

<b>Committee:</b> Community and Children's Services Committee Resource Allocation Sub (Policy & Resources) Committee	<b>Dated:</b> 20 July 2022 15 July 2022
<b>Subject:</b> Housing Revenue Account - Update on 5 Year Plan and 30 year financial projections	<b>Public</b>
<b>Which Outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	1,2,3,4,5,8,9,10,11 & 12
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of funding?</b>	N/A
<b>Has the funding source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b> The Chamberlain Director of Community & Children's Services	<b>For Decision</b>
<b>Report Author:</b> Mark Jarvis, Head Of Finance, Chamberlains and Paul Murtagh, Assistant Director Barbican & Property Services	

### Summary

This report presents an update on the 5-year finance plan for the Housing Revenue Account (HRA) and sets out financial projections for the 30-year period. It outlines the key risks and challenges over the forthcoming period and presents two options to ensure the HRA retains positive reserves going forward.

- A very significant investment in the existing HRA housing stock (including major works to windows, heating systems and roof replacements, installation of sprinklers and fire doors) is planned over the period.
- This investment will require planned borrowing of up to £30m from City Fund to finance, as provided for in the Corporations Medium Term Financial Plan.
- Revenue reserve balances, previously predicted to be low during the period, are now projected to go into deficit from the end of 2023-24 as forecasts of additional income from new build units have been pushed back and inflation forecasts have been increased. Reserves begin to recover in the final year 2025/26.
- Therefore, there will need to be action to either reduce the cost base in these years and/or to delay where possible the major works programme and so reduce interest charges and capital repayments (Option 1).
- A further option, to fund the £15.0m fire safety works outside the HRA envelope from City Cash (£5.0m) and City Fund (£10.0m), is set out in Appendix A and would mean that the expected revenue reserves remain in surplus for the period (Option 2). Half of the City Fund allocation would be on the basis of being ultimately repaid, potentially from the value of property surplus to housing requirements.

- The 30-year financial projections show the return of available funding for new major works initiatives after the end of the initial five year period.
- The three key risks to the 5-year plan remain as follows:
  - Delays to income generating new build rental housing stock – since the last report, the effect of the judicial review process the Sydenham Hill development means it is now not expected to contribute income until 2025/26. Further delays on this or the York Way development would further put into question the viability of proceeding with major works at the pace set out in this report.
  - Where the Housing team have been able to predict exceptional construction cost increases in the major works projects, this has been reflected in the report. An example of this would be the windows projects where a general uplift has been applied to the remaining blocks to be tendered - and the tendered costs have been fairly close to that uplifted cost.
  - There is a risk that our ability to recover costs from leaseholders for major works carried out on their homes (window replacements in particular), will have an adverse impact on the HRA, given the outcome of the Great Arthur House cladding case.

### **Recommendation**

- i) Members are asked to review and note the following adverse implications of the latest 5-year financial plan for the HRA and the 30-year financial projections:
- ii) that the HRA is currently projected to go into deficit by the end of 2023-24 and will need to either (Option 1) review and reduce its cost base and/or review the overall affordability and timing of existing major works commitments or (Option 2) seek to fund the capital fire safety works at a cost of up to £15.0m outside the HRA envelope from £5.0m City Cash and £10.0m City Fund, of which half would be on the basis of being ultimately repaid, potentially from the value of property surplus to housing requirements.. Additionally an external review should be carried out to suggest areas of potential savings to enable longer-term remodelling of the HRA and ensure its ongoing financial viability.
- iii) there remains a risk of delays to the delivery of new build projects at Sydenham Hill and York Way causing further loss of related rental income.
- iv) further remaining risks include significant construction inflation above current levels of provision and the potential for non-recovery of leaseholder elements of the cost of planned major works given the outcome to the Great Arthur House cladding case..

- v) That the 30-year financial projections show headroom for new major works programme begins to emerge from 2025/26 under Option 2 as the revenue position recovers.

## **Main Report**

### **Introduction**

1. The HRA is ringfenced by legislation which means that the account is financially self-supporting. Although the “Capital” Account is not ringfenced by law, the respective financial positions of the HRA and the City Fund has meant that capital expenditure is financed without placing a burden on the use of City Fund resources. All HRA related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve and certain capital receipts from sales of HRA assets, with homeowners making their appropriate contributions. In practice, therefore, the capital account is also ringfenced.
2. This report sets out an update to the latest five-year forecast of revenue and capital (major repairs reserve) previously set out in the report to Community & Children’s Services Committee on 17th December 2021.
3. The main movements on the Revenue position since the last report are as follows:
  - The start of the income stream for Sydenham Hill has slipped one year to 2025/26 due to delays caused by the judicial review process.
  - Expected annual rental income from York Way has been revised upwards from £500k to £648k but has slipped 6 months to September 2024.
  - Inflation for both income and expenditure has been updated to 5% for 2022/23 and 2023/24 before returning to 2% for the period beyond.
4. The main movements on the major works (capital) position since the last report are as follows:
  - The outcome of the Great Arthur House cladding case has meant that the burden of funding £4m of works that can no longer be recovered from leaseholders has to be factored in to the HRA borrowing requirement.
  - York Way and Middlesex Street replacement heating project cost have increased. This is due to industrywide increases in material and labour costs.
  - Crescent House and Cullum Welch heating project costs have decreased subject to a review on the heating provision for the blocks and, ultimately on the window solutions applied.
  - George Elliston & Eric Wilkins costs have reduced with a concentration on refurbishment and retrofit solutions. Climate Action Strategy (CAS) and

Social Housing Decarbonisation Funding (SHDF) could help support subject to a successful application.

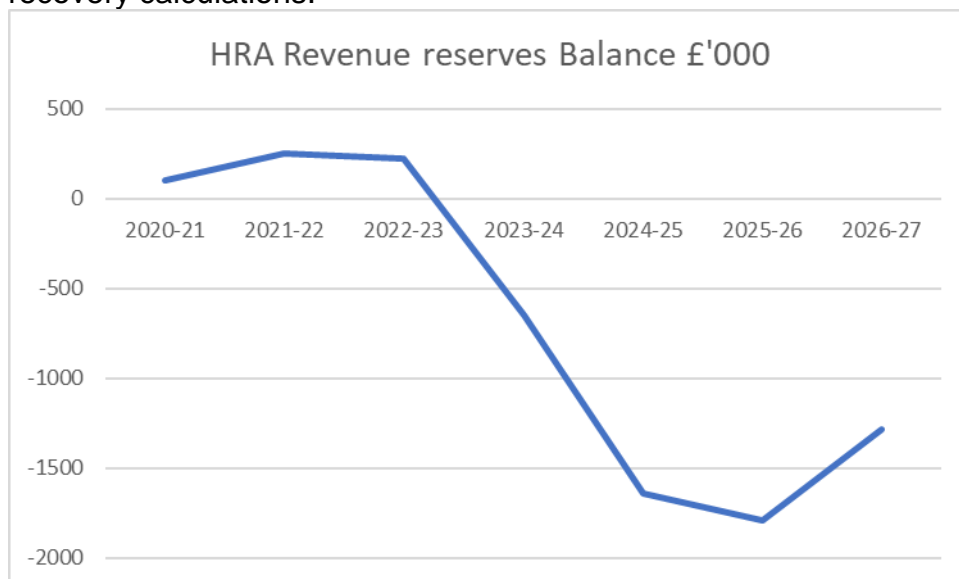
- Roof replacements have seen a delay whilst they are combined with windows projects. A saving could be achieved by combining the work in terms of delivery costs.
- Golden Lane Windows forecasted costs set to increase significantly dependent on the final applied solutions (refurbishment against replacement triple glazed). CAS and SHDF funding could potentially support this.
- Great Arthur House Compartmentation Project cost reduced following implementation of sprinklers in the block.

## Five Year HRA Revenue Account Projections

5. Table 1 below shows the updated 5 Year Plan for the Housing Revenue Account.

<b>TABLE 1 - HRA 5 Year Projections</b>		Forecast	Forecast	Forecast	Forecast	Forecast
		2022-23	2023-24	2024-25	2025-26	2026-27
<b>Income</b>						
Rent	Dwellings	11,495	12,357	12,766	13,897	14,575
	Car Parking	651	684	697	711	725
	Baggage Stores	133	140	143	146	149
	Commercial	1,672	1,755	1,790	1,826	1,863
Community Facilities		99	101	103	105	107
Service Charge		2,049	2,151	2,194	2,238	2,283
Other		4	5	5	5	5
	<b>TOTAL Income</b>	<b>16,103</b>	<b>17,193</b>	<b>17,698</b>	<b>18,928</b>	<b>19,706</b>
<b>Expenditure</b>						
Repairs & Maintenance		(3,125)	(3,281)	(3,347)	(3,414)	(3,482)
Premises, support & supplementary revenue proje		(831)	(872)	(890)	(907)	(925)
Tech services + City Surveyor costs		(1,616)	(1,697)	(1,731)	(1,765)	(1,801)
Supervision & management		(4,429)	(4,650)	(4,743)	(4,838)	(4,935)
Specialised Support Services		(2,749)	(2,886)	(2,944)	(3,003)	(3,063)
	<b>TOTAL Exp</b>	<b>(12,749)</b>	<b>(13,387)</b>	<b>(13,654)</b>	<b>(13,927)</b>	<b>(14,206)</b>
Loan Charges - Interest - 2%		(70)	(527)	(612)	(616)	(531)
Capital Repayment (4% Minimum Revenue Provisi		(140)	(1,054)	(1,224)	(1,231)	(1,062)
Total		(210)	(1,582)	(1,836)	(1,847)	(1,593)
	<b>TOTAL Net Income</b>	<b>3,143</b>	<b>2,225</b>	<b>2,208</b>	<b>3,153</b>	<b>3,907</b>
TSFR TO MRR (Depreciation)		(3,000)	(3,100)	(3,200)	(3,300)	(3,400)
<b>Surplus/ (Deficit) In Year</b>		<b>143</b>	<b>(875)</b>	<b>(992)</b>	<b>(147)</b>	<b>507</b>
Bal b/f		82	225	(650)	(1,642)	(1,789)
<b>Bal c/f</b>		<b>225</b>	<b>(650)</b>	<b>(1,642)</b>	<b>(1,789)</b>	<b>(1,281)</b>

6. Revenue reserves are forecast to go into deficit from the end of 2023-24 and remain over £1m in deficit until they begin to recover at the end of 2026/27. The majority of the change from previous forecasts is as result of the slippage in rental income from new build projects, the cost of servicing the additional £4m debt as a result of the Great Arthur House Cladding legal decision, the assumption of increased inflation of 5% in the first two years and slightly reduced service charge recovery calculations.



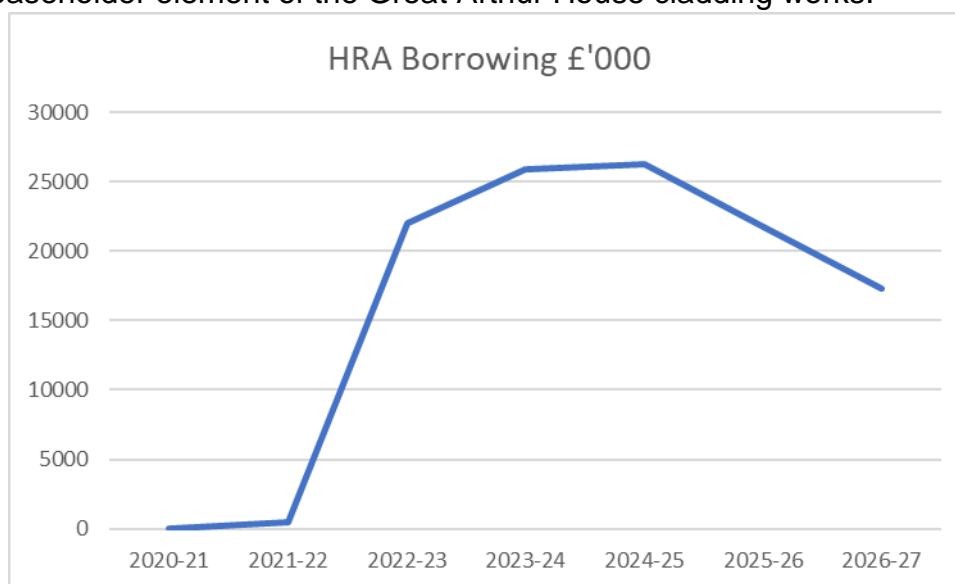
### Major Repairs Reserve & City Fund Loan

7. Table 2 below sets out the movements on the Major Repairs Reserve and the City Fund loan over the period. Borrowing is expected to peak in 2024-25 before falling in subsequent years, however this assumes that there will be no further call on the major repairs programme in those years and there are no exceptional construction inflation costs beyond those already allowed for.

<b>TABLE 2 - MAJOR REPAIRS RESERVE</b>		Forecast	Forecast	Forecast	Forecast	Forecast
		2022-23	2023-24	2024-25	2025-26	2025-26
MRR	B/F	231	253	49	165	465
Depn/tsfr from Rev		3,000	3,100	3,200	3,300	3,400
Net Capital Financing (see Table 4)		(25,977)	(8,604)	(4,484)		
Loan Advanced/(Repaid)		23,000	5,300	1,400	(3,000)	(3,500)
MRR	C/F	<b>253</b>	<b>49</b>	<b>165</b>	<b>465</b>	<b>365</b>
<b>CITY FUND LOAN</b>						
Loan Balance	B/F	3,500	26,360	30,606	30,781	26,550
Loan Advanced/(Repaid)		23,000	5,300	1,400	(3,000)	(3,500)
HRA Minimum Repayments (4%)		(140)	(1,054)	(1,224)	(1,231)	(1,062)
Loan balance	C/F	<b>26,360</b>	<b>30,606</b>	<b>30,781</b>	<b>26,550</b>	<b>21,988</b>

8. HRA borrowing to fund the major repairs works is set to increase to just below £31.0m by the end of 2024/25 before falling back as loan repayments increase, .

Note the initial borrowing balance of £3.5m includes the cost of funding the leaseholder element of the Great Arthur House cladding works.



### Forecast Income

9. Additional dwellings rental income streams have also been factored in as set out in Table 3 below.

<b>TABLE 3 - Dwellings Income</b>		Forecast	Forecast	Forecast	Forecast	Forecast
		2022-23	2023-24	2024-25	2025-26	2026-27
<b>Income</b>						
Existing Rent roll		11,340	11,907	12,145	12,388	12,636
COLPAI	(66 units)	155	450	459	468	478
Sydenham Hill (110 units)		0	0	0	393	801
York Way (91 units)		0	0	162	648	661
<b>TOTAL</b>		<b>11,495</b>	<b>12,357</b>	<b>12,766</b>	<b>13,897</b>	<b>14,575</b>

- The delayed new flats at COLPAI are expected to deliver an annual rent roll of £450k and this income has been included from January 2023.
- New flats at Sydenham Hill, generating income in the region of £801k annually in 2026-27, from a revised date of October 2025, having again slipped due to the ongoing judicial review process.
- New flats at York Way are also projected to begin generating additional rental income of £648k annually from July 2024.

### Revenue Expenditure

10. Existing costs have been uplifted by inflation of 5% in the first two years of the forecast with this number falling back to 2% in subsequent periods. Prudently, no long-term savings from any potential restructures or costs savings on repairs as a result of the major works programme have been factored into the projections, however the overall cost base will need to be reviewed given the latest overall

projections. In terms of Option 1, annual savings of £550k would be required to bring the HRA back into balance. An external review to enable longer-term remodelling of the HRA to ensure its ongoing financial viability is recommended.

## Major Works Capital Programme

11. The table below summarises the various categories of projects currently underway or being planned for which provision has been made in terms of borrowing capacity, loan repayments and interest charge within the rolling five-year plan. Significant changes since the last report have been identified in both the overall costs of some programmes and in the expected phasing of some works. No provision has been made for future additional projects that have been identified in the latest full, or any new stock condition survey and therefore the capital works are expected to complete by the end of 2024/25

TABLE 4				Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
<b>TOTAL COST OF PROJECTS</b>						
Decent Homes/Electrical/Water/Lifts				111		
Heating			2,030	1,200	0	
George/Eric & Other			1,300	0	0	
Roofs			4,150	2,700	2,333	
Windows			23,572	6,000	6,000	
Sprinklers (fire safety)			3,603	1,000	0	
Fire Doors (fire safety)			6,000	3,000	1,000	
<b>TOTAL Cost of Projects</b>				<b>40,765</b>	<b>13,900</b>	<b>9,333</b>
<i>TOTAL Cost of Projects (without fire safety)</i>				<i>31,162</i>	<i>9,900</i>	<i>8,333</i>
<b>TOTAL FUNDING FROM MRR</b>						
Decent Homes/Electrical/Water/Lifts				78	0	0
Heating			1,421	900	0	
George/Eric & Other			910	0	0	
Roofs			3,550	1,620	1,400	
Windows			10,416	2,084	2,084	
Sprinklers (fire safety)			3,603	1,000	0	
Fire Doors (fire safety)			6,000	3,000	1,000	
<b>TOTAL Funding from MRR</b>				<b>25,977</b>	<b>8,604</b>	<b>4,484</b>
<i>TOTAL Funding from MRR (without fire safety)</i>				<i>16,375</i>	<i>4,604</i>	<i>3,484</i>

## Heating Systems

12. The table below sets out future projections for the completion of current work to existing communal heating systems. York Way Estate and Middlesex Street have seen an increase against the previously forecasted costs. Crescent House and Cullum Welch heating system are largely dependent on other project outcomes such as the Windows and Roof Replacement Systems.

HEATING	PREVIOUS FORECAST					NEW FORECAST				
	TOTAL	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25	TOTAL	PROVISIONAL ACTUAL 21/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
Core Project										
L5-Crescent House & Cullum House Heating Replacement		266	1,000	1,781			52		1,200	
L5-Middlesex Street Estate - Replacement of Heating & Hot Water		1,278	1,000				1,062	1,365		
L5-York Way Estate - Replacement of Heating & Hot Water		1,025	365				1,329	665		
<b>COST</b>	<b>6,713</b>	<b>2,568</b>	<b>2,365</b>	<b>1,781</b>		<b>5,672</b>	<b>2,443</b>	<b>2,030</b>	<b>1,200</b>	
<i>CHARGE TO HRA (after estimated leaseholder recovery)</i>						<i>4,031</i>	<i>1,710</i>	<i>1,421</i>	<i>900</i>	

## Other (inc. George & Eric Refurbishment)

13. The table below sets out future projections for the completion of current plans for work including the refurbishment of housing at George Williston & Eric Wilkins Houses. George Elliston and Eric Wilkins will pick up where the development project has left off with a full refurbishment project for the blocks and is currently under survey to build the tender specification.

OTHER (inc George/Eric Refurbishment)	PREVIOUS FORECAST					NEW FORECAST				
	TOTAL	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25	TOTAL	PROVISIONAL ACTUAL 21/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
Core Project										
L5-George Elliston & Eric Wilkins Houses Refurbishment		506	1,500	1,500	0			1,300		
L5-Housing Management System Upgrade		92								
L5-Petticoat Tower Stairwells		16					19			
L5-Play & Ball Games Areas Refurbishments		237			0		212			
L5-Great Arthur House Window Cladding		198					198			
L5-Other		11			0		19			
<b>COST</b>	<b>4,060</b>	<b>1,060</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>	<b>1,747</b>	<b>447</b>	<b>1,300</b>	<b>0</b>	<b>0</b>
<i>CHARGE TO HRA (30% leaseholder recovery on George &amp; Eric)</i>						<i>1,747</i>	<i>447</i>	<i>910</i>	<i>0</i>	<i>0</i>

## Roofs

14. The table below sets out future projections for the completion of current plans for work on roofs across the estates. Roofing work set to start on Golden Lane Estate as part of the Window Projects. The remaining roofing replacements will be procured separately.

ROOFS	PREVIOUS FORECAST					NEW FORECAST				
	TOTAL	Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25	TOTAL	PROVISIONAL ACTUAL 21/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
Core Project										
L5-Roof Replacements - Various Estates		200	6,333	0				1,500	2,700	2,333
L5-Renewal of Flat Roof Coverings - Various Blocks		310	2,350	0				2,650		
<b>COST</b>	<b>9,193</b>	<b>510</b>	<b>8,683</b>	<b>0</b>	<b>0</b>	<b>9,183</b>	<b>0</b>	<b>4,150</b>	<b>2,700</b>	<b>2,333</b>
<i>CHARGE TO HRA (40% leaseholder recovery on Roof replacements only)</i>						<i>6,570</i>	<i>0</i>	<i>3,550</i>	<i>1,620</i>	<i>1,400</i>



## Windows

15. The table below sets out future projections for the completion of current plans for work on windows across the estates. The budget forecasts were uplifted following the competitive tender of Dron House. Resources are now in place to deliver this. Window Replacements and Common Parts Redecorations are to be completed on the majority of the estates over the next 18 months. These estates have been tendered and are about to undergo section 20 consultation and Gateway 5 approvals in readiness for delivery. Golden Lane is more complex and planning applications are being prepared/ submitted with a start on site for Crescent House expected in 2023.

WINDOWS	TOTAL	PREVIOUS FORECAST				TOTAL	NEW FORECAST		
		Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25		Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
Core Project									
L5-Dron House Windows Replacement		1,579	0						
L5-Golden Lane Windows Replacement		1,054	3,094	3,998			8,383	6,000	6,000
L5-Holloway Estate Windows Replacement		1,136	2,017				3,825		
L5-Southwark Estate Windows Replacement		753	5,125				5,900		
L5-Sydenham Hill Windows Replacement		320	528				1,218		
L5-William Blake Windows Replacement		960	1,000				2,333		
L5-Windsor House Windows Replacement		824	764				1,913		
L5-Avondale Square Windows Major Refurbishment		6		0					
<b>COST</b>	<b>23,156</b>	<b>6,631</b>	<b>12,528</b>	<b>3,998</b>	<b>0</b>	<b>37,582</b>	<b>23,572</b>	<b>6,000</b>	<b>6,000</b>
CHARGE TO HRA (various % leaseholder recovery, Plus £5m Climate Action / Grants)						15,762	10,416	2,084	2,084

## Sprinklers

The table below sets out future projections for the completion of current plans for work on installing sprinklers on designated properties across HRA estates. It should be noted that the works to sprinklers are being carried out despite not strictly being required by health and safety legislation. A contract is in place to deliver sprinklers to all three sites (5 blocks in total).

SPRINKLERS	TOTAL	PREVIOUS FORECAST				TOTAL	NEW FORECAST		
		Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25		Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
Core Project									
L5-Installation of Sprinklers - Avondale Square Estate		886	893				1,779		
L5-Installation of Sprinklers - Great Arthur House		17	870				886	1000	
L5-Installation of Sprinklers - Petticoat Tower		227	552				779		
L5-Installation of Sprinklers in Social Housing Tower Blocks		124	35	0			159		
<b>COST</b>	<b>3,603</b>	<b>1,253</b>	<b>2,350</b>	<b>0</b>	<b>0</b>	<b>4,795</b>	<b>3,603</b>	<b>1,000</b>	<b>0</b>
CHARGE TO HRA (no leaseholder recovery)						4,795	3,603	1,000	0

## Fire Doors

16. The table below sets out future projections for the completion of current plans to install fire doors across HRA estates. Petticoat Tower Fire Doors are completed and LOT 1 of the main fire door contract (Holloway and York Way Estates) is due to complete summer 2022. Committee have now approved the direct award for the remaining estates. Great Arthur House Compartmentation Project budget, expected to decrease following a specification change affected by the sprinklers.

FIRE DOORS Core Project	TOTAL	PREVIOUS FORECAST				TOTAL	NEW FORECAST			
		Project Manager Forecast 2021/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25		PROVISIONAL ACTUAL 21/22	Project Manager Forecast 2022/23	Project Manager Forecast 2023/24	Project Manager Forecast 2024/25
L5-Petticoat Towers - Fire Safety Doors		123		0			153			
L5-Fire Safety Doors - Great Arthur House		0	2,113	0						1,000
L5-Fire Door Replacements - Various Estates		1,311	5,565	2,304	0		22	6,000	3,000	
<b>COST</b>	<b>11,417</b>	<b>1,435</b>	<b>7,678</b>	<b>2,304</b>	<b>0</b>	<b>10,175</b>	<b>175</b>	<b>6,000</b>	<b>3,000</b>	<b>1,000</b>
<i>CHARGETO HRA (no leaseholder recovery)</i>						<b>10,175</b>	<b>175</b>	<b>6,000</b>	<b>3,000</b>	<b>1,000</b>

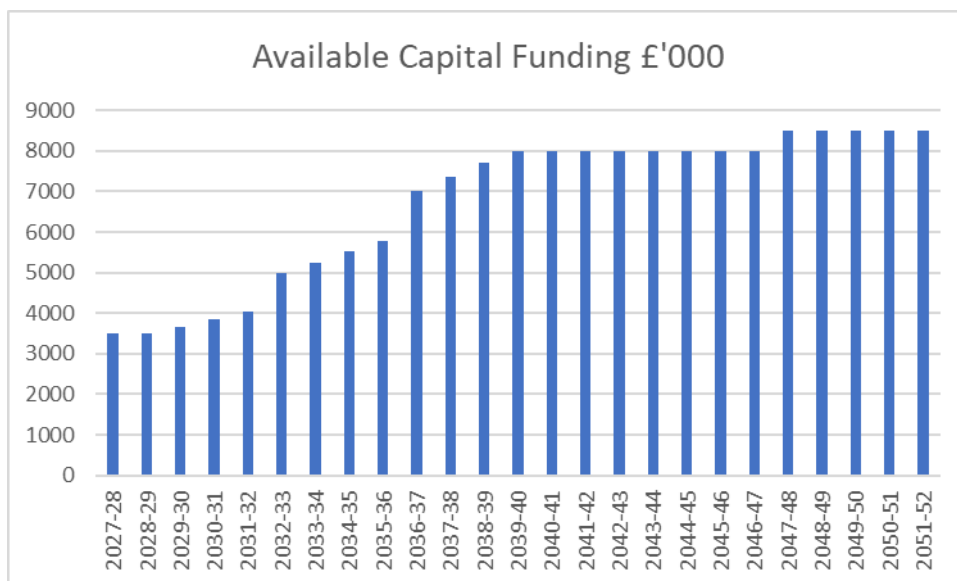
## Financial Risks

17. The key risks to the affordability of the current five year plan are as follows :

- Further delay to new build rental income.
- Additional construction cost inflation on major works above that already provided for in individual project forecasts.
- Non-recoverability of leaseholder contributions to the cost of major works. The programme assumes full recoverability of the leaseholder element of the projects to be undertaken.
- The impact of the rising cost of living may well affect the level of long term income able to be generated by HRA commercial properties and the overall level of bad debt provision required.

## 30 Year Financial Projections

18. Appendix B shows the details of the 30-year projections for the HRA. The projections are prudent and do not include any expected additional income from new building developments beyond those already included in this report. This gives the likely headroom available for investing in major works on existing housing stock over the extended period as set out in the graph below. Available funding rises from £3m per annum in 2027-28 to over £8m per annum from 2048-49.



## 5 Year Financial Projections without Fire Safety Works

19. Appendix A shows the details of the 5-year projections for the HRA without the costs of the Fire Safety Works i.e. Sprinklers £4.8m (para 16 above) and Fire Doors £10.2m (para 17 above), giving an overall £15.0m initial funding request from City Cash and City Fund. The removal of these costs from the HRA under Option 2 mean that reserves remain positive throughout the projected period and by the end of 2026-27 stand at £2.8m, although additional revenue savings of £250k are required from 2023-24..

### Conclusion

20. This report presents the latest iteration of the five-year plan for the HRA and outlines the key risks to the revenue reserves position. It sets out two potential Options to enable these projections to be brought back into balance.

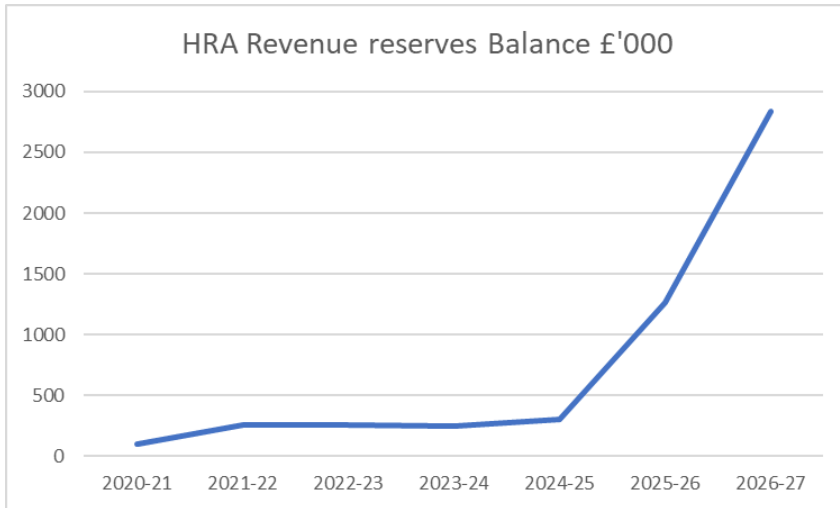
Mark Jarvis  
**Head Of Finance, Chamberlains Department**  
T: 020 7332 1221  
E: [Mark.Jarvis@cityoflondon.gov.uk](mailto:Mark.Jarvis@cityoflondon.gov.uk)

Paul Murtagh,  
**Assistant Director Barbican & Property Services**  
T: 020 7332 3015  
E: Paul.[Murtagh@cityoflondon.gov.uk](mailto:Murtagh@cityoflondon.gov.uk)

## APPENDIX A – HRA 5 YEAR PROJECTION WITHOUT FIRE SAFETY WORKS (OPTION 2)

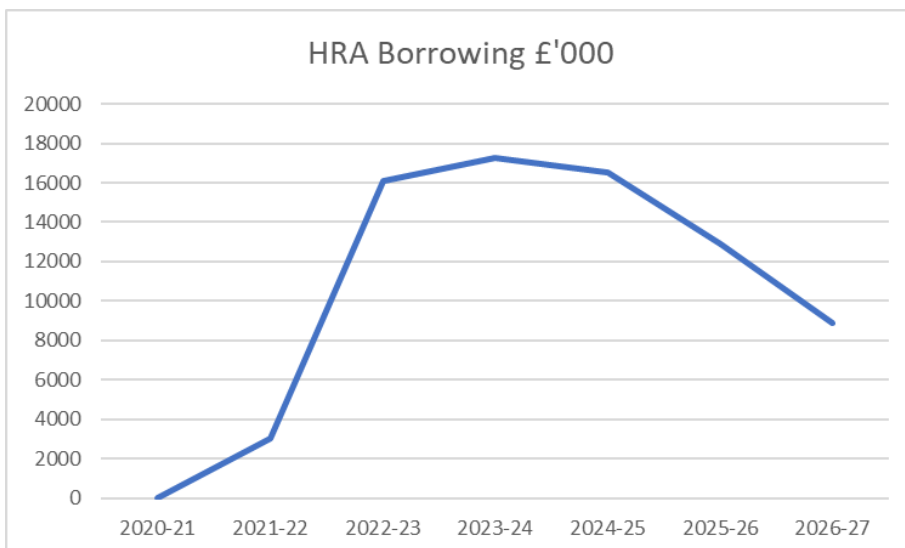
The projections below do not include the cost of supporting the £15.0m of major works in respect of the fire doors and sprinklers

<b>TABLE 1A - HRA 5 Year Projections</b>		Forecast	Forecast	Forecast	Forecast	Forecast
		2022-23	2023-24	2024-25	2025-26	2026-27
<b>Income</b>						
Rent	Dwellings	11,495	12,357	12,766	13,897	14,575
	Car Parking	651	684	697	711	725
	Baggage Stores	133	140	143	146	149
	Commercial	1,672	1,755	1,790	1,826	1,863
Community Facilities		99	101	103	105	107
Service Charge		2,049	2,151	2,194	2,238	2,283
Other		4	5	5	5	5
	<b>TOTAL Income</b>	<b>16,103</b>	<b>17,193</b>	<b>17,698</b>	<b>18,928</b>	<b>19,706</b>
<b>Expenditure</b>						
Repairs & Maintenance		(3,125)	(3,281)	(3,347)	(3,414)	(3,482)
Premises, support & supplementary revenue proje		(831)	(872)	(890)	(907)	(925)
Tech services + City Surveyor costs		(1,616)	(1,697)	(1,731)	(1,765)	(1,801)
Supervision & management		(4,429)	(4,650)	(4,743)	(4,838)	(4,935)
Revenue Savings/Efficiencies to be identified			250	250	250	250
Specialised Support Services		(2,749)	(2,886)	(2,944)	(3,003)	(3,063)
	<b>TOTAL Exp</b>	<b>(12,749)</b>	<b>(13,137)</b>	<b>(13,404)</b>	<b>(13,677)</b>	<b>(13,956)</b>
Loan Charges - Interest - 2%		(60)	(322)	(345)	(331)	(258)
Capital Repayment (4% Minimum Revenue Provisi		(120)	(643)	(689)	(662)	(515)
Total		(180)	(965)	(1,034)	(993)	(773)
	<b>TOTAL Net Income</b>	<b>3,173</b>	<b>3,091</b>	<b>3,260</b>	<b>4,257</b>	<b>4,977</b>
TSFR TO MRR (Depreciation)		(3,000)	(3,100)	(3,200)	(3,300)	(3,400)
<b>Surplus/ (Deficit) In Year</b>		<b>173</b>	<b>(9)</b>	<b>60</b>	<b>957</b>	<b>1,577</b>
Bal b/f		82	255	247	307	1,264
<b>Bal c/f</b>		<b>255</b>	<b>247</b>	<b>307</b>	<b>1,264</b>	<b>2,841</b>



The loans to the HRA would peak at £17.2m in 2023-24 before declining without the need to support fire safety works costs.

<b>TABLE 2 - MAJOR REPAIRS RESERVE</b>		OB	Forecast	Forecast	Forecast	Forecast
		2022-23	2023-24	2024-25	2025-26	2025-26
MRR	B/F	387	212	508	225	525
Depn/tsfr from Rev		3,000	3,100	3,200	3,300	3,400
Net Capital Financing (see Table 4)		(16,375)	(4,604)	(3,484)		
Loan Advanced/(Repaid)		13,200	1,800	0	(3,000)	(3,500)
<b>MRR</b>	<b>C/F</b>	<b>212</b>	<b>508</b>	<b>225</b>	<b>525</b>	<b>425</b>
<b>CITY FUND LOAN</b>						
Loan Balance	B/F	3,000	16,080	17,237	16,547	12,885
Loan Advanced/(Repaid)		13,200	1,800	0	(3,000)	(3,500)
HRA Minimum Repayments (4%)		(120)	(643)	(689)	(662)	(515)
<b>Loan balance</b>	<b>C/F</b>	<b>16,080</b>	<b>17,237</b>	<b>16,547</b>	<b>12,885</b>	<b>8,870</b>



## APPENDIX B – 30 YEAR PROJECTIONS

	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28	Forecast 2028-29	Forecast 2029-30	Forecast 2030-31	Forecast 2031-32
Income	16,103	17,193	17,698	18,928	19,706	20,101	20,503	20,913	21,331	21,757
Expenditure	(12,749)	(13,137)	(13,404)	(13,677)	(13,956)	(14,235)	(14,520)	(14,810)	(15,106)	(15,408)
Loan Charges - Interest - 2%	(60)	(322)	(345)	(331)	(258)	(177)	(170)	(163)	(157)	(151)
Capital Repayment (4% Minimum Revenue Provision)	(120)	(643)	(689)	(662)	(515)	(355)	(341)	(327)	(314)	(301)
Transfer to MRR	(3,000)	(3,100)	(3,200)	(3,300)	(3,400)	(4,468)	(4,557)	(4,649)	(4,741)	(4,836)
<b>Surplus/ (Deficit) In Year</b>	173	(9)	60	957	1,577	865	915	963	1,012	1,061
Bal b/f	82	255	247	307	1,264	2,841	3,707	4,621	5,585	6,597
<b>Bal c/f</b>	255	247	307	1,264	2,841	3,707	4,621	5,585	6,597	7,658
MRR B/F	387	212	508	225	525	425	1,393	2,450	3,424	4,306
Depn/tsfr from Rev	3,000	3,100	3,200	3,300	3,400	4,468	4,557	4,649	4,741	4,836
Net Capital Financing	(16,375)	(4,604)	(3,484)	0	0	(3,500)	(3,500)	(3,675)	(3,859)	(4,052)
Loan Advanced/(Repaid)	13,200	1,800	0	(3,000)	(3,500)	0	0	0	0	0
<b>MRR C/F</b>	212	508	225	525	425	1,393	2,450	3,424	4,306	5,091
<b>CITY FUND LOAN</b>										
Loan Balance	3,000	16,080	17,237	16,547	12,885	8,870	8,515	8,175	7,848	7,534
Loan Advanced/(Repaid)	13,200	1,800	0	(3,000)	(3,500)	0	0	0	0	0
HRA Minimum Repayments (4%)	(120)	(643)	(689)	(662)	(515)	(355)	(341)	(327)	(314)	(301)
<b>Loan balance</b>	16,080	17,237	16,547	12,885	8,870	8,515	8,175	7,848	7,534	7,232

	Forecast 2032-33	Forecast 2033-34	Forecast 2034-35	Forecast 2035-36	Forecast 2036-37	Forecast 2037-38	Forecast 2038-39	Forecast 2039-40	Forecast 2040-41	Forecast 2041-42
Income	22,193	22,636	23,089	23,551	24,022	24,502	24,992	25,492	26,002	26,522
Expenditure	(15,717)	(16,031)	(16,352)	(16,679)	(17,012)	(17,352)	(17,699)	(18,053)	(18,415)	(18,783)
Loan Charges - Interest - 2%	(145)	(139)	(133)	(128)	(123)	(118)	(113)	(109)	(104)	(100)
Capital Repayment (4% Minimum Revenue Provision)	(289)	(278)	(267)	(256)	(246)	(236)	(226)	(217)	(209)	(200)
Transfer to MRR	(4,933)	(6,032)	(6,652)	(6,785)	(6,921)	(7,060)	(7,201)	(7,345)	(7,492)	(7,641)
<b>Surplus/ (Deficit) In Year</b>	1,109	157	(315)	(297)	(280)	(263)	(247)	(232)	(217)	(203)
Bal b/f	7,658	8,766	8,924	8,609	8,312	8,032	7,769	7,522	7,290	7,073
<b>Bal c/f</b>	8,766	8,924	8,609	8,312	8,032	7,769	7,522	7,290	7,073	6,870
MRR B/F	5,091	5,024	5,806	6,945	7,943	7,864	7,573	7,056	6,401	5,893
Depn/tsfr from Rev	4,933	6,032	6,652	6,785	6,921	7,060	7,201	7,345	7,492	7,641
Net Capital Financing	(5,000)	(5,250)	(5,513)	(5,788)	(7,000)	(7,350)	(7,718)	(8,000)	(8,000)	(8,000)
Loan Advanced/(Repaid)	0	0	0	0	0	0	0	0	0	0
<b>MRR C/F</b>	5,024	5,806	6,945	7,943	7,864	7,573	7,056	6,401	5,893	5,534
<b>CITY FUND LOAN</b>										
Loan Balance	7,232	6,943	6,665	6,399	6,143	5,897	5,661	5,435	5,217	5,009
Loan Advanced/(Repaid)	0	0	0	0	0	0	0	0	0	0
HRA Minimum Repayments (4%)	(289)	(278)	(267)	(256)	(246)	(236)	(226)	(217)	(209)	(200)
<b>Loan balance</b>	6,943	6,665	6,399	6,143	5,897	5,661	5,435	5,217	5,009	4,808

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48	2048-49	2049-50	2050-51	2051-52
Income	27,053	27,594	28,146	28,708	29,283	29,868	30,466	31,075	31,696	32,330
Expenditure	(19,158)	(19,542)	(19,932)	(20,331)	(20,738)	(21,153)	(21,576)	(22,007)	(22,447)	(22,896)
Loan Charges - Interest - 2%	(96)	(92)	(89)	(85)	(82)	(78)	(75)	(72)	(69)	(67)
Capital Repayment (4% Minimum Revenue Provision)	(192)	(185)	(177)	(170)	(163)	(157)	(151)	(145)	(139)	(133)
Transfer to MRR	(7,794)	(7,950)	(8,109)	(8,271)	(8,437)	(8,605)	(8,778)	(8,953)	(9,132)	(9,315)
<b>Surplus/ (Deficit) In Year</b>	(189)	(175)	(162)	(149)	(137)	(125)	(113)	(102)	(91)	(80)
Bal b/f	6,870	6,681	6,506	6,344	6,195	6,058	5,933	5,820	5,718	5,627
<b>Bal c/f</b>	<b>6,681</b>	<b>6,506</b>	<b>6,344</b>	<b>6,195</b>	<b>6,058</b>	<b>5,933</b>	<b>5,820</b>	<b>5,718</b>	<b>5,627</b>	<b>5,546</b>
MRR B/F	5,534	5,328	5,279	5,388	5,659	6,096	6,201	6,479	6,932	7,564
Depn/tsfr from Rev	7,794	7,950	8,109	8,271	8,437	8,605	8,778	8,953	9,132	9,315
Net Capital Financing	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)
Loan Advanced/(Repaid)	0	0	0	0	0	0	0	0	0	0
<b>MRR C/F</b>	<b>5,328</b>	<b>5,279</b>	<b>5,388</b>	<b>5,659</b>	<b>6,096</b>	<b>6,201</b>	<b>6,479</b>	<b>6,932</b>	<b>7,564</b>	<b>8,379</b>
<b>CITY FUND LOAN</b>										
Loan Balance	4,808	4,616	4,431	4,254	4,084	3,921	3,764	3,613	3,469	3,330
Loan Advanced/(Repaid)	0	0	0	0	0	0	0	0	0	0
HRA Minimum Repayments (4%)	(192)	(185)	(177)	(170)	(163)	(157)	(151)	(145)	(139)	(133)
<b>Loan balance</b>	<b>4,616</b>	<b>4,431</b>	<b>4,254</b>	<b>4,084</b>	<b>3,921</b>	<b>3,764</b>	<b>3,613</b>	<b>3,469</b>	<b>3,330</b>	<b>3,197</b>