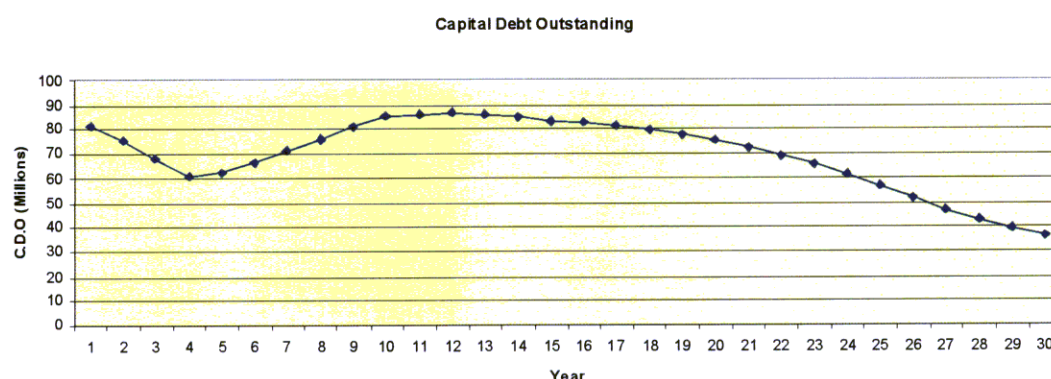
As graph 3.1 above illustrates, income requirements from Year 2 exceed that which can be generated by RPI+1% increases. This is because the Revenue Account is unable to fund the additional debt charges associated with the Prudential Borrowing requirements. Therefore, across the 30-year life of the plan, RPI+1% is not sufficient to meet the SHQS, particularly in years 2 to 6.

As graph 3.2 below illustrates, in year 2, Debt charges as a % of Net Rental Income reach an affordability limit of 50%. This is where the Revenue Account can no longer fund additional debt charges associated with Prudential Borrowing.



Graph 3.2: Option A (Affordability Limit)

Graph 3.3 below illustrates the Capital Debt Outstanding Position over the life of the Business Plan.

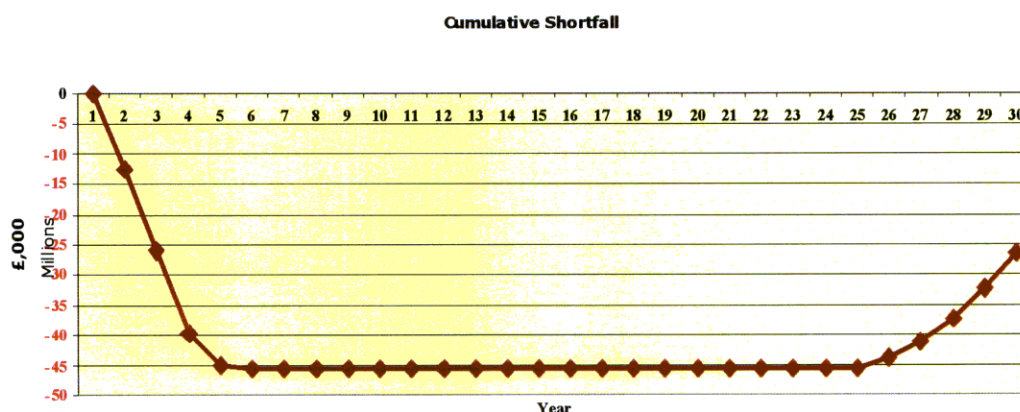


Graph 3.3: Option A (Capital Debt Outstanding)

At rent increases of RPI+1% throughout the life of the business Plan, Prudential Borrowing is £104 Million, with £72 Million between Year 1 and 10. This results in Capital Debt Outstanding of £89 Million at 31ST March 2015. The increase in Debt Per unit between year 1 and 10 is:

- Debt per unit at year 1 - £6,800; and
- Debt per unit at year 10 - £8,830.

The cumulative shortfall position over the life of the business plan, at Rent increases of RPI+1% is illustrated in the graph below.



Graph 3.4: Option A (Cumulative Shortfall)

Assuming rent increases remain at RPI+1% and in addition to Prudential Borrowing of £72 Million between year 1 and 10, there is a cumulative shortfall of £45 Million at Year 10 of the business Plan. Therefore, in order achieve sustainability and deliver the SHQS there is an additional funding requirement of £45 Million, over and above £72 Million of Prudential Borrowing, as illustrated in graph 3.4 above.

Appendix A models the 30 Year HRA projections under this Option.

3.2.1 Key Financial Drivers

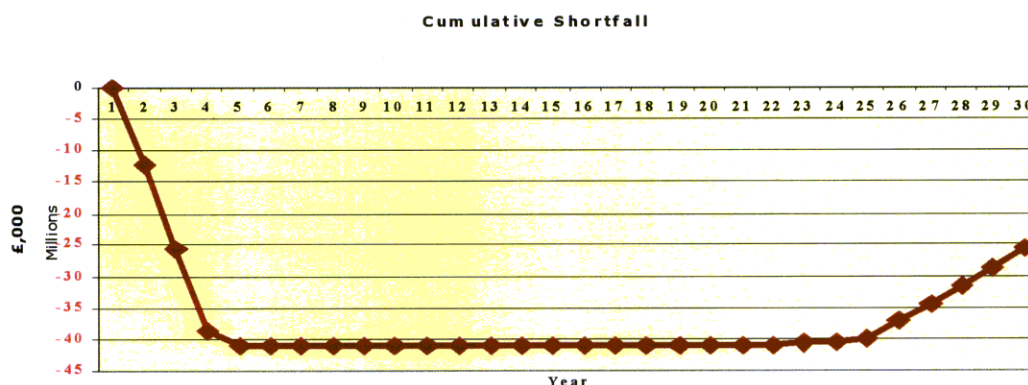
The key financial drivers underpinning the plan was identified as:

- Debt Levels (05/06 % of debt charges to net rental income is 45%);
- Rent Levels;
- Programmed Renewals (£237 million over 30 years);
- Non traditional and High rise costs (£50 million over 30 years);
- Related Assets (£9 Million over 30 Years);
- Asbestos (£9 million over 10 years);
- Administration Costs (£5 million per year, no reduction with stock, increasing at RPI+0.3% each year);
- High Void Rates;
- Profiling of Spend; and
- High Cost Areas.

3.2.2 Debt Levels and Affordability Indicator

The Business Plan model is framed in the context of prudential borrowing over 20 years. The effect of increasing the Prudential Borrowing period to 30 years is modelled below.

As can be seen from graph 3.5 below, the cumulative shortfall position is reduced from £45 Million in years 2-10 to £41 million.



Graph 3.5: Scenario A (Cumulative Shortfall)

This increase in the Prudential Borrowing period would result in an increase on the Capital Debt Outstanding figure in Year 10 from £89 Million to £95 Million, and the following increase in Debt per Unit between year 1 and 10:

- Debt per unit at year 1 - £6,800; and
- Debt per unit at year 10 - £9,500.

3.2.3 Option A -Rent Levels

Under the stock retention Option the minimum required rent increase to achieve and maintain the SHQS throughout the life of the plan is:

- RPI+5.5% for years 2 to 5 followed by RPI+1% thereafter.

Table 3.1 below shows that an increase of RPI+5.5% would result in a difference of £2.20 per week in year 2 when compared with a rental increase of RPI+1%.

Rental Increase	YEAR 1	YEAR 2
RPI + 1%	£48.66	£49.14
RPI + 5.5%	£48.66	£51.34
Difference	£0	£2.20

Table 3.1: Option A (Rental increase RPI + 5.5%)

This increase would result in Debt per Unit being increased from £6,800 in year 1 to £11,600 in year 10.

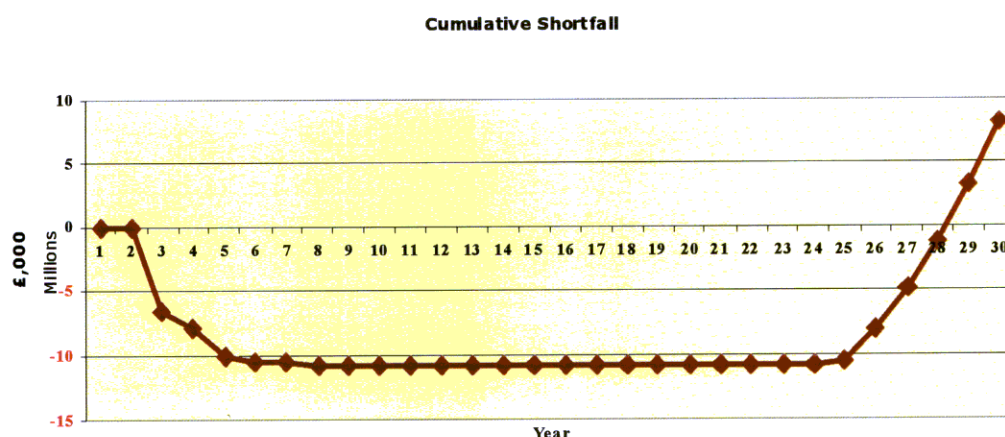
3.3 Option B - WDC Suggested Partial Transfer

The partial transfer option consists of the following estates transferring. This amounts to 5,020 HRA properties, which is 41% of the total stock at 1ST April 2005.

Area	Estate
Alexandria North	Haldane
Alexandria South	Renton Riverside
Clydebank West	Mountblow – Lilac Avenue & Salisbury Place
Clydebank Central	Radnor Park
Clydebank North	Faifley
Clydebank South	Clydeholm Linvale Whitecrook
Dumbarton North	Bellsmyre High Flats Town Centre
Dumbarton West	Brucehill Castlehill Westcliff

Table 3.2: WDC Suggested Partial Transfer Option

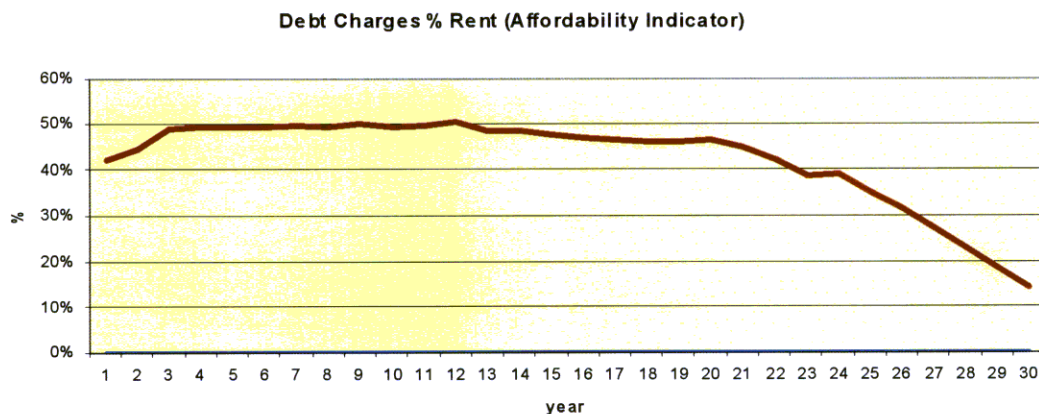
As graph 3.6 below illustrates, transferring the above estates reduces the shortfall position to £10 Million.



Graph 3.6: Option B (Cumulative Shortfall)

However, because the original debt outstanding has been allocated on the basis of stock numbers, the same problem arises as in Option A above. The revenue account is unable to fund the additional debt charges associated with Prudential Borrowing from year 3 onwards.

Graph 3.7 below illustrates the position of Debt Charges as a % of Net Rental Income over the life of the Business Plan.



Graph 3.7: Option B (Affordability Indicator)

3.3.1 Option B -Rent Levels

Under the partial transfer option, the minimum required rent increase to achieve and maintain the SHQS throughout the life of the plan is RPI+3% for years 3 to 4, RPI+2.5% Year 5-6, followed by RPI+1% thereafter.

Tables 3.3 (A) & (B) below compares the average weekly rent per unit under this option for year 1-10 against RPI+1%.

Rental Increase	Year 1	Year 2	Year 3	Year 4	Year 5
RPI + 1%	£48.66	£49.15	£49.64	£50.14	£50.64
RPI +3% Yr 3-4 RPI +2.5% Yr 5-6	£48.66	£49.15	£50.62	£52.14	£53.45
Difference	£0	£0	£0.98	£2.00	£2.81

Table 3.3(A): WDC Suggested Partial Transfer Option

Rental Increase	Year 6	Year 7	Year 8	Year 9	Year 10
RPI + 1%	£51.15	£51.66	£52.17	£52.70	£53.22
RPI +3% Yr 3-4 RPI +2.5% Yr 5-6	£54.78	£55.33	£55.88	£56.43	£57.00
Difference	£3.63	£3.67	£3.71	£3.73	£3.78

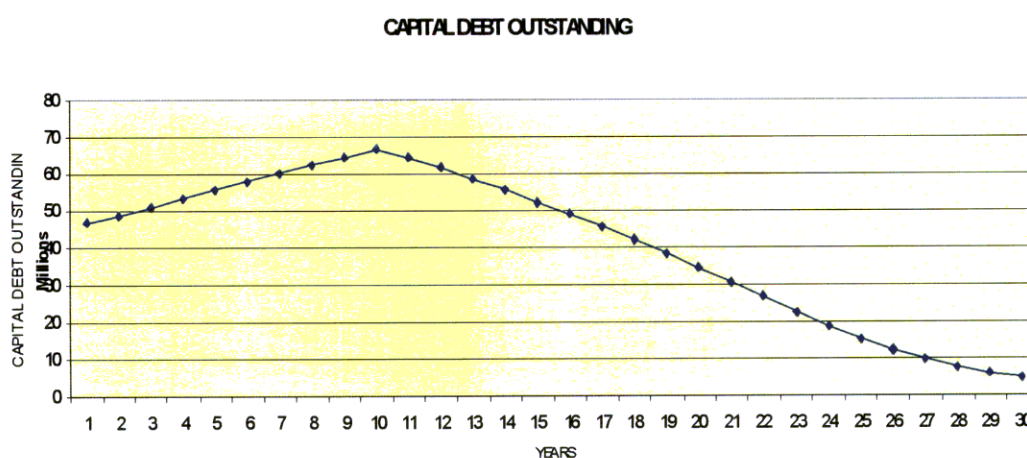
Table 3.3(B): WDC Suggested Partial Transfer Option

3.3.2 Capital Debt Outstanding

At Rents increases of RPI+3% in Year 3-4, RPI+2.5% Year 5-6 and RPI+1% thereafter, Prudential Borrowing of £71 Million is required, of which £62 Million is between Year 1 and 10. This results in Capital Debt Outstanding of £66 Million at 31ST March 2015. The increase in Debt Per unit between year 1 and 10 is:

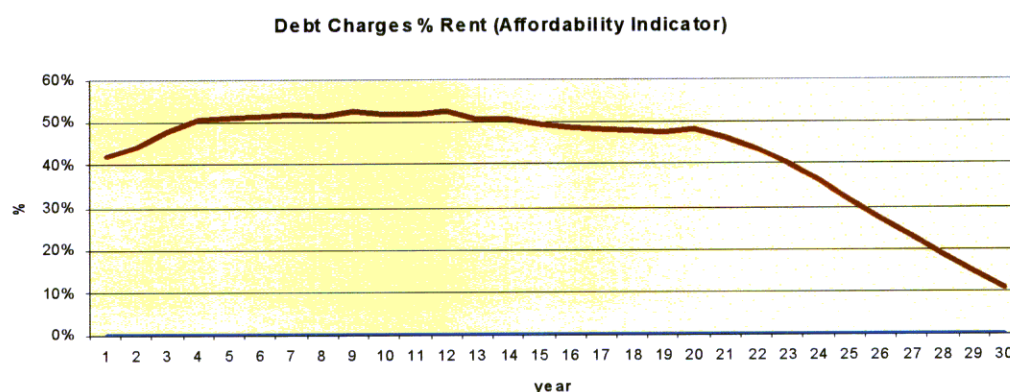
- Debt per unit at year 1 - £6,500
- Debt per unit at year 10- £11,200

The Capital Debt Position over the life of the business plan is illustrated in the graph below.



Graph 3.8: Option B (Capital Debt Outstanding)

The graph below illustrates the profile of debt charges as a % of Rental Income.



Graph 3.9: Option B (Affordability Indicator)

Appendix B illustrates the 30 year HRA projections of Option B at rent increases of RPI+3% for year 3 & 4, RPI+2.5% for years 5 & 6 and RPI+1% thereafter.

The current guidance on partial transfers relates to larger areas being transferred as viable entities. Therefore, if this option is to be pursued by the Council early negotiations with the Scottish Executive are essential.

3.4 Option C - Partial Transfer of Entire Areas

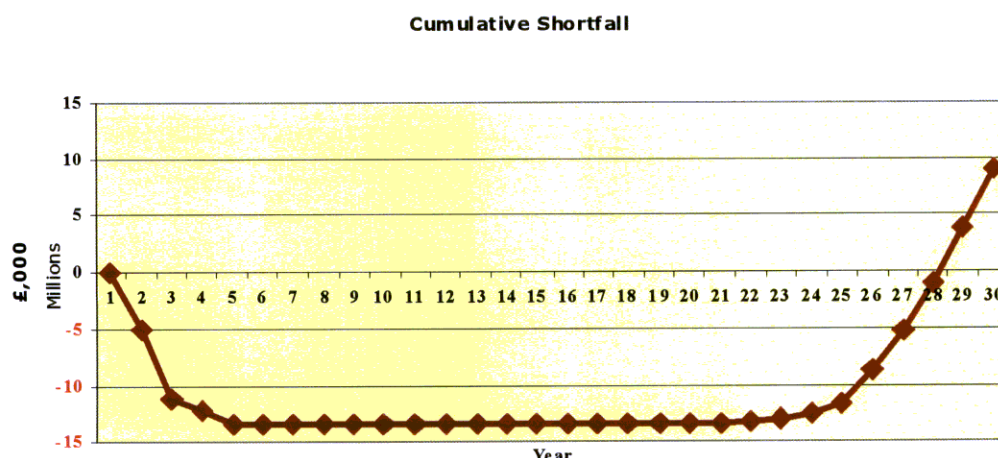
The model was also analysed at the 12-area level and analysis was performed to identify the areas with the lowest NPV over the 30-year period. These areas are as follows:

- Dumbarton North;
- Alexandria East; and
- Clydebank South and East.

The effect of on the base business plan results of the transfer of the above areas was modelled.

The option of partial transfer of these 3 areas results in 4,831 units of stock transferring, which is 39% of total stock at 1ST April 2005.

As shown in graph 3.10 below the partial transfer of Clydebank East and South, Alexandria East and Dumbarton North, reduces the cumulative shortfall position £13 Million.



Graph 3.10: Option C (Cumulative Shortfall)

3.4.1 Option C -Rent Levels

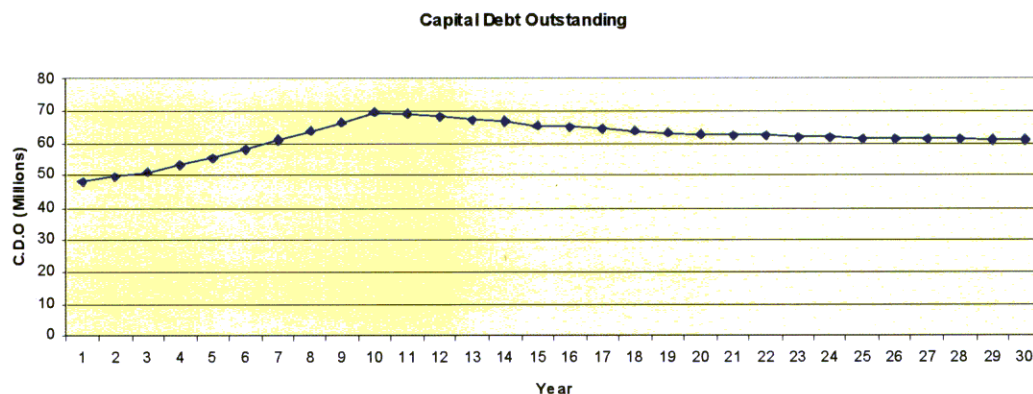
Under the partial transfer option, the minimum required rent increase to achieve and maintain the SHQS throughout the life of the plan is RPI+3.25% for years 2 to 5 followed by RPI+1% thereafter.

3.4.2 Capital Debt Outstanding

At Rents increases of RPI+3.25% in Year 2-5 and RPI+1% thereafter, Prudential Borrowing of £59 Million is required, of which £56 Million is between Year 1 and 10. This results in Capital Debt Outstanding of £70 Million at 31ST March 2015. The increase in Debt Per unit between year 1 and 10 is:

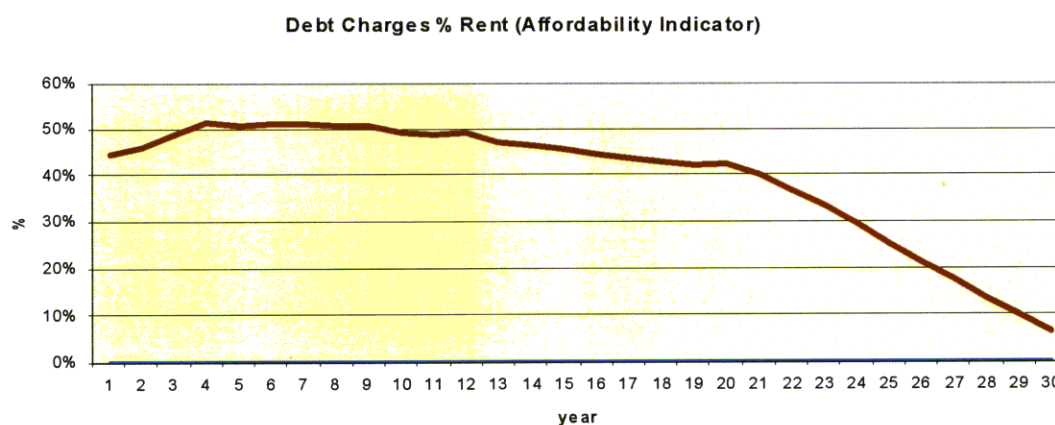
- Debt per unit at year 1 - £6,500; and
- Debt per unit at year 10 - £11,300.

The Capital Debt Position over the life of the business plan is illustrated in the graph below.



Graph 3.11: Option C (Capital Debt Outstanding)

The graph below illustrates the profile of debt charges as a % of Rental Income.



Graph 3.12: Option C (Affordability Indicator)

3.5 Option D – Full Stock Transfer

In this option it has been assumed that West Dunbartonshire Council will seek to transfer its entire housing stock to either an existing Registered Social Landlord (RSL) or a new organisation under the Scottish Executive Community Ownership Programme. This option was examined to determine what Best Value or other benefits may be gained by such an action. However, it was being considered in the knowledge that the Council has a viable and sustainable Business Plan for retaining its housing stock.

A price of West Dunbartonshire Council Housing Stock was achieved using the Communities Scotland Community Ownership Pricing Model. The Community Ownership model calculates a price for the Councils Housing Stock if it were to be subject to transfer to a Registered Social Landlord.

The price is based on discounting, to a net present value, the future net income stream that the new landlord would derive from the stock.

The model is based on the same assumptions as the base business plan option above. However, it assumes no RTB sales; it assumes that an RSL will not be able to reclaim VAT on all goods and services and it excludes all non-landlord related costs for example discharging statutory duties relating to homelessness and the strategic housing function.

The output of the Community Ownership pricing model is as follows:

Option	Cumulative Present Value of Surplus – 30 Yrs (7%DF)	Per Unit
Full Stock Transfer	-£59 Million ¹	-£4,800
Option B (WDC Partial Transfer Option)	-£39.8 Million	-£7,900

Table 3.4: COP Pricing Model Results

It should be noted that none of the assumptions used in the pricing model have been agreed by Communities Scotland and that these could change as a result of negotiations with that body.

Appendices C and D models the Community Ownership Pricing Model 30 Year Valuation for Option D and B respectively.

3.5.1 Capital Debt Outstanding

This section discusses the issues relating to full stock transfer (LSVT) based on the assessment of the results from the pricing model and the 30-year business plan model.

- Full Stock transfer would allow the Council to access funds that would eliminate its outstanding debt of £77 million;
- RSL Debt Charges would be based on a lower level than the existing £77 million, this difference in debt would free up significant money to spend on other properties;
- additional Spend on Properties of £42 Million (£37 Million NPV including fees and VAT);
- rent stability; delivery of Full Standard at Rents at RPI +1%;
- access to Regeneration Funding;
- inability to utilise resources for other Housing Related functions;
- West Dunbartonshire Council would require to redistribute fixed central support costs;
- in the absence of a HRA account, the general fund would need to support the net expense currently borne by the HRA ; and

¹ The Savills full cost option would decrease the value by £37 Million (The NPV of £42 Million @ 7% Discount Rate and including fees and VAT @ 17.5%)

- A period of disruption and uncertainty for staff.

3.6 Evaluation of Options

This section concludes on each of the four options as discussed above based on the results from the business plan and pricing model.

- **Option A** –The business plan is not sustainable given the cumulative shortfall of £45m. Rents would have to increase to RPI+5.5% for years 2-5. This would result in Debt per Unit at year 10 of the Business Plan increasing by approximately 70% from Year 1.
- **Option B**- The Business Plan is not sustainable at RPI+1% rents increases, because a significant (albeit reduced) shortfall of £10m still remains despite 41% of stock transferring.

In order to make this option sustainable and to achieve and maintain the SHQS over the life of the plan:

- The minimum required rent increase to achieve and maintain the SHQS throughout the life of the plan is RPI+3% for years 3 to 4, RPI+2.5% Year 5-6, followed by RPI+1% thereafter.

This Option would result in Debt per Unit at year 10 of the Business Plan increasing by approximately 72% from Year 1.

This option has advantages and is worthy of further consideration, it provides significant opportunities for area regeneration and will result in approximately £31 million of debt write off.

- **Option C**- The business plan is not sustainable at RPI+1% rent increases, because a significant (albeit reduced) shortfall of £13m remains, with 39% of stock transferring.

In order to make this option sustainable and to achieve and maintain the SHQS over the life of the plan:

- The minimum required rent increase to achieve and maintain the SHQS throughout the life of the plan is RPI+3.25% for years 2 to 5 followed by RPI+1% thereafter.

This Option would result in Debt per Unit at year 10 of the Business Plan increasing by approximately 73% from Year 1.

This option provides fewer opportunities for regeneration supported through stock transfer than Option C and will result in £30 million been written off.

- **Option D**- This Option is sustainable at RPI +1% rent increases with no shortfall.

This option has significant advantages and is worthy of further consideration, it provides significant opportunities for area regeneration and will result in £77 Million debt write off.

Table 3.5 below details the rent per week at Year 10 under each of the four options discussed above. (Real Terms – Not including Inflation).

Option	Rent per week at Year 10
Option A – Stock Retention	£63.96
Option B – WDC Partial Transfer	£57.01
Option C- Area Partial Transfer	£58.13
Option D – Full Stock Transfer	£53.22

Table 3.5: Comparison of Options

The rents in table 3.5 for options A, B and C are for the retained stock, the rents for the transferred stock in Options B and C will be the same as for option D. Option D provides the best value to tenants with option B being the second best value option at a 7% higher average weekly rent at year 10 over option D.

3.6.1 Inflation (Nominal Terms)

The Business Plan model has been prepared in real terms, which means it does not include inflation and only real inflationary assumptions are modelled.

Each of the Business Plan models (Options A-C) have been assessed assuming 2.5% inflationary assumption and the results are as follows:

- **Option A** – Rental Increase of 7% Years 2-5 and Debt Charges as a % of Rental Income would peak at 50% for 3 years;
- **Option B** – Rental Increase of 4% Years 3-4 and 3.5% thereafter and Debt Charges as a % of Rental Income would peak at 50% for 5 years; and
- **Option C** – Rental Increase of 5% Years 2-4 and Debt Charges as a % of Rental Income would peak at 50% for 3 years.

Table 3.6 below details the rent per week at Year 10 under each of the four options. (Nominal Terms –including Inflation (2.5%)).

Option	Rent per week at Year 10
Option A – Stock Retention	£75.75
Option B – WDC Partial Transfer	£66.96
Option C- Area Partial Transfer	£69.24
Option D – Full Stock Transfer	£66.32

Table 3.6: Comparison of options

As can be seen from the results above, including inflation reduces the rental increase required with modelling in Real Terms. This is because old debt is constant and is not subject to an inflationary increase.

However, this method of modelling is subject to greater risk and sensitivity, in particular interest rate increases. For example, a 1% increase interest rates would result in the following change to the rental assumptions:

- **Option A** – Rental Increase of 7% Years 2-5 would increase to 9% for years 2-5;
- **Option B** – Rental Increase of 4% Years 3-4 and 3.5% thereafter would increase to 5.5% Year 3-4 and 3.5% thereafter; and
- **Option C** – Rental Increase of 5% Years 2-4 would increase to 6% Year 2-4.

As can be seen above, a small increase in interest rate assumption illustrates how sensitive this model is to change. Modelling in Real terms is a less risky approach and provides greater comfort in the Business Plan assumptions that have been made.

3.6.2 Conclusion

Having considered and assessed the above options available, Option B and D will be considered and assessed further throughout this report.

The first base option under discussion is Option B, which is the West Dunbartonshire Council partial transfer of areas.

The second base option is Option D, which is the full stock transfer.

4. RISK ASSESSMENT AND SENSITIVITY ANALYSIS

4.1 Introduction

An integral part of the development of a Business Plan for the Housing Service and the associated production of the Standard Delivery Plan is the identification, and mitigation of risk in the Business Plan framework. Effective organisations are aware of the risks that exist for their business and take action to deal with them appropriately. West Dunbartonshire Council has adopted a positive approach to risk management that involves:

- identifying the current risks to the Council associated with the provision of housing services;
- identifying any additional risks arising or likely to arise in lifetime of this plan;
- quantifying and understanding the significance of these risks in terms of likelihood and impact, and therefore enable prioritisation;
- considering existing arrangements for avoiding risk where possible and managing risks otherwise; and
- developing action plans to assist in mitigating/controlling these risks.

Risk management is an ongoing process. Over time some risks reduce in importance or disappear whilst other risks become more important or appear for the first time. As part of the strategy for managing risk the Council should ensure that the appropriate steps are taken to identify and address risks in all aspects of their operations.

4.1.1 Identifying Risk

The tables below outline a number of potential risks, to which the Council's will be exposed to under Option B and D.

Tables 4.1 and 4.2 will assess the effect individual and multiple financial risks which may impact on the viability of the business plan under option B, which is RPI+3% Years 3-4, RPI+2.5% Year 5-6, and RPI+1% thereafter (Real Terms).

Table 4.3 will assess the impact of risks against the model including an inflation assumption of 2.5%, which is the rental increase of 5.5% in years 3 & 4, 5% in years 5 & 6 and 3.5% thereafter.

Table 4.4 will assess the non-financial risks surrounding option B.

Tables 4.5 and 4.6 will outline the financial and non-financial risks respectively, of Option D, which is the full stock transfer option.

4.2 Option B - WDC Suggested Partial Transfer

Individual Risk Factors	Current BP	SHQS met @ current BP assumptions	Affect on current BP Assumptions	Future Action Required
Void Rates Double	Option B	NO	Further rent increase of 1% in year 3&4	Monitor void rates on a monthly basis
Professional Fee rate increase (10% to 12 %)	Option B	YES		
Admin Costs Increase from RPI+0.3% to RPI+1%	Option B	YES		
Building Cost inflation increases to RPI+1.5% Years 2-10.	Option B	NO	Further rent increase of 0.5% in year 3-10	Monitor inflation increase periodically and review programme timescale
Building Cost inflation continues at RPI+1% for 30 years	Option B	NO	Further rent increase of 0.5% in year 3-6 and 1% in years 7-8.	Monitor inflation increase periodically and review programme timescale

Table 4.1(A): Financial Risks -Affect on current business plan assumption of rents increase at RPI+3 % years 3-4 & RPI+2.5% years 5-6 and RPI+1% thereafter (Option B)

Individual Risk Factors	Current BP	SHQS met @ current BP assumptions	Affect on current BP Assumptions	Future Action Required
Programme Renewals -5% underestimated	Option B	NO	Further rent increase of 0.5% in year 3-4	Review programme timescales
Non- Traditional and Multi Costs underestimated by 10%	Option B	NO	Further rent increase of 0.5% in year 3-4	Review programme timescales
Response and Voids Cost per unit underestimated by 10%	Option B	NO	Further rent increase of 1.5% in year 3-4	Monitor Statutory Performance Information
RTB Sales assumption decreased by 1/4	Option B	NO	Further rent increase of 0.5% in year 7	Monitor Sales
Interest Rate Increases by 1.5%	Option B	NO	Further rent increase of 3% in year 3-4	Monitor Interest rates

Table 4.1(B): Financial Risks -Affect on current business plan assumption of rents increase at RPI+3 % years 3-4 & RPI+2.5% years 5-6 and RPI+1% thereafter (Option B)

4.2.1 Option B – Financial Risks (Multiple Risk Factors)

It is important to identify and test individual risks. However, it also important to contemplate the possibility, that a number of risks will impact the Business Plan simultaneously. Such modelling allows the plan to be tested rigorously against the most trying of circumstances. The table below illustrates the multiple risks and sensitivities carried out. The sensitivities are measured against the same benchmark as used for the individual risks:

Multiple Risk Factors	Current BP	SHQS met @ current BP assumptions	Affect on current BP Assumptions	Future Action Required
Professional Fee rate increase (10 to 12 %) and Programmed renewals underestimated by 5%	Option B	NO	Further rent increase of 0.5% in year 3-4	Review programme timescales and procurement procedures
Void Rates Double & Bad debt rate doubles	Option B	NO	Further rent increase of 0.5% in year 3-4	Monitor void rates on a monthly basis
Multi & non-trad costs underestimated by 10% and building costs inflation increases to RPI+1% years 1-30	Option B	NO	Further rent increase of 0.5% in year 3 and 1% Years 7-10	Monitor inflation increases periodically and review programme timescales
Interest rate increases by 1% and Building Cost Inflation increases by an additional 1% for years 1-30s	Option B	NO	Further rent increase of 1.5% in year 3&4 and 0.5% Years 7-15	Monitor inflation increases & interest rates periodically

Table 4.2: Multiple Risk Factors -Affect on current business plan assumption of rents increase at RPI+3 % years 3-4 & RPI+2.5% years 5-6 and RPI+1% thereafter (Option B)

4.2.2 Option B-Assessing the Financial Risk on Inflated Model

The Business Plan Model was inflated by 2.5%, which effectively meant that the rental increases were 5.5% in year 3 & 4, 5% Year 4 & 5 and 3.5% thereafter. The Financial risks identified were assessed under these circumstances.

The 30 Year HRA Projection (Including Inflation) for Option B is shown in Appendix E.

Most of the risks were met under these circumstances, which illustrates a degree of comfort in the business plan model assumptions. However, risks that were not met were generally risks where an interest rate increase was modeled. For example:

- Interest rate increases by 1.5% - an additional rent increase of 1% in years 3 & 4 is required.

As a result of this assessment, all risks identified in table 4.1 & 4.2 above were coupled with an interest rate increase of 1% and the affect on the current business plan assumptions were assessed.

Risk Factor	Affect on current BP Assumptions	Risk Factor	Affect on current BP Assumptions
Void Rates Double	Further rent increase of 1.5% in year 3-4	Programmed Renewals underestimated by 5%	Further rent increase of 0.5% in year 3
Professional Fee Increase (10% to 12%)	Further rent increase of 0.5% in year 3	Non- Traditional and Multi Costs underestimated by 10%	Further rent increase of 0.5% in year 3
Admin Cost Increase of RPI+0.3% from RPI+1%	Further rent increase of 0.5% in year 3	Response and Voids Cost per unit underestimated by 10%	Further rent increase of 1.5% in year 3&4
Building Cost Inflation increases to RPI+1.5% Years 2-10	Further rent increase of 1% in year 3		

Table 4.3 Financial Risks– Inflated model and 1% interest Rate Increase

4.2.3 Option B –Non-Financial Risk Factors

The following Table highlights the non-financial risks associated with Option B:

Non-Financial Factor	Future Action Required
The housing service will not be made more efficient	Effectively Monitor Performance Indicators and perform Best Value reviews
There will be a significant impact on the Council Structure	Quantify the effect of reduction in resources from the Housing Service
Efficiency of delivering the Housing Service at a local level	Service Delivery restructure across new profile of remaining stock
SHQS not met and maintained	Effective Business Planning/Preparation of Capital Programme and monitoring of risks surrounding the Business Plan Assumptions
Ability to perform Statutory duties under Homeless Legislation	Establish effective Section 5 Protocols with new landlord
Customer Access to Housing will be made more complex	Develop common advice and access resources between receiving organisation and Council
Negative impact on DLO efficiency	Need for "Fit for Purpose" Audit

Table 4.4 Non Financial Risks (Option B)

Most of the risks were met under these circumstances, which illustrates a degree of comfort in the business

4.3 Option D – Full Stock Transfer

4.3.1 Option D Financial Risk Factors

The following Table highlights the financial risks associated with Option D:

Financial Factor	Future Action Required
Reduction in resources available to the Council	Quantify effect and restructure accordingly
Redistribution of Council Fixed Costs	Quantify effect and restructure accordingly
In absence of HRA general fund will be required to support the net expense currently borne by the HRA	Quantify effect and restructure accordingly

Table 4.5 Financial Risks (Option D)

4.3.2 Option D Non-Financial Risk Factors

The following Table highlights the non-financial risks associated with Option D:

Non-Financial Factor	Future Action Required
Significant impact on the Current Council Structure	Quantify effect and restructure accordingly
Reduction in Democratic Influence	Ensure appropriate Council representation on board of receiving organisation
Reduction in effective relationship with the Council	Establish a range of protocols and working relationships prior to transfer
Concerns for Council Employees	Develop TUPE and staff matching Procedures
Question over the efficiency of Council Services	Review Council Structures and intermediate Service Delivery Contracts with new Organisation
Ability to perform Statutory duties under Homeless Legislation	Establish effective Section 5 Protocols with new landlord
Impact on the availability of affordable Housing, for example: displacement programmes as a result of regeneration significantly limit turnover in the short to medium term	Establish effective protocols on nominations

Table 4.6: Non-Financial Risks (Option D)

5. CONCLUSIONS

5.1 Introduction

The viability of the Council achieving and maintaining the SHQS, under the following Options was assessed and analysed:

- Option A – Stock Retention;
- Option B – WDC Partial Transfer Option;
- Option C – Partial Transfer of entire Areas; and
- Option D – Full Stock Transfer.

Options B and D were considered to be the most viable Options and further risk assessment was performed on each of these options. This section reiterates the effect of each of the options and draws some comparative conclusions.

5.2 Conclusion

5.2.1 Option B Partial Transfer

This Option results in 41% of the Stock transferring. For the stock remaining with the Council this option is sustainable and the SHQS can be achieved and maintained at rents being RPI+3% for years 3-4, RPI+2.5% Year 5-6, followed by RPI+1% thereafter.

Debt per unit would increase by approximately 72% from year 1. It provides significant opportunities for area regeneration and will result in approximately £31 million of debt write off.

The Business plan is subject to various financial and non-financial risks, and is particularly sensitive to increases in interest rates and building cost inflationary increases. Appropriate risk mitigation strategies should be implemented in order to control the affect of these risks, for example effective Business Planning and monitoring of the capital programme should aid in ensuring the SHQS is met and maintained under this Option.

5.2.2 Option D Full Stock Transfer

This Option is sustainable at RPI+1% rent increases, with no shortfall. It provides significant opportunities for area regeneration and will result in £77 Million debt write off.

This Option is subject to various financial and non-financial risks. In order to manage and control these risk, the Council should pro—actively quantify the effect of each of the risks and take the appropriate action to address each of the risks accordingly.

A range of protocols and effective working relationships should be established prior to transfer in order to ensure effective relationships between the receiving organisation and the Council and to ensure minimum disruption to the Customer and Council employee.

Under the transfer element of Option B and Option D, there is a requirement for a detailed examination to identify and programme an area regeneration strategy, with particular reference to Communities Scotland early action programme.

APPENDIX A

HRA – 30-YEAR PROJECTIONS (OPTION A- REAL TERMS)

Appendix A

HRA West Dunbartonshire Council		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30		
2005/06		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total		
Estimate		Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate		
E000's		E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's	E000's		
Variable Element Administration		4,901	4,766	4,666	4,578	4,501	4,438	4,381	4,325	4,269	4,215	4,166	4,122	4,077	4,034	3,990	3,947	3,904	3,862	3,819	3,777	3,736	3,699	3,662	3,623	3,586	3,548	3,511	3,475	3,438	3,404	120,419	
Revenue Expenditure		6,795	6,677	6,599	6,534	6,451	6,385	6,297	6,208	6,121	6,037	5,960	5,889	5,817	5,749	5,680	5,611	5,543	5,477	5,410	5,344	5,282	5,223	5,165	5,104	5,046	4,988	4,931	4,874	4,818	4,764	170,781	
Response & Void Repairs		1,634	1,605	1,587	1,571	1,551	1,535	1,514	1,493	1,472	1,452	1,433	1,416	1,399	1,382	1,366	1,349	1,333	1,317	1,301	1,285	1,270	1,256	1,242	1,227	1,213	1,199	1,185	1,172	1,158	1,145	41,064	
Cyclical		308	311	314	318	319	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	321	9,992	
Open Space Maintenance & Related Assets		465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	465	13,940	
Special Services		774	750	732	716	702	690	679	669	659	648	638	630	621	613	604	596	588	580	571	564	556	549	542	534	527	520	513	506	499	493	18,264	
Other Revenue Expenditure		9,976	9,809	9,697	9,604	9,488	9,397	9,276	9,155	9,037	8,922	8,817	8,721	8,623	8,529	8,435	8,341	8,249	8,159	8,068	7,978	7,893	7,813	7,733	7,651	7,572	7,493	7,415	7,338	7,261	7,188	253,659	
Revenue Expenditure Total		26,480	26,910	26,917	26,748	26,504	25,993	25,291	25,022	25,035	24,674	24,542	24,627	24,110	24,010	23,777	23,567	23,377	23,262	23,200	23,391	22,945	21,963	21,943	21,979	21,970	21,204	20,089	18,956	17,867	16,840	701,722	
Adjustment for Fixed Costs- Admin		91	221	335	436	527	603	675	746	816	885	948	999	1,058	1,117	1,176	1,235	1,295	1,353	1,410	1,467	1,523	1,577	1,632	1,685	1,739	1,792	1,845	1,897	1,949	2,001	35,034	
Fixed Costs		6,196	6,237	6,768	7,142	6,588	6,143	5,532	4,705	4,145	3,189	2,443	2,519	2,007	1,917	1,708	1,532	1,262	1,069	954	1,026	480	358	303	309	259	215	211	197	180	198	75,794	
Capital Financing Costs		5,315	4,992	4,466	4,004	3,516	3,066	2,646	2,268	1,947	1,664	1,446	1,279	1,107	970	839	723	618	532	459	393	323	291	266	245	224	207	192	178	164	152	44,392	
Interest & Expenses (Original Debt)		0	984	984	984	1,746	2,780	3,824	4,821	5,799	6,722	7,442	7,629	7,237	7,442	7,629	7,789	8,049	8,287	8,521	8,749	8,989	9,225	9,457	9,687	9,913	10,135	10,353	10,568	10,781	10,992	172,442	
Loan Charges - Prudential Borrowing		11,511	12,113	12,218	12,130	11,088	10,956	10,959	10,797	10,914	10,652	10,612	10,785	10,351	10,044	9,929	9,888	9,934	10,169	9,793	9,873	8,873	8,916	9,021	9,073	9,073	8,371	7,318	6,247	5,218	4,246	292,629	
Total Capital Financing Costs		26,779	26,779	25,974	25,724	25,525	25,393	25,291	25,184	25,080	24,977	24,898	24,845	24,782	24,727	24,664	24,601	24,540	24,478	24,412	24,348	24,289	24,231	24,207	24,150	24,103	24,052	24,001	23,951	23,899	23,856	743,562	
GROSS EXPENDITURE		26,480	26,910	26,917	26,748	26,504	25,993	25,291	25,022	25,035	24,674	24,542	24,627	24,110	24,010	23,777	23,567	23,377	23,262	23,200	23,391	22,945	21,963	21,943	21,979	21,970	21,204	20,089	18,956	17,867	16,840	701,722	
INCOME		25,375	24,881	24,553	24,277	24,054	23,899	23,775	23,644	23,517	23,390	23,290	23,215	23,131	23,054	22,968	22,883	22,798	22,712	22,622	22,533	22,452	22,390	22,322	22,241	22,169	22,094	22,018	21,943	21,864	21,794	691,860	
Rents - Dwelling Houses		1,305	1,298	1,321	1,347	1,372	1,394	1,417	1,440	1,463	1,488	1,508	1,530	1,551	1,573	1,596	1,619	1,642	1,666	1,690	1,715	1,738	1,761	1,785	1,809	1,834	1,858	1,883	1,909	1,936	1,963	48,412	
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest on Revenue Balances		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	2,991
TOTAL INCOME		26,779	26,779	25,974	25,724	25,525	25,393	25,291	25,184	25,080	24,977	24,898	24,845	24,782	24,727	24,664	24,601	24,540	24,478	24,412	24,348	24,289	24,231	24,207	24,150	24,103	24,052	24,001	23,951	23,899	23,856	743,562	
NET EXPENDITURE/(INCOME)		-300	631	943	1,023	78	0	0	-161	-44	-303	-356	-218	-672	-717	-887	-1,034	-1,163	-1,216	-1,182	-957	-1,345	-2,288	-2,264	-2,170	-2,133	-2,848	-3,912	-4,995	-6,033	-7,017	-41,540	
CAPITAL INCOME		-6,759	-5,892	-5,152	-4,609	-4,082	-3,079	-3,804	-3,925	-4,056	-4,190	-3,723	-3,928	-3,867	-3,935	-3,969	-4,028	-4,031	-3,935	-3,927	-3,928	-3,665	-3,688	-3,653	-3,619	-3,601	-3,572	-3,531	-3,507	-3,503	-3,440	-120,998	
Useable Capital Receipts (Houses)		-773	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-773	
Useable Capital Receipts - (Other Property)		-10,567	0	0	0	-8,180	-11,102	-11,199	-10,712	-10,498	-9,910	-2,836	-2,683	-2,203	-2,006	-1,717	-2,792	-2,561	-2,506	-2,577	-2,362	-1,312	-1,287	-1,327	-1,298	0	0	0	0	0	0	10,086	
Additional Capital which could be borrowed		-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-30	-900	
Mortgage Repayments (Ex-tenants)		-300	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CFCR (Net Expenditure/Income)		-18,429	-5,922	-5,182	-4,639	-12,292	-14,610	-15,033	-14,928	-14,629	-14,434	-6,946	-6,859	-6,771	-6,687	-6,603	-7,884	-7,785	-7,687	-7,588	-7,492	-7,402	-7,318	-7,233	-7,146	-7,062	-6,965	-6,865	-6,765	-6,665	-6,565	-270,971	
Total		18,429	17,836	17,646	17,489	17,282	15,244	15,033	14,928	14,629	14,434	6,946	6,859	6,771	6,687	6,603	7,884	7,785	7,687	7,588	7,492	7,402	7,318	7,233	7,146	7,062	6,965	6,865	6,7				

APPENDIX B

HRA – 30-YEAR PROJECTIONS (OPTION B – REAL TERMS)

Appendix B

HRA

West Dunbartonshire Council

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total	
2005/06	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Estimate	
Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
2,859	2,168	2,707	2,653	2,604	2,563	2,527	2,492	2,457	2,423	2,393	2,366	2,340	2,314	2,288	2,262	2,238	2,213	2,188	2,164	2,140	2,118	2,095	2,074	2,052	2,031	2,010	1,989	1,968	1,947	69,220	
4,135	4,072	4,023	3,980	3,926	3,882	3,824	3,769	3,714	3,659	3,612	3,567	3,524	3,481	3,439	3,396	3,355	3,315	3,274	3,235	3,196	3,160	3,123	3,088	3,052	3,017	2,983	2,950	2,916	2,882	103,548	
970	955	944	933	920	910	896	883	870	857	846	835	825	815	805	795	785	776	766	757	748	739	731	722	714	706	698	690	682	674	24,247	
182	184	186	188	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	189	5,665	
154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	154	4,608	
459	447	435	426	417	409	402	395	389	382	376	371	366	361	356	351	346	341	336	331	327	322	318	314	310	306	301	297	293	289	10,773	
5,900	5,812	5,741	5,680	5,605	5,543	5,465	5,390	5,316	5,242	5,177	5,116	5,058	4,999	4,942	4,884	4,830	4,775	4,719	4,667	4,613	4,565	4,518	4,468	4,419	4,372	4,326	4,280	4,234	4,189	148,840	
40	117	187	250	307	357	402	446	490	532	571	607	642	677	712	746	781	814	848	882	914	946	977	1,009	1,039	1,070	1,100	1,131	1,161	1,191	20,948	
3,668	3,692	4,006	4,227	3,900	3,637	3,275	2,785	2,454	1,887	1,446	1,491	1,188	1,135	1,011	907	747	633	565	608	284	212	179	183	153	127	125	117	107	117	44,865	
3,146	2,896	2,644	2,370	2,081	1,815	1,566	1,343	1,153	985	856	757	655	574	497	428	366	315	271	233	191	172	158	145	133	122	114	105	97	90	26,278	
0	629	961	1,557	2,211	2,871	3,501	4,113	4,700	5,277	5,826	6,391	6,925	7,434	7,913	8,364	8,794	9,203	9,591	9,958	10,306	10,635	10,947	11,243	11,525	11,796	12,056	12,305	12,543	12,771	129,138	
6,814	7,017	7,610	8,154	8,192	8,322	8,342	8,240	8,307	8,150	8,129	8,179	7,878	7,813	7,661	7,520	7,389	7,268	7,152	7,032	6,988	6,564	6,037	5,431	4,735	4,039	3,398	2,769	2,164	1,590	199,281	
15,592	15,714	16,245	16,737	16,707	16,785	16,736	16,569	16,347	16,270	16,268	16,268	15,919	15,803	15,412	15,237	15,100	15,003	15,015	14,656	14,193	13,624	12,982	12,245	11,511	10,824	10,169	9,527	8,917	8,320	438,290	
-16,001	-15,727	-15,813	-15,993	-16,102	-15,997	-15,997	-15,798	-15,696	-15,622	-15,559	-15,505	-15,442	-15,383	-15,319	-15,264	-15,205	-15,141	-15,084	-15,023	-14,978	-14,923	-14,879	-14,825	-14,775	-14,726	-14,678	-14,626	-14,573	-14,519	-146,484	
-754	-750	-765	-780	-795	-809	-822	-836	-851	-865	-878	-891	-904	-917	-931	-945	-959	-973	-988	-1,003	-1,017	-1,031	-1,046	-1,060	-1,075	-1,090	-1,105	-1,121	-1,137	-1,153	-28,255	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-61	-1,820	
-16,816	-16,539	-16,639	-16,769	-16,849	-16,972	-16,880	-16,796	-16,710	-16,622	-16,561	-16,511	-16,470	-16,420	-16,375	-16,324	-16,284	-16,239	-16,190	-16,149	-16,101	-16,071	-16,030	-16,000	-15,961	-15,926	-15,892	-15,859	-15,824	-15,787	-490,503	
-1,224	-825	-393	-31	-142	-186	-144	-227	-140	-276	-291	-243	-551	-618	-771	-912	-1,047	-1,139	-1,187	-1,134	-1,446	-1,877	-2,406	-3,019	-3,716	-4,415	-5,059	-5,690	-6,298	-6,870	-52,279	
2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total	
Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
-4183	-3,756	-3,366	-3,017	-2,711	-2,339	-2,440	-2,489	-2,567	-2,600	-2,220	-2,326	-2,347	-2,436	-2,434	-2,402	-2,399	-2,387	-2,411	-2,398	-2,244	-2,259	-2,237	-2,221	-2,199	-2,177	-2,176	-2,134	-2,132	-2,131	-75,236	
-457	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-457	
-4,609	-5,702	-6,406	-7,018	-7,082	-6,764	-6,570	-6,310	-6,191	-5,896	-1,123	-1,115	-739	-536	-337	-990	-794	-661	-534	-548	-1,045	-541	0	0	0	0	0	0	0	0	-71,501	
-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-539	
-1,224	-825	-393	-31	-142	-186	-144	-227	-140	-276	-291	-243	-551	-618	-771	-912	-1,047	-1,139	-1,187	-1,134	-1,446	-1,877	-2,406	-3,019	-3,716	-4,415	-5,059	-5,690	-6,298	-6,870	-52,279	
-10,491	-10,301	-10,183	-10,084	-9,952	-9,307	-9,172	-9,044	-8,916	-8,799	-3,752	-3,702	-3,655	-3,607	-3,560	-3,512	-3,459	-3,404	-3,350	-3,298	-3,246	-3,195	-3,144	-3,093	-3,042	-2,991	-2,940	-2,889	-2,838	-2,787	-200,005	

APPENDIX C
COMMUNITY OWNERSHIP PRICING MODEL 30-YEAR VALUATION
(OPTION D)

West Dunbartonshire Council Pricing Model																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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Rental Income	28,042	28,225	28,507	28,792	29,080	29,371	29,665	29,961	30,261	30,564	30,869	31,178	31,490	31,805	32,123	32,444	32,768	33,096	33,427	33,761	34,099	34,440	34,784	35,132	35,483	35,838	36,197	36,559	36,924	37,293	972,176	396,570																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Less: Voids & Bad Debts	-	2,633	-	2,650	-	2,677	-	2,704	-	2,731	-	2,758	-	2,786	-	2,813	-	2,842	-	2,870	-	2,899	-	2,928	-	2,957	-	2,986	-	3,016	-	3,046	-	3,077	-	3,108	-	3,139	-	3,170	-	3,202	-	3,234	-	3,266	-	3,299	-	3,332	-	3,365	-	3,399	-	3,433	-	3,467	-	3,502	-	91,287	-	37,238	-																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
Net Rental Income	25,408	25,575	25,830	26,089	26,350	26,613	26,879	27,148	27,419	27,694	27,971	28,250	28,533	28,818	29,106	29,397	29,691	29,988	30,288	30,591	30,897	31,206	31,518	31,833	32,151	32,473	32,798	33,126	33,457	33,791	880,889	359,332																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Garage Income	159	160	162	163	165	167	168	170	172	173	175	177	179	180	182	184	186	188	190	192	194	195	197	199	201	203	205	207	210	212	5,517	2,250																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Other Income	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	26,460	11,321																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
TOTAL INCOME	26,449	26,617	26,874	27,184	27,397	27,662	27,930	28,200	28,473	28,749	29,028	29,309	29,593	29,881	30,171	30,463	30,759	31,058	31,360	31,665	31,972	32,283	32,597	32,914	33,235	33,558	33,885	34,215	34,548	34,885	912,865	372,904																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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Major Component Replacement	11,954	12,033	12,153	12,274	12,336	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	12,397	146,163																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
Catch up	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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11,263	11,291	11,404	11,518	11,633	11,749	11,867	11,986	12,105	12,226	12,349	12,472	12,597	12,723	12,850	12,979	13,108	13,239	13,372	13,506	13,641	13,777	13,915	14,054	14,194	14,336	14,480	14,625	14,771	14,919	388,947	158,685																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
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-	1,928	-	1,933	-	1,991	-	2,011	-	2,031	-	2,052	-	2,114	-	2,135	-	2,156	-	2,178	-	2,200	-	2,222	-	2,244	-	2,266	-	2,289	-	2,312	-	2,335	-	2,358	-	2,382	-	2,406	-	2,430	-	2,454	-	2,479	-	2,503	-	2,529	-	2,554	-	2,581	-	2,604	-	2,628	-	2,653	-	2,678	-	2,703	-	2,728	-	2,753	-	2,778	-	2,803	-	2,828	-	2,853	-	2,878	-	2,903	-	2,928	-	2,953	-	2,978	-	3,003	-	3,028	-	3,053	-	3,078	-	3,103	-	3,128	-	3,153	-	3,178	-	3,203	-	3,228	-	3,253	-	3,278	-	3,303	-	3,328	-	3,353	-	3,378	-	3,403	-	3,428	-	3,453	-	3,478	-	3,503	-	3,528	-	3,553	-	3,578	-	3,603	-	3,628	-	3,653	-	3,678	-	3,703	-	3,728	-	3,753	-	3,778	-	3,803	-	3,828	-	3,853	-	3,878	-	3,903	-	3,928	-	3,953	-	3,978	-	4,003	-	4,028	-	4,053	-	4,078	-	4,103	-	4,128	-	4,153	-	4,178	-	4,203	-	4,228	-	4,253	-	4,278	-	4,303	-	4,328	-	4,353	-	4,378	-	4,403	-	4,428	-	4,453	-	4,478	-	4,503	-	4,528	-	4,553	-	4,578	-	4,603	-	4,628	-	4,653	-	4,678	-	4,703	-	4,728	-	4,753	-	4,778	-	4,803	-	4,828	-	4,853	-	4,878	-	4,903	-	4,928	-	4,953	-	4,978	-	5,003	-	5,028	-	5,053	-	5,078	-	5,103	-	5,128	-	5,153	-	5,178	-	5,203	-	5,228	-	5,253	-	5,278	-	5,303	-	5,328	-	5,353	-	5,378	-	5,403	-	5,428	-	5,453	-	5,478	-	5,503	-	5,528	-	5,553	-	5,578	-	5,603	-	5,628	-	5,653	-	5,678	-	5,703	-	5,728	-	5,753	-	5,778	-	5,803	-	5,828	-	5,853	-	5,878	-	5,903	-	5,928	-	5,953	-	5,978	-	6,003	-	6,028	-	6,053	-	6,078	-	6,103	-	6,128	-	6,153	-	6,178	-	6,203	-	6,228	-	6,253	-	6,278	-	6,303	-	6,328	-	6,353	-	6,378	-	6,403	-	6,428	-	6,453	-	6,478	-	6,503	-	6,528	-	6,553	-	6,578	-	6,603	-	6,628	-	6,653	-	6,678	-	6,703	-	6,728	-	6,753	-	6,778	-	6,803	-	6,828	-	6,853	-	6,878	-	6,903	-	6,928	-	6,953	-	6,978	-	7,003	-	7,028	-	7,053	-	7,078	-	7,103	-	7,128	-	7,153	-	7,178	-	7,203	-	7,228	-	7,253	-	7,278	-	7,303	-	7,328	-	7,353	-	7,378	-	7,403	-	7,428	-	7,453	-	7,478	-	7,503	-	7,528	-	7,553	-	7,578	-	7,603	-	7,628	-	7,653	-	7,678	-	7,703	-	7,728	-	7,753	-	7,778	-	7,803	-	7,828	-	7,853	-	7,878	-	7,903	-	7,928	-	7,953	-	7,978	-	8,003	-	8,028	-	8,053	-	8,078	-	8,103	-	8,128	-	8,153	-	8,178	-	8,203	-	8,228	-	8,253	-	8,278	-	8,303	-	8,328	-	8,353	-	8,378	-	8,403	-	8,428	-	8,453	-	8,478	-	8,503	-	8,528	-	8,553	-	8,578	-	8,603	-	8,628	-	8,653	-	8,678	-	8,703	-	8,728	-	8,753	-	8,778	-	8,803	-	8,828	-	8,853	-	8,878	-	8,903	-	8,928	-	8,953	-	8,978	-	9,003	-	9,028	-	9,053	-	9,078	-	9,103	-	9,128	-	9,153	-	9,178	-	9,203	-	9,228	-	9,253	-	9,278	-	9,303	-	9,328	-	9,353	-	9,378	-	9,403	-	9,428	-	9,453	-	9,478	-	9,503	-	9,528	-	9,553	-	9,578	-	9,603	-	9,628	-	9,653	-	9,678	-	9,703	-	9,728	-	9,753	-	9,778	-	9,803	-	9,828	-	9,853	-	9,878	-	9,903	-	9,928	-	9,953	-	9,978	-	10,003	-	10,028	-	10,053	-	10,078	-	10,103	-	10,128	-	10,153	-	10,178	-	10,203	-	10,228	-	10,253	-	10,278	-	10,303	-	10,328	-	10,353	-	10,378	-	10,403	-	10,428	-	10,453	-	10,478	-	10,503	-	10,528	-	10,553	-	10,578	-	10,603	-	10,628	-	10,653	-	10,678	-	10,703	-	10,728	-	10,753	-	10,778	-	10,803	-	10,828	-	10,853	-	10,878	-	10,903	-	10,928	-	10,953	-	10,978	-	11,003	-	11,028	-	11,053	-	11,078	-	11,103	-	11,128	-	11,153	-	11,178	-	11,203	-	11,228	-	11,253	-	11,278	-	11,303	-	11,328	-	11,353	-	11,378	-	11,403	-	11,428	-	11,453	-	11,478	-	11,503	-	11,528	-	11,553	-	11,578	-	11,603	-	11,628	-	11,653	-	11,678	-	11,703	-	11,728	-	11,753	-	11,778	-	11,803	-	11,828	-	11,853	-	11,878	-	11,903	-	11,928	-	11,953	-	11,978	-	12,003	-	12,028	-	12,053	-	12,078	-	12,103	-	12,128	-	12,153	-	12,178	-	12,203	-	12,228	-	12,253	-	12,278	-	12,303	-	12,328	-	12,353	-	12,378	-	12,403	-	12,428	-	12,453	-	12,478	-	12,503	-	12,528	-	12,553	-	12,578	-	12,603	-	12,628	-	12,653	-	12,678	-	12,703	-	12,728	-	12,753	-	12,778	-	12,803	-	12,828	-	12,853	-	12,878	-	12,903	-	12,928	-	12,953	-	12,978	-	13,003	-	13,028	-	13,053	-	13,078	-	13,103	-	13,128	-	13,153	-	13,178	-	13,203	-	13,228	-	13,253	-	13,278	-	13,303	-	13,328	-	13,353	-	13,378	-	13,403	-	13,428	-	13,453	-	13,478	-	13,503	-	13,528	-	13,553	-	13,578	-	13,603	-	13,628	-	13,653	-	13,678	-	13,703	-	13,728	-	13,753	-	13,778	-	13,803	-	13,828	-	13,853	-	13,878	-	13,903	-	13,928	-	13,953	-	13,978	-	14,003	-	14,028	-	14,053	-	14,078	-	14,103	-	14,128	-	14,153	-	14,178	-	14,203	-	14,228	-	14,253	-	14,278	-	14,303	-	14,328	-	14,353	-	14,378	-	14,403	-	14,428	-	14,453	-	14,478	-	14,503	-	14,528	-	14,553	-	14,578	-	14,603	-	14,628	-	14,653	-	14,678	-	14,703	-	14,728	-	14,753	-	14,778	-	14,803	-	14,828	-	14,853	-	14,878	-	14,903	-	14,928	-	14,953	-	14,978	-	15,003	-	15,028	-	15,053	-	15,078	-	15,103	-	15,128	-	15,153	-	15,178	-	15,203	-	15,228	-	15,253	-	15,278	-	15,303	-	15,328	-	15,353	-	15,378	-	15,403	-	15,428	-	15,453	-	15,478	-	15,503	-	15,528	-	15,553	-	15,578	-	15,603	-	15,628	-	15,653	-	15,678	-	15,703	-	15,728	-	15,753	-	15,778	-	15,803	-	15,828	-	15,853	-	15,878	-	15,903	-	15,928	-	15,953	-	15,978</

APPENDIX D

**COMMUNITY OWNERSHIP PRICING MODEL 30-YEAR VALUATION
(OPTION B)**

APPENDIX E

HRA – 30-YEAR PROJECTIONS (OPTION B – INFLATED)

Appendix E

HRA
West Dunbartonshire Council

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total	
2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	
Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
2,839	2,837	2,844	2,856	2,874	2,900	2,930	2,962	2,994	3,026	3,064	3,105	3,148	3,190	3,233	3,276	3,322	3,367	3,412	3,459	3,506	3,557	3,607	3,660	3,712	3,765	3,819	3,874	3,929	3,984	99,050	
Revenue Expenditure																															
4,135	4,165	4,207	4,258	4,296	4,345	4,378	4,414	4,451	4,487	4,531	4,578	4,629	4,678	4,729	4,780	4,834	4,887	4,940	4,996	5,052	5,113	5,173	5,236	5,298	5,361	5,427	5,493	5,559	5,626	144,057	
970	979	991	1,005	1,016	1,029	1,039	1,050	1,060	1,070	1,083	1,096	1,110	1,123	1,137	1,151	1,166	1,180	1,195	1,210	1,225	1,242	1,258	1,275	1,291	1,308	1,326	1,344	1,379	1,406	34,671	
182	188	195	202	208	214	220	225	231	237	243	249	255	261	268	274	281	288	296	303	310	318	326	334	343	351	360	369	378	388	406	8,298
154	157	161	165	170	174	178	183	187	192	197	202	207	212	217	222	228	234	240	246	252	258	264	271	278	285	292	299	307	314	322	6,744
459	458	458	458	460	463	466	470	474	477	482	487	492	497	503	508	513	519	524	530	535	542	548	554	560	566	573	579	586	592	600	15,302
5,900	5,948	6,013	6,089	6,149	6,225	6,282	6,342	6,402	6,463	6,525	6,611	6,692	6,772	6,854	6,935	7,022	7,108	7,194	7,285	7,375	7,473	7,569	7,671	7,770	7,872	7,977	8,085	8,192	8,300	209,102	
Adjustment for Fixed Costs- Admin																															
Fixed Costs																															
40	120	197	269	339	404	466	531	597	665	731	796	863	933	1,006	1,081	1,159	1,239	1,323	1,410	1,498	1,589	1,682	1,780	1,880	1,983	2,091	2,203	2,318	2,437	33,631	
Capital Financing Costs																															
Interest on Debt (Original debt)																															
3,668	3,692	4,006	4,227	3,900	3,637	3,275	2,785	2,454	1,887	1,446	1,491	1,188	1,135	1,011	907	747	633	565	608	284	212	179	183	153	127	125	117	107	117	44,865	
3,146	2,896	2,644	2,370	2,081	1,815	1,566	1,343	1,153	985	856	757	655	574	497	428	366	315	271	233	191	172	158	145	133	122	114	105	97	90	26,278	
0	429	957	1,546	2,190	2,836	3,443	4,021	4,565	5,083	5,559	5,959	6,289	6,559	6,769	6,944	7,089	7,203	7,289	7,359	7,419	7,469	7,509	7,539	7,569	7,599	7,629	7,659	7,689	7,719	111,186	
6,814	7,017	7,606	8,143	8,171	8,287	8,284	8,149	8,171	7,956	7,862	7,808	7,403	7,269	7,067	6,894	6,672	6,507	6,396	6,400	6,035	5,514	4,940	4,341	3,655	2,973	2,355	1,760	1,198	683	182,328	
Total Capital Financing Costs																															
GROSS EXPENDITURE																															
15,592	15,922	16,660	17,358	17,532	17,815	17,862	17,984	18,164	18,109	18,191	18,319	18,106	18,163	18,160	18,186	18,175	18,221	18,325	18,554	18,415	18,133	17,798	17,452	17,016	16,594	16,249	15,921	15,637	15,404	324,111	
INCOME																															
Rents - Dwelling Houses																															
-16,001	-16,117	-16,598	-17,123	-17,613	-18,166	-18,494	-18,835	-19,180	-19,527	-19,917	-20,327	-20,758	-21,185	-21,626	-22,069	-22,535	-23,003	-23,474	-23,965	-24,458	-24,989	-25,514	-26,068	-26,615	-27,183	-27,763	-28,356	-28,957	-29,565	-645,983	
Other Income																															
-754	-769	-803	-840	-878	-915	-954	-994	-1,036	-1,080	-1,123	-1,168	-1,215	-1,264	-1,315	-1,368	-1,423	-1,480	-1,540	-1,603	-1,666	-1,731	-1,799	-1,869	-1,943	-2,019	-2,099	-2,181	-2,268	-2,358	-42,456	
Interest on Revenue Balances																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
-61	-63	-64	-66	-67	-69	-71	-73	-74	-76	-78	-80	-82	-84	-86	-88	-91	-93	-95	-98	-100	-102	-105	-108	-110	-113	-116	-119	-122	-125	-2,678	
-16,816	-16,949	-17,465	-18,079	-18,558	-19,130	-19,618	-19,902	-20,290	-20,684	-21,118	-21,576	-22,055	-22,553	-23,027	-23,525	-24,049	-24,577	-25,109	-25,665	-26,224	-26,872	-27,417	-28,045	-28,668	-29,315	-29,978	-30,656	-31,347	-32,048	-711,117	
TOTAL INCOME																															
-16,816	-16,949	-17,465	-18,079	-18,558	-19,130	-19,618	-19,902	-20,290	-20,684	-21,118	-21,576	-22,055	-22,553	-23,027	-23,525	-24,049	-24,577	-25,109	-25,665	-26,224	-26,872	-27,417	-28,045	-28,668	-29,315	-29,978	-30,656	-31,347	-32,048	-711,117	
NET EXPENDITURE/(INCOME)																															
-1,224	-1,027	-805	-671	-1,026	-1,324	-1,556	-1,918	-2,126	-2,574	-2,927	-3,257	-3,949	-4,371	-4,868	-5,339	-5,874	-6,355	-6,785	-7,111	-7,809	-8,689	-9,619	-10,593	-11,652	-12,721	-13,795	-14,736	-15,710	-16,644	-187,006	
CAPITAL INCOME																															
Usable Capital Receipts (Houses)																															
-4,183	-3,854	-3,544	-3,259	-3,005	-2,660	-2,846	-2,977	-3,149	-3,270	-2,992	-3,076	-3,183	-3,387	-3,470	-3,512	-3,597	-3,669	-3,801	-3,876	-3,718	-3,839	-3,898	-3,968	-4,028	-4,088	-4,190	-4,212	-4,316	-4,423	-107,993	
Additional Capital Receipts - (Other Property)																															
-457	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	59,681	
Mortgage Repayments (Ex-tenants)																															
-1,224	-1,027	-805	-671	-1,026	-1,324	-1,556	-1,918	-2,126	-2,574	-2,927	-3,257	-3,949	-4,371	-4,868	-5,339	-5,874	-6,355	-6,785	-7,111	-7,809	-8,689	-9,619	-10,593	-11,652	-12,721	-13,795	-14,736	-15,710	-16,644	-187,006	
CFR (Net Expenditure/Income)																															
-10,491	-10,559	-10,699	-10,859	-10,986	-10,530	-10,637	-10,750	-10,863	-10,976	-5,942	-6,356	-7,156	-7,782	-8,262	-8,677	-9,497	-10,051	-10,613	-11,016	-11,857	-12,558	-13,547	-14,592	-15,712	-16,843	-17,958	-19,063	-20,062	-21,103	-355,917	
Total																															
CAPITAL EXPENDITURE																															
Other Capital Expenditure																															
5,917	5,984	6,030	6,107	6,166	6,242	6,295	6,353	6,409	6,466	6,553	6,603	6,657	6,709	6,763	6,815	6,867	6,919	6,971	7,023	7,075	7,127	7,179	7,231	7,283	7,335	7,387	7,439	7,491	7,543	7,595	
Major Component Replacements																															
41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41	
Demolitions																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Catch-Up Repairs																															
4,416	4,476	4,507	4,629	4,694	4,161	4,212	4,266	4,320	4,374	4,89	4,192	4,195	4,197	4,200	4,359	4,365	4,370	4,376	4,382	4,387	4,392	4,397	4,402	4,407	4,412	4,417	4,422	4,427	4,432	4,437	
Structural & Environmental																															
10,491	10,559	10,699	10,859	10,986	10,530	10,637	10,750	10,863	10,976	4,802	4,857	4,915	4,972	5,030	5,245	5,322	5,397	5,472	5,551	5,786	5,886	5,983	6,086	6,186	6,283	6,380	6,478	6,575	6,672	6,769	
Total																															
Net Capital Expenditure / (Income)																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cumulative Expenditure / (Income)																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Revenue Expenditure																															
Calculation of Rent Increase to Facilitate Capital Works																															
Excluding Minimum Balance																															
Net Revenue and Capital Expenditure / (Income)																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Additional Income required to fund revenue																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Additional Income required to fund Capital Works																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Income Required from Rent Increase (including reserves)																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance Including Years Rent Increase																															
Additional Income Per Unit																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reserves																															
Minimum Working Balance																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance excluding Minimum Working Balance																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cumulative Shortfall																															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

2005/06 2006/07 2007/08 2008/09 2009/10 2010/11 2011/12 2012/13 2013/14 2014/15 2015/16