Public Document Pack

HOUSING MANAGEMENT ADVISORY BOARD

To: Board Members Ali, Davis, Edwardes, Hudson, Riley, D. Wright, J. Wright, Councillors Goode, Infield and Monk (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Housing Management Advisory Board to be held in Committee Room 1, at the Council Offices, Southfields, Loughborough on Wednesday, 12th July 2023 at 4.30 pm for the following business.

Chief Executive

Southfields
Loughborough

4th July 2023

AGENDA SUPPLEMENT – TO FOLLOW REPORTS

HOUSING MANAGEMENT ADVISORY BOARD - 12 JULY 2023

Report of the Director of Housing and Wellbeing

DAMP AND MOULD FRAMEWORK

Purpose of the Report

To provide the Board with a draft Damp and Mould Framework for information and comment to inform the Council's approach to dealing with damp and mould.

Action Requested

To consider and comment on the Damp and Mould Framework at Appendix 1.

Reason

To enable the views of the board to feed into the development of the Council's approach to dealing with damp and mould.

Background

On 6th July 2022 the board considered and endorsed a procedure for dealing with damp and mould.

The approach to preventing and remediating damp and mould issues has been further developed, and a review undertaking considering best practice resources available on the Housing Ombudsman website.

Appendices:	Appendix 1 - Charnwood Borough Council Damp and Mould Framework
Background Papers:	Housing Management Advisory Board, 6th July 2022, Damp and Mould Procedure. Available at: *(Public Pack)Agenda Document for Housing Management Advisory Board, 06/07/2022 16:30 (moderngov.co.uk)
Officers to Contact:	Peter Oliver Director of Housing and Wellbeing 01509 634666 peter.oliver@charnwood.gov.uk

Appendix 1

Charnwood Borough Council

Damp and Mould Framework

1. Introduction

Residents living in homes with damp and mould may be more likely to have respiratory problems, allergies, asthma, and other conditions that affect on their immune system[1]. Mental health may also be negatively affected upon.

The Council aims to provide dry, warm, and healthy homes for its tenants, and will protect the fabric of its buildings from deteriorating due to damp and mould.

The Council's approach will be sensitive, empathetic to tenants, and will recognise that homes built a long time ago may not meet the needs of modern households.

As far as is reasonably practicable the Council will take steps on both a proactive and reactive basis to remediate damp and mould and will monitor individual cases of damp and mould to conclusion.

2. Scope and Purpose of this Document

This framework applies to Council-owned homes and buildings. Its purpose is to provide a clear and transparent framework on the Council's approach to dealing with the diagnosis and remediation of damp and mould issues.

The framework sets out the Council's current approach to proactive interventions, diagnosis, actions it considers appropriate in different circumstances, how it communicates with tenants about damp and mould, and aftercare.

The framework recognises that our approach to damp and mould needs further development, and where further action is needed this is noted. Future actions are enclosed in boxes throughout this document.

3. Legislative Requirements

The Decent Homes Standard[2], updated in 2006, states that for a home to be considered 'decent' it must:

---

[1] Can damp and mould affect my health? - NHS (www.nhs.uk)
[2] A decent home: definition and guidance - GOV.UK (www.gov.uk)

1. Meet the current statutory minimum standard for housing
2. Be in a reasonable state of repair
3. Have reasonably modern facilities and services, and
4. Provide a reasonable degree of thermal comfort.

The Homes (Fitness for Human Habitation) Act 2018 amended the Landlord and
Tenant Act 1985, with the aim of ensuring that all rented accommodation is fit for
human habitation. It requires landlords to ensure their properties are fit for human habitation at the beginning of, and throughout, the tenancy. The Landlord and Tenant Act does not define "fit for human habitation", but consideration should be given to repair, stability, freedom from damp, internal arrangement, natural lighting, ventilation, water supply, drainage and sanitary conveniences, facilities for preparation and cooking of food, the disposal of wastewater and any prescribed hazard.

The Council's conditions of tenancy sets out the contractual obligations of both the Council and its tenants and is available on our website.

4. The Council's Approach to Dealing with Damp and Mould

4.1 Communication with tenants

We currently provide information about damp and mould to tenants on our website. the location of this information is clearly highlighted on the repairs front page.

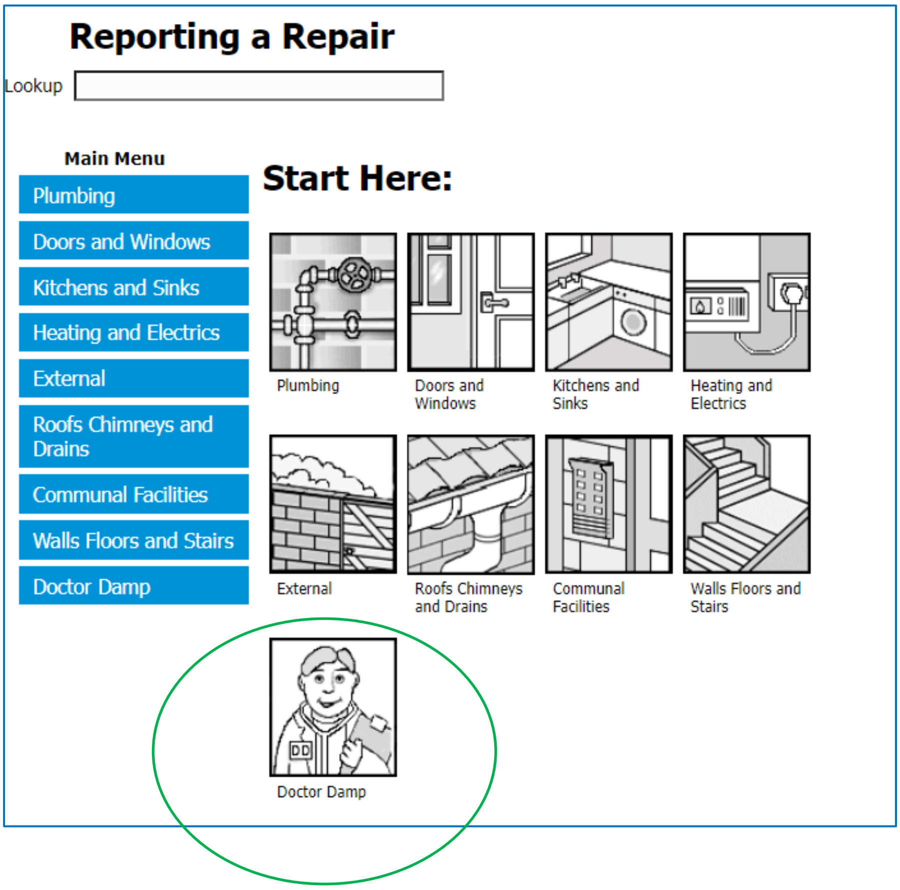
We recognise the website may not be accessible to all. We currently issue regular articles in our tenant magazine about damp and mould to raise awareness of the potential health issues, support prevention, and encourage reporting. We also have a hard copy leaflet.

We will engage with our tenants to review both our existing communication and literature, both web-based and hard copy relating to damp and mould, and develop any new documentation identified as needed, working together with them to co-design meaningful advice that shares responsibility and supports tenants at a distressing time.

We will develop and issue information at tenancy sign up about how tenants can best manage the environment within their home to help prevent damp and mould occurring. We will aim to make this unambiguous and easy to understand; for example, comparing the cost of running mechanical ventilation to the cost of running everyday appliances rather than stating "6p per hour" and clearly stating how long a window should be left open or a fan should be turned on after cooking.

4.2 Reporting

We provide a range of ways for tenants to report damp and mould to us, including by phone, via officers visiting tenants' homes, at the Council offices by appointment, and online via our repairs reporting tool. Our online reporting tool has a distinct section for reporting damp issues, as illustrated below. This can be accessed on our website at www.charnwood.gov.uk/pages/repairs _and_maintenance.



We will review our reporting arrangements to support an approach which focusses on the early remediation of damp and mould issues. A relatively “minor” issue relating to condensation may be a symptom of an underlying defect, or there may be improvements, including unblocking or improving ventilation which may resolve the issue.

4.3 Proactive Interventions and Early Identification

The Council currently operates a pro-active stock condition surveying regime, inspecting over 1000 of its properties over the last 12 months. Damp and mould hazards have been and are actively sought out as part of this work.

We will prioritise those properties where tenants have reported issues relating to damp and mould for stock condition surveys.

The Council has recently updated its void (empty property) standard. In addition to checking that vents are clear, and fans are operating, we have introduced additional works between tenancies to prevent damp and mould, installing extractor fans in kitchens and bathrooms where needed.

We will extend our works at void to include the installation of additional ventilation measures and topping up loft insulation as necessary, checking that it extends to all areas of loft space. Our voids resources will need to be increased to achieve this. We will also extend the scope of our mutual exchange inspections to incorporate the same checks with necessary works following on.

We will review stock condition data and reporting of damp and mould issues, with a view to developing a stock risk profile, bearing in mind the age, condition, and type of property. We will use this information to determine the measures we can take on a pro-active basis to prevent damp and mould. We will consider this information in the context of our approach to delivering energy improvements at Council homes and reducing carbon emissions.

Our repairs operatives are currently using a hazard identification electronic application to do report damp and mould issues in the course of their duties.

We will embed damp and mould hazard reporting across the wider service.

4.4 Training

Our surveying staff have been trained on the Housing Health and Safety Rating System. Our repairs operatives and non-technical staff have received damp and mould awareness training to spot risk factors, provide advice to tenants, and support reporting. We will maintain this level of training.

We will consider the Chartered Institute of Housing’s Professional Standards for relevant officers. the ‘Skilled’ standard requires housing professionals to ‘solve problems, be flexible, adaptable and respond to situations creatively, in the moment’ and considers practical application of this standard to include ‘taking pre-emptive action and proactively problem solving’ and ‘finding solutions, even if they lie outside “normal” activity.’

4.5 Management Information and Performance Monitoring

Damp and mould-related repairs are currently included in monthly repairs reporting data however they are not visible as a distinct category of work. Damp and mould cases are monitored and progressed operationally.

We will introduce management information specifically relating to damp and mould. Our management team will monitor, monthly, the number of damp and mould cases currently managed by the service and the timescales associated with works. Information relating to the number of damp and mould cases managed will be shared with our tenants and elected members through our Housing Management Advisory Board on a quarterly basis. Like many landlords, our systems require further development to support the more efficient tracking of cases.

Those cases that are protracted will be reviewed by a senior officer.

4.6 Escalation and Complaints

Our Complaints Policy can be found on the Council's website and is linked from our damp and mould web page.

We will promote the use of our complaints process to tenants in our hard copy damp and mould literature and communications and will highlight that tenants may approach the Ombudsman at an early stage.

We will review our repairs and complaints data both to determine whether there are patterns and trends emerging around damp and mould specifically, and whether there are any underrepresented groups that are not approaching us to report damp and mould issues.

4.7 Our Approach to Reactive Diagnosis and Remediation

Tenants, through our Housing Management Advisory Board, have been consulted on our procedure for responding to damp and mould. This process has been further refined and is summarised below.

Summary Procedure – Investigation and Diagnosis

Where the tenant reports damp and mould a case is raised to a Repairs Team Leader for review.

The Repairs Team Leader will establish whether there are any household members that are sensitive to damp and mould. For example:

- babies and children
- older people
- those with existing skin problems, such as atopic eczema
- those with respiratory problems, such as allergies and asthma

- those with a weakened immune system, such as those having chemotherapy

At periods of high demand, households with these occupants will be prioritised for inspections and works for damp and mould.

- Review the repairs history at the property, undertaking a review of system data / and where applicable will discuss the property with operatives that have attended to any recent jobs which may be related to the problem.

- Where appropriate, the Repairs Team Leader will look to extend the scope of investigation within buildings, for example by examining neighbouring properties, to support an effective response, early on.

- The target for contact (bookings are made by our customer contact centre, in consultation with tenants where possible) with the customer is **5 working days** of the initial report of damp / mould at the property. The purpose of this contact is to undertake enquiries as to the extent of damp and mould, possible causes, provide advice, and to identify appropriate initial actions, which may include advice, a visit, mould clean, a specialist damp and mould survey, and / or a roof survey.

- Record initial findings on the Council's repairs system.

- Where the Repairs Team Leader determines they will visit, the target timescale for the visit is within a further **5 working days**.

- At any visit undertaken or conversation with the tenant or their representative the Repairs Team leader will record their findings on the Council's repairs management system.

- If the Repairs Team leader cannot determine the cause of the damp and mould, or if measures have already been tried and the problem remains, or if felt appropriate based on professional judgement a specialist damp and mould survey will be instructed.

- The Repairs Team Leader will advise the customer of the outcome of inspections, of plans for remediation, and of any follow up surveys.

- Where a specialist damp and mould survey has been requested, the Repairs Team Leader will inform the customer of the findings and recommendations, and if any recommended work is not to be completed, the reasons why. The results of the survey will be shared with the customer. Pricing information will not be shared. Specialist surveys are currently filed on our repairs management system attached to the original report of a damp and mould issues, so are visible to all relevant staff.

- Any follow-up appointments relating to the remediation of damp and mould will be treated as urgent and raised, as far as is practicable, on a 5-day work order. Major works, for example a full roof replacement, or structural works / damp proofing will take longer with a target completion date of 90 days. Tenants will be provided with the details of work to be completed.

- Where a decant is required, for example, owing to the need for extensive works and the tenant is vulnerable to damp and mould, the Repairs Team Leader will make a referral to the Tenancy and Estate Management Team.

> We will extend the scope of inspections to include checks around the occupation of the property and fuel poverty. Where a property is over occupied and this is thought to be a contributing factor to condensation forming, a referral will be made to the Tenancy and Estate Management Team for support with re-housing options.
>
> Where fuel poverty is identified as a factor, a referral will be made to the Tenancy Support and Financial Inclusion Team.

4.8 Remediation

The Council has a responsibility to maintain its property in line with legislation and its conditions of tenancy. Typical works identified during damp and mould remediation, include:

- Re-pointing
- Re-sealing / replacing windows.
- Roofing works
- Damp-proofing works
- Repairing and replacing doors and windows
- Repairing existing insulation
- Topping up and replacing loft insulation
- Clearing of gutters and repairs
- Clearance of obstructed air vents.

The Council typically undertakes a range of additional measures to prevent damp and mould. These include:

- Installation of extractor fans
- Installation of additional vents
- Installation of positive input ventilation
- Installation of a loft based dehumidifier
- Internal wall insulation
- Anti-condensation paint

Occupancy factors, relating to overcrowding, the drying of laundry etc. do not mean we have no responsibility, and we recognise that some homes were not designed with modern living in mind.

We therefore take reasonable steps in partnership with residents in these circumstances, including considering improving ventilation or other appropriate measures (as set out above), seeking to modify the property for modern living as far as is practicable.

We are regularly re-imbursing tenants for the use of dehumidifiers deployed on a temporary basis (for example, following a leak).

We will develop our approach to make sure re-imbursement for electricity used during temporary dehumidification is occurring on a consistent basis and that tenants are aware we will re-imburse them.

4.9 Access and Aftercare

We currently set appointment times for damp and mould inspections and related repairs in consultation with customers as far as is practicable. For example, when a customer calls us to report a repair it is booked in with the customer at the time. Where an online report is made, we call the customer to do the same.

Damp and mould cases are currently monitored for access issues, with repairs re-booked where access has not been successful. Some work is outsourced, and orders are also monitored to support successful completion.

We will develop our no access process relating to damp and mould which will include the prompt follow up of cases where access has not been gained.

We will introduce a post job completion call to residents and will survey residents that have previously reported damp and mould issues to check the problem has been resolved, and to review any further action we may take.

End.

HOUSING MANAGEMENT ADVISORY BOARD - 12 JULY 2023

Report of the Director of Housing and Wellbeing

HRA BUSINESS PLAN AND CAPACITY UPDATE

Purpose of the Report

To provide the Board with the draft updated Housing Revenue Account (HRA) Business Plan and Capacity Review to provide insight in to the current HRA financial position, and to enable comment prior to the item progressing to Cabinet for approval.

Action Requested

To consider, comment, and endorse the HRA Business Plan and Capacity Review at Appendix 1 prior to its progression to Cabinet.

Reason

To support understanding of the HRA Business Plan and financial capacity, and to enable the view of the Board to be conveyed to Cabinet when the matter is considered at that meeting.

1. Background

At its meeting on 1st February 2023 the Board received a presentation on the work undertaken by Savills UK on behalf of the Council to produce a Housing Revenue Account (HRA) Asset Management Strategy. This included a Stock Condition Survey, an HRA Business Plan, an Energy Study and an Asset Performance Evaluation and Asset Management Strategy, the key elements of which were outlined.

The Asset Management Strategy 2023-2028 was subsequently approved by Cabinet on the 9th of March 2023. A copy can be found on the Council's website. A link to the Strategy and covering paper is contained at the Background Papers section below.

The HRA Business Plan sits alongside the Asset Management Strategy. The plan covers a 30-year period. In summary, the Asset Management Strategy has set out the likely levels of investment needed in the Council housing stock i.e., in new kitchens, bathrooms, and roofs etc, and the HRA Business Plan sets out how this investment will be resourced, along with costs associated with the day to day running of landlord service.

2. Key Points

- The amount of rent the Council can charge was capped for 2023/24 by the government at 7%. Costs incurred by the Council, for example around repairs and maintenance, have increased because of global and national inflationary factors. This has a negative impact on the business plan because the rent charged is not keeping up with the costs of delivering the services.

- Greater insight derived from the stock condition survey into the condition of the Council's housing stock has identified more work is needed to keep the stock in good condition. For example, costs increase from year 6 of the plan as kitchens and bathrooms installed around 20 and 30 years ago, respectively, start needing replacement. This is illustrated at *Chart 2.2 - Projected capital expenditure and financing* on Page 7 at Appendix 1.

- The cost of borrowing has increased. The current level of borrowing is £78.6 million. Refinancing of existing loans will be needed and an estimated further £ 72.9 million will need to be borrowed to keep the stock in good condition and deliver services. Interest on these loans will be at a higher rate than previous loans. This has a negative impact on the business plan. This is illustrated at *Chart 2.3 - Projected debt profile (HRACFR)* on Page 8 at Appendix 1.

- The capacity review part of the plan sets out some indicative thresholds around how much the council could borrow to invest in its stock, services, and priorities, including, for example, improving the energy efficiency of Council homes (a modelled cost scenario is set out below), improving sheltered accommodation, and delivering new Council homes. Based on several metrics, there is scope for additional borrowing.

Improving the Energy Efficiency of Council Homes
- Modelled Cost Scenario

The Asset Management Strategy sets out a modelled scenario to show the costs of achieving a mid EPC C (average 74) and reducing carbon emissions (c.83%) and running costs (c.21%) at the Council's housing stock. The costs are high…

Gross costs (excluding fees and VAT) of £138m.

Net costs - when other planned maintenance activity is factored e.g. replacement doors and windows - (excluding fees and VAT) of £89m.

This £89 million would be <u>on top</u> of the £72.9m additional borrowing needed to keep the stock in good condition and deliver services. Subsidy from government would be necessary.

Appendices:	Appendix 1 - Housing Revenue Account (HRA) Business Plan and Capacity Review
Background Papers:	Cabinet 9th March 2023, Item 7, Housing Revenue account Asset Management Strategy Cab 09 Mar 2023 Item 07 Housing Revenue Account HRA Asset Management Strategy.pdf (moderngov.co.uk)
Officers to Contact:	Peter Oliver Director of Housing and Wellbeing 01509 634666 peter.oliver@charnwood.gov.uk

Housing Revenue Account
Business Plan and Capacity Update

January 2023

savills.co.uk

Contents

1. Introduction

1.1. Background

Charnwood Borough Council (CBC, the Council) have appointed Savills to support officers in the production of the annual HRA Business Plan.

This builds upon the work undertaken last year in establishing a HRA Business Plan. CBC, like many authorities, need to adopt a new approach to setting out the financial capacity and capability of the HRA to deliver on its objectives towards refurbishment, investment, regeneration and new supply. Consideration of a new approach is also consistent with the requirement for the publication of Prudential Indicators specific to the HRA following their reintroduction alongside the abolition of the debt cap.

Savills have therefore worked with officers to update the HRA business plan that was produced in November 2021, in respect of projected rent increases, uplifts to repair costs, higher borrowing costs, but more importantly taking on the results of a stock condition survey combined with the results of work undertaken by officers to establish energy efficiency works and undertake building safety.

This plan is based on the 2022.23 forecast out-turn but also the 2023.24 budgets with anticipated increases to costs for salary increases and the rise in utility costs, which are greater than those originally forecast. It also incorporates the 2023.24 and 2024.25 HRA capital programme.

At this time it excludes any further acquisition or development programmes.

1.2. Factors the Sector is Facing

When considering the HRA business plan and its current resources, we must be mindful of the current and future challenges that the social housing sector faces. The following areas are not exclusive, but are the key ones that will impact upon both staffing and financial resources:

<u>Building Safety</u>
Since the tragic consequences of Grenfell Tower, steps have made by Government to ensure that building and fire safety is at the forefront of social housing investment and delivery. This has increased the amount of reporting that is required and where the point of responsibility over how and what data is held. For CBC this has meant implementing new fire safety measures, which not only adds to capital investment but requires ongoing monitoring and maintenance. Recovery for these costs is also difficult from leaseholder due to current lease arrangements. Furthermore additional revenue resource is required in relation to ensuring compliance.

<u>Tenant Satisfaction Measures</u>

The Regulator for Social Housing is responsible for monitoring a range of Tenancy Services Measures, which all Registered Providers (including CBC) will be responsible for collating from April 2023 and external scrutiny from April 2024.

There will be an increased demand from the service to collate data from existing databases (some of which is already being reported) and new tenant surveys assessing satisfaction.

This is a direct outcome from the recent White Paper “The Charter for Social Housing Residents” that sets out what every social housing resident should expect:

- To be safe in your home
- To know how your landlord is performing
- To have your complaints dealt with promptly and fairly
- To be treated with respect
- To have your voice heard by your landlord
- To have a good quality home and neighbourhood to live in
- To be supported to take you first step to ownership

The Tenancy Services Measures are summarised in Appendix 4.

1.3. Approach

This report sets out our findings as follows:

1. The results of the latest HRA business plan model in the light of market conditions, policy initiatives and other factors.

2. The impact to the metrics and indicators which can form the basis of future management and planning for the HRA.

2. Business plan model

2.1. Introduction

Our latest version of the HRA Business Plan model has been provided and populated in liaison with officers and forms the basis of this report.

It will continue to have revisits in respect of updates to the asset management strategy and any forthcoming redevelopment schemes as details become more apparent.

2.2. Overview of methodology and assumptions

Overall

The plan is based on the following overarching principles:

- 29 year projections from 2023.24 based on the existing budget (Year 1 is 2022.23 out-turn forecasts)
- Core inflation projected at 2.0% thereafter with exemptions as detailed below
    - 6.0% for April 2024
    - 3.5% for April 2025
    - 2.5% for April 2026
- Rents increasing at CPI per annum with the exception of the following:
    - 7.0% April 2023 (on the basis of the recent rent determination capping increases at this level rather than CPI+1%, which would have been 11.1%)
    - CPI (6.0%) +1% in accordance with the final year of the current social housing rent policy (April 2024)
- Depreciation provision increasing at CPI throughout
- Due to inflation uplifts to revenue repairs contracts the existing budget of £6.660million will increase to £7.095million for 2023.24.
- Maintenance of the existing tenanted stock (subject to Right to Buy sales) was modelled at a total of £253.433million over the 30 years from 2022.23 equating to £46,146 per unit prior to inflation and stock adjustments
- The inclusion of 24 loans directly attributable to the HRA, that are at fixed interest rates for varying periods.

The overall methodology within the plan is also founded on net rental income servicing the operational expenditure, interest charges, and where required, additional borrowing to finance investment to the stock and loan refinancing when existing loan facilities mature.

The following paragraphs provide more detail to the key elements of the plan.

Rents
The rents contained within the modelling are consistent with the current social rent policy where the increase applied to April 2023 is capped at 7.0% in accordance with the recent determination issued by the Government. This intervention replaces, for one year, the policy increase of CPI plus 1%, which would have resulted in rent increases of 11.1%. The current policy concludes in April 2024 and we have assumed rents will increase by CPI + 1%, resulting in a forecast increase of 7.0%.

Rent levels, as an average for 2023.24, will be £83.90 per week on a 52 week basis.

The rent policy moving forward will be consulted on during 2023 in respect of providing more certainty of rent increases for April 2025 and beyond. At this stage we have made the prudent assumption that rent for April 2025 and beyond will increase by CPI only.

Void rates of 4.82% and Bad Debt provision of 0.49% have been modelled throughout the plan.

Service Charges
In respect of tenants and increase for 2023.24 of 6.45% has been applied, which is less than forecast levels of inflation for costs, which results in additional under-recovery. We have not modelled any catch-up in terms of charges into future years in order to ensure full recovery of costs. We have modelled service charge increases matching rent increases moving forward.

Other Income
In terms of garage, a revised forecast has been modelled with an overall increase of 3.05%.

There are a range of other internal recharges between the HRA and General and with the service itself that have been reviewed resulting in a reduction of c21% of budgeted income for 2022.23.

Management
In terms of overall general management costs have increased by 7.12% reflecting inflation and pay awards whereas special (service) costs have increased by 31.2% due to utility costs.

Repairs
The forecast position for 2023.24 will see significant growth equal to 8.16% on account of inflationary pressures.

Right to Buy sales volumes
The level of sales is modelled initially at 40 per annum over the next 2 years and then reduces by c10% per annum which accounts for a stock loss of 8% over the plan period. It might be expected that CBC will see further reductions in sale volumes on account of stability with house prices but also the availability and affordability of mortgages for prospective purchasers, but the approach taken is prudent. We have made adjustments to both rents, repairs and future investment expenditure to reflect these stock losses.

The HRA also benefits from the receipts from right to buy sales, for those not ring-fenced for new delivery, and these are utilised to fund capital works for the existing stock. This approach, will also be subject to annual review in respect of considering alternative uses.

<u>Capital Works to Existing Properties</u>

In previous iterations capital expenditure forecast were based on the asset management database. However, this was deemed not up to date and did not include provisions for building safety works and energy efficiency improvements.

In order to provide a more accurate position, ahead of the development of a new asset management strategy and comprehensive stock condition survey, Savills were commissioned to provide a 30-year forecast, in conjunction with officers, whilst basing the requirements on a 20% sample survey. This will provide the basis for both this plan but also the new asset management strategy and the recently commissioned stock condition survey that will extend the sample size significantly.

Table 2.1 – Stock Investment Requirements

Element Group	Years 1-5		Years 6-10		Years 11-15		Years 16-20		Years 21-25		Years 26-30		Total	
	Costs (£)	Counts	Costs (£)	Counts	Costs (£)	Counts	Costs (£)	Counts	Costs (£)	Counts	Costs (£)	Counts	Costs (£)	Counts
Catch Up Repairs	213,309	1,495	0	0	0	0	0	0	0	0	0	0	213,309	1,495
Kitchens	5,541,094	833	12,731,088	1,860	18,240,739	2,653	1,005,019	154	5,541,094	833	12,731,088	1,860	55,790,122	8,193
Bathrooms	4,464,273	3,531	2,944,504	2,072	3,799,071	3,144	9,444,746	3,215	10,440,014	4,415	3,796,287	1,782	34,888,896	18,159
Electrics	4,414,130	11,046	8,585,108	10,996	1,978,181	10,243	2,282,876	10,996	1,424,283	10,144	1,046,418	8,209	19,730,995	61,634
Heating	8,514,166	5,162	3,244,234	1,545	3,150,910	2,088	16,879,686	7,581	2,393,914	1,818	1,861,330	1,049	36,044,240	19,243
Roofs	769,329	1,134	11,384,389	10,392	1,230,211	1,003	1,901,220	1,107	1,935,724	2,243	1,015,796	746	18,236,670	16,625
Walls	1,079,705	254	5,914,325	2,812	3,740,653	649	920,759	503	1,011,502	773	6,136,156	1,625	18,803,100	6,616
Windows and Doors	2,848,750	1,525	9,463,693	4,271	5,374,254	2,208	3,381,550	3,422	2,242,463	2,823	920,200	774	24,230,910	15,023
External Areas	1,006,732	2,381	6,422,181	16,344	2,358,734	4,563	996,046	2,560	1,057,331	3,465	2,345,656	4,077	14,186,679	33,390
Communal Areas	245,476	1,020	1,006,575	3,660	272,919	1,049	158,364	786	907,968	2,682	353,792	789	2,945,093	9,986
Total	29,096,963	28,381	61,696,097	53,952	40,145,673	27,600	36,970,266	30,324	26,954,293	29,196	30,206,722	20,911	225,070,013	190,364
Total per annum	5,819,393	5,676	12,339,219	10,790	8,029,135	5,520	7,394,053	6,065	5,390,859	5,839	6,041,344	4,182	7,502,334	6,345

We have assumed that year 1 is 2022.23 for the purposes of planning.

The current capital programme for 2022.23 is £8.418million plus a provision for fees of £0.312million.

Currently, the proposed capital programme for 2023.24 and 2024.25 is £6.094million and £5.083million respectively plus a provision for fees of £0.438million.

Therefore, the plan recognises the capital programmes for 2022.23, 2023.24 and 2024.25 respectively and allocates the resulting shortfall of £0.244million to 2025.26 and draws upon the expenditure profile from the above table from year 4, with a provision of £0.438million for fees.

The above table represents a significant investment in the existing stock, embracing some of the works required to improve the energy efficiency of homes, however significant additional investment will be needed to achieve a mid EPC C improving building safety and ensuring they are maintained at an appropriate standard.

New Build or Development Assumptions
A small number of acquisitions have been modelled for years 1-3 within the plan.

In terms of redevelopment, only St Michaels court is modelled for removal.

Interest Rates
The opening debt (HRACFR) for the HRA stands at £78.620million. It is currently financed by 24 fixed loans totalling £79.190million in terms of both interest rates and maturity dates. The average interest rate for these loans is 3.43%. Internal lending between the Council's General Fund and HRA is utilised to fund the £0.570million difference and no interest is received on this. This position may well change as the Council will annually review its treasury management strategy.

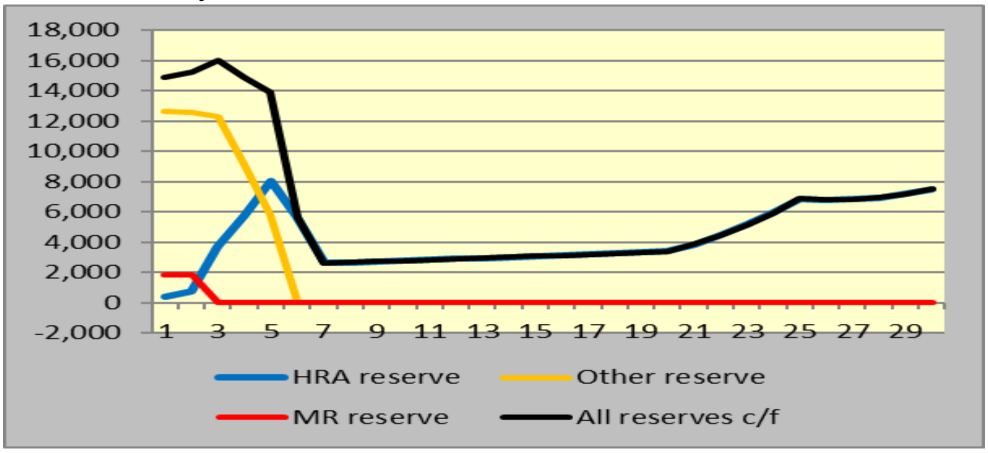
As capital expenditure increases above current levels in order to meet the requirements as demonstrated in table 2.1 additional borrowing is required. Currently interest rates are the highest they have been for the last 14 years but the consensus amongst treasury advisors are that they will fall. A rate of 3.5% has been assumed for future borrowing, where required.

2.3. HRA Business Plans Projections

As a starting position for financial forecasting an agreed set of assumptions relating to inflation and interest rates are factored in. In addition, a minimum reserve position for the HRA and we have modelled 10% of annual turnover to satisfy this.

Therefore, the graphs below will show the HRA, maintaining a minimum balance of 10% of turnover with the maximum level of resources available from the HRA utilised to either finance the capital programme and (if any remaining available) and to reserve balances.

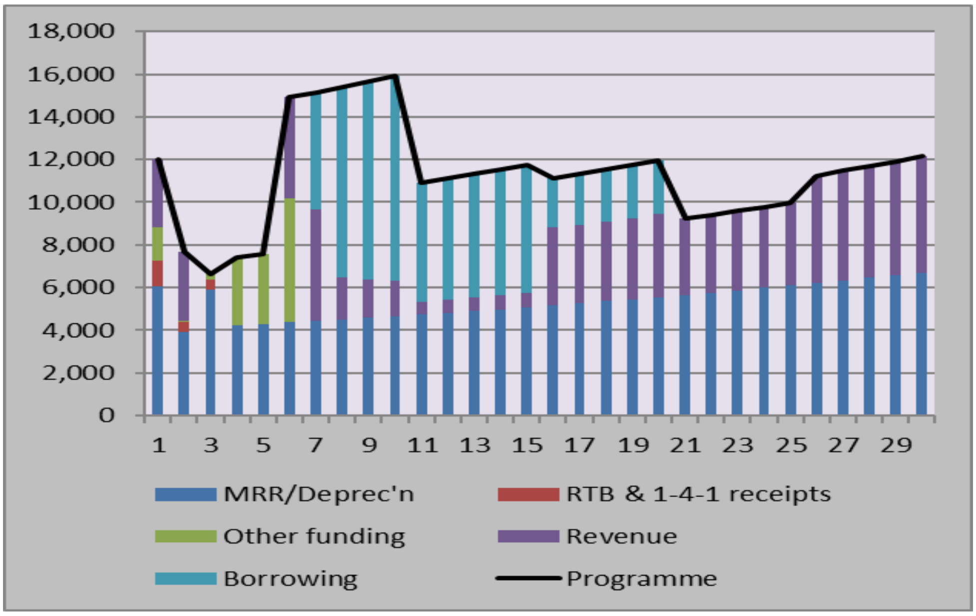
Chart 2.1 – Projected HRA balances



This demonstrates the plan can maintain the HRA balance at its minimum level for the duration of the plan. From year 20 onwards, on account of a reduction in the expenditure of the capital programme, balances begin to accrue in the plan to c£7.5million.

This is a lower future balance projection than previously projected of c£17.8million on account to increases to the operating costs and increased levels of investment in the stock.

Chart 2.2 – Projected capital expenditure and financing

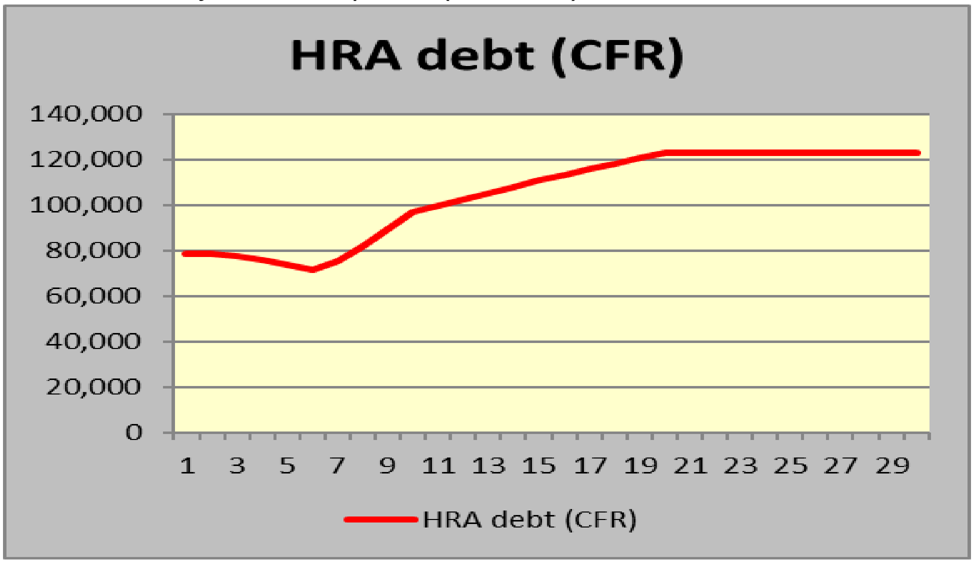


Capital expenditure remains fully funded throughout the 30 years demonstrated by the horizontal black line. From year 5 of the plan ,where the stock investment requirements data is modelled there is a significant increase in expenditure to meet the requirements of building safety works and energy efficiency improvements.

In order to finance this, additional borrowing is required to fully fund this. As the asset management strategy is developed, and additional surveys are undertaken, the expenditure profile demonstrated above is most likely to change as well as expenditure levels, but the above provides for a sound basis in which to understand the business plan position as it stands.

Inflation has been included within the above projections.

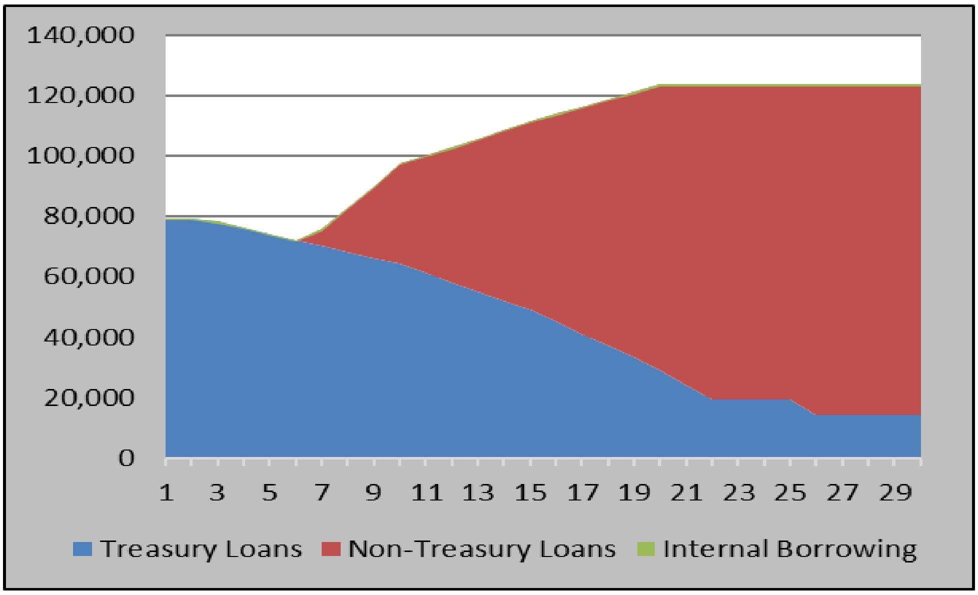
Chart 2.3 – Projected debt profile (HRACFR)



Borrowing is projected to peak in year 20 at c£123.1million from an opening position of £78.6million. This compares to previously projected closing borrowing of £50.2million. Again due to increased investment in the stock (of c30%) and increased operating costs.

All of the existing loan facilities that mature during the period of the plan are refinanced as demonstrated in the chart below.

Chart 2.4 – Projected Debt Analysis (HRACFR)



The blue shaded areas represent the existing loan portfolio that was allocated to the HRA in 2012 and any borrowing since then, whereas the red area represents a new pool of loans that are effectively a revolver type facility at an interest rate across all years at 3.5%.

2.4. Debt in Comparison to Provisional Prudential Limits

The HRA debt cap represented an artificial constraint on borrowing set outside the HRA and linked to future income and cost assumptions which were made in 2012. The housing and financial policy environment has moved on considerably since then, however the only change in the debt cap that has been implemented was for a small minority of authorities that opted to bid for an increase in 2014.15.

The proposition within this analysis is that, whilst there is theoretically now no limit to borrowing within the HRA, the existing asset and operating base generates a net income stream that does offer a logical limit on sustainable borrowing levels. In setting out its investment strategy, the council therefore needs to consider how it will take decisions on whether to invest, how to fund, the extent of new borrowing, and determine a framework within which decisions will be taken for the business plan overall, within the medium term financial strategy and within successive budget rounds.

This report applies some metrics developed in the light of the experience of 40 years' of successful private finance of housing associations, during which associations have developed hundreds of thousands of new affordable homes, without a single association ever going into default with any of its lenders.

This is not the only approach that can be utilised, for example the council will have an established approach to the setting of Prudential Indicators in the General Fund which it might wish to consider in the HRA context. However, as will be seen, looking at tried and tested principles from a privately financed sector in the HRA context provides a powerful and persuasive evidence base for a significant increase in funding for new HRA developments.

Housing associations have traditionally been funded from long-term bank lending from the High Street banks and Building Societies. There is over £55billion of debt on HA balance sheets. Bank lending has been built on lending covenants which have become established in the marketplace and associated with the delivery of cheap debt. Whilst local authority borrowing is not directly secured on its asset base, the covenant approach provides a key insight into the viability and sustainability of borrowing as viewed by private lenders.

We have identified three covenants/ratios or metrics which we consider potentially relevant in the HRA context, set out below.

Interest Cover Ratio (ICR)

This is the ratio of operating surplus divided by interest costs, and represents the cover that the HRA has against its interest cost liabilities in any year; the ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest. For housing associations, the usual definition of operating surplus is EBITDA (Earnings before Interest, Tax, Depreciation and Appropriations). The average ICR for the HA sector in 2021.22 was around 1.38; typical lending covenants vary between 1.10 and 1.50 depending on the size and nature of the HA, with 1.25 being a typical expectation.

For the HRA, this is best defined as:

- Turnover (dwelling rents, other rents, service charges, contributions)
- Less
- Operating Costs (general management, special management, other management, repairs & maintenance, major repairs)

For housing associations, depreciation is not a cash transaction. In the HRA, because of the treatment of depreciation as a cash transfer to the MRR plus or minus an adjustment to reflect actual transfers to MRR, it is essential to include the net amount transferred to MRR in the calculation. This represents the revenue expenditure on major repairs made legitimately as part of operating costs. Notwithstanding that these are subsequently treated as part of the capital programme, they are funded from revenue and property an operating cost. Whilst transfers to the MRR may not be spent in-year, our experience is that the majority of balances carried in the MRR tend to be from expenditure slippage.

The above definition of ICR works in the HRA context as it determines the revenue surplus before interest, appropriations, and other “below the line” adjustments.

Loan to Value (LTV)

This is an essential tool for private lenders where debt is secured against properties, hence theoretically against their value. The basis for valuation in HAs has been Existing Use Value (Social Housing) - EUV(SH) - for decades with many HAs and lenders now adopting Market Value Subject to Tenancy as a valuation. Typical covenants prescribe 65-70% maximum LTV.

For the HRA, borrowing is not directly secured against the properties. In addition, the EUV(SH) calculation prescribed by government is not cashflow based, but is based on vacant possession values discounted by a regional factor periodically published by the government.

LTV is best defined in the HRA context as Outstanding Debt / Fixed Asset Value. Debt is defined as the HRACFR as this is the amount that must be financed with interest payments in the HRA. Asset values include all assets, dwellings and non-dwellings, as all assets are included in the generation of net income cashflows in the HRA.

Whilst the LTV definition works for the HRA to an extent, the absence of a clear relationship between net rental income and asset values means that the ratio tends to deliver a "low" result, compared to HAs.

Debt to Turnover (LTV)

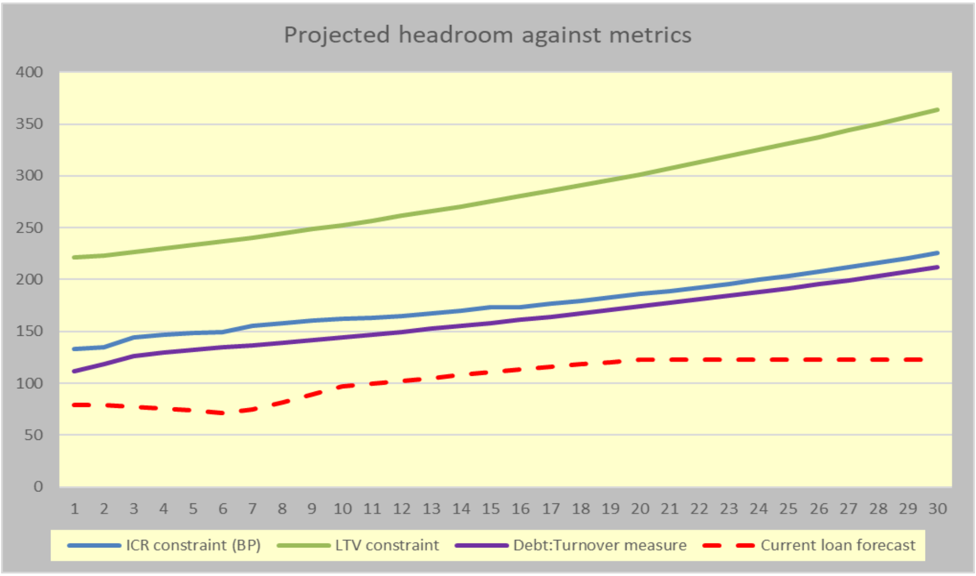
Another measure we have used for this analysis is the ratio of Debt to Turnover. This measure the level of turnover in relation to debt, which differs slightly from the ration used for assessing debtor balances against turnover. As a proxy we have suggested a ratio of 5:0, so that turnover can cover the level of debt outstanding by 5 times.

In the absence of an agreed prudential borrowing approach for the HRA we have suggested the following parameters:

ICR	@ minimum 1.25
LTV	@ maximum 65%
Debt:Turnover	@ maximum 5:0

Using these parameters we are able to established a suggested range of borrowing limits which could be applied a "golden-rule" as shown within the graph below.

Chart 2.5 – Projected Debt (HRACFR)Compared to Provisional Borrowing Limit



The red (dashed) line shows the projected loan balances, as per chart 2.3 set against the three "golden-rule" suggested metrics.

Using the Loan to Value metric, the plan suggests that there is significant borrowing headroom which is measured by the gap between the green and red (dashed) line.

The Debt to Turnover ratio suggests that borrowing will not exceed the "golden-rule" modelled, but provides less borrowing headroom than the Interest Cover Ratio.

By default, the Interest Cover Ratio is considered the benchmark for assessing borrowing capacity and using the "golden-rule" as suggested, the projected borrowing in the main remains below this level.

3. Summary

1. The HRA business plan forecast as set out in our modelling for Charnwood Borough Council shows the current projected financial position and future potential borrowing capacity.

2. The plan provides a basis on which to move forward with its investment plans.

3. The Council is able to increase borrowing immediately based on existing capacity within the business plan if using the ICR metric based on a minimum of 1.25.

4. The plan, whilst balanced in terms of maintain minimum levels of reserves, does require future borrowing in order to finance the identified capital investment.

5. When compared to previous iterations of the business plan there are have been significant factors that have resulted in lower projected balances and greater borrowing levels including:

    a. Capital Investment requirements increasing by over 30 years by c29.6%
    b. Substantial increases to the costs of repairs due to inflation and enhanced costs for compliance
    c. Rent increases lower than levels of cost inflation

6. The Council can affect future operating surpluses through effective cost management and this would increase borrowing capacity. Similarly, increases in inflation and in particular in rent inflation would add significantly to future capacity.

7. This report should provide a basis for the Council to inform its future approach to establishing a decision making framework for its HRA investment and development strategies, and also inform the work to be undertaken to adopt Prudential Indicators for the HRA. However, this needs to be considered in the context of CBC's treasury management strategy.

Simon Smith
Savills
January 2023

4. Appendix 1 Key Assumptions

	Assumption	Notes
Dwelling Rent	7% Increase 2023.24 then CPI + 1% Increase in 2024.25 and CPI only thereafter	
Void rates	4.83%	Higher than sector average (due to difficult to let sheltered properties)
Service Charges	CPI increases from 2024.25	
Non dwelling rents	CPI only increases after adjustments to base budget	
Garage Rents	CPI only increases after adjustments to base budget	
Major Works Leaseholder Contributions	No long-term recovery	
Repairs and Maintenance Costs	CPI increases	
Interest rate on borrowings	Based on Existing actual rates c3.43% then average of 3.5%	
Depreciation	Straight Line Basis over life of Assets	

5. Appendix 2 Benchmarks

Regional Results and Peer Group Comparisons

Benchmarking	Ave Rent	NDR/ Unit	S.Chg/ Unit	Oth.Inc /Unit	Repairs /Unit	Man/Unit	Net Man/Unit	Bad Debts	Depr/ Unit	Int Rate	Reserves / Unit	Turnover/ Unit	Op Costs/Unit	Op Surplus /Unit	Op Margin	Debt /Unit	ICR
Business Plan 2022.23	£78.38	£71	£96	£17	£1,198	£1,124	£939	1.49%	£665	3.43%	£2,713	£4,086	£3,046	£1,040	25.5%	£14,355	2.11
Out-turn 2021.22	£76.05	£63	£130	£28	£1,121	£1,299	£1,078	0.47%	£668	3.31%	£3,530	£3,969	£3,106	£864	21.8%	£14,818	1.76
Peer Group 2021.22	£79.31	£135	£186	£63	£1,039	£1,298	£915	0.30%	£928	2.88%	£3,862	£4,449	£3,300	£1,150	25.8%	£18,759	2.13
Regional 2021.22	£76.61	£88	£186	£57	£1,236	£1,069	£738	0.29%	£876	3.35%	£3,326	£4,271	£3,391	£880	20.6%	£16,741	1.57
Out-turn 2020.21	£74.73	£74	£117	£29	£1,003	£1,221	£1,001	0.85%	£625	3.31%	£1,178	£3,935	£2,880	£1,054	26.8%	£14,711	2.16
Peer Group 2020.21	£77.51	£74	£132	£0	£889	£1,229	£1,023	0.72%	£899	2.95%	£3,559	£4,317	£3,073	£1,244	28.8%	£17,592	2.40
Regional 2020.21	£75.52	£61	£193	£0	£1,083	£1,132	£879	0.39%	£811	3.42%	£2,844	£4,158	£3,102	£1,056	25.4%	£16,153	1.91
National 2020.21	£87.60	£88	£413	£87	£1,120	£1,764	£1,176	0.92%	£1,056	3.51%	£2,498	£5,084	£3,981	£1,104	21.7%	£17,888	1.76

6. Appendix 3 Financial Tables

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Year	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	2036.37
	£'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
HRA 30 YEAR SUMMARY															
Dwelling rents	21,367	22,706	24,207	24,958	25,473	25,886	26,318	26,771	27,243	27,733	28,238	28,756	29,289	29,835	30,397
Non-dwelling rents	390	402	426	441	452	461	470	480	489	499	509	519	530	540	551
Service charge income	527	561	436	451	462	472	481	491	500	510	521	531	542	552	564
Other income and contributions	94	98	103	107	110	112	114	116	119	121	124	126	129	131	134
Total income	**22,378**	**23,767**	**25,173**	**25,957**	**26,498**	**26,931**	**27,384**	**27,858**	**28,352**	**28,863**	**29,391**	**29,933**	**30,489**	**31,059**	**31,645**
Repairs & maintenance	6,560	7,095	7,513	7,768	7,953	8,104	8,258	8,417	8,579	8,745	8,915	9,089	9,266	9,447	9,632
Management (incl RRT)	6,154	6,803	7,211	7,463	7,650	7,803	7,959	8,118	8,281	8,446	8,615	8,787	8,963	9,142	9,325
Bad debts	318	117	125	128	131	133	135	138	140	143	145	148	151	153	156
Depreciation	3,641	3,942	4,096	4,214	4,296	4,361	4,429	4,501	4,575	4,652	4,732	4,813	4,897	4,984	5,073
Debt management	10	16	16	17	17	18	18	18	19	19	20	20	20	21	21
Total costs	**16,682**	**17,973**	**18,961**	**19,591**	**20,048**	**20,419**	**20,800**	**21,192**	**21,594**	**22,006**	**22,427**	**22,857**	**23,297**	**23,747**	**24,207**
Net income from services	**5,696**	**5,794**	**6,212**	**6,366**	**6,450**	**6,512**	**6,584**	**6,666**	**6,758**	**6,858**	**6,964**	**7,076**	**7,191**	**7,312**	**7,438**
Interest payable	-2,696	-2,696	-2,682	-2,639	-2,580	-2,519	-2,517	-2,706	-2,960	-3,225	-3,392	-3,489	-3,590	-3,692	-3,798
Interest income	14	506	357	400	373	347	141	65	67	68	69	71	72	74	75
Net income/expenditure before appropriations	**3,014**	**3,604**	**3,887**	**4,126**	**4,243**	**4,340**	**4,208**	**4,026**	**3,865**	**3,701**	**3,642**	**3,657**	**3,674**	**3,693**	**3,715**
Set aside for debt repayment	0	0	-1,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-2,000	-3,000	-3,000	-3,000	-3,000	-3,000
Revenue contributions to capital	-3,197	-3,231	0	0	0	-4,726	-5,245	-1,973	-1,811	-1,646	-587	-600	-616	-635	-655
Allocation to/from other reserves	-4	-5	0	0	0	0	0	0	0	0	0	0	0	0	0
Net HRA Surplus/Deficit	**-187**	**368**	**2,887**	**2,126**	**2,243**	**-2,387**	**-3,037**	**52**	**53**	**54**	**56**	**57**	**58**	**59**	**60**
HRA Balance brought forward	**606**	**419**	**787**	**3,673**	**5,800**	**8,042**	**5,655**	**2,618**	**2,670**	**2,724**	**2,778**	**2,834**	**2,891**	**2,948**	**3,007**
HRA surplus/(deficit)	-187	368	2,887	2,126	2,243	-2,387	-3,037	52	53	54	56	57	58	59	60
HRA Balance carried forward	**419**	**787**	**3,673**	**5,800**	**8,042**	**5,655**	**2,618**	**2,670**	**2,724**	**2,778**	**2,834**	**2,891**	**2,948**	**3,007**	**3,068**
Other reserves brought forward	**14,576**	**12,627**	**12,598**	**12,310**	**9,101**	**5,824**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Release of reserve	-1,953	-34	-288	-3,209	-3,277	-5,824	0	0	0	0	0	0	0	0	0
Other reserves carried forward	**12,627**	**12,598**	**12,310**	**9,101**	**5,824**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
HRA CAPITAL PROGRAMME															
Stock capital investment	8,730	6,532	5,521	7,424	7,574	14,912	15,153	15,405	15,667	15,938	10,934	11,127	11,325	11,528	11,737
Development/acquisition	3,304	1,124	1,124	0	0	0	0	0	0	0	0	0	0	0	0
Capital programme	**12,034**	**7,656**	**6,645**	**7,424**	**7,574**	**14,912**	**15,153**	**15,405**	**15,667**	**15,938**	**10,934**	**11,127**	**11,325**	**11,528**	**11,737**
Scheduled Loan Repayment	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financed by...															
Major Repairs Reserve	-6,078	-3,942	-5,907	-4,214	-4,296	-4,361	-4,429	-4,501	-4,575	-4,652	-4,732	-4,813	-4,897	-4,984	-5,073
1-4-1 receipts	-1,171	-449	-450	0	0	0	0	0	0	0	0	0	0	0	0
Other receipts and grants	-1,588	-34	-288	-3,209	-3,277	-5,824	0	0	0	0	0	0	0	0	0
Revenue contributions	-3,197	-3,231	0	0	0	-4,726	-5,245	-1,973	-1,811	-1,646	-587	-600	-616	-635	-655
HRA borrowing	0	0	0	0	0	0	-5,479	-8,931	-9,281	-9,640	-5,616	-5,713	-5,811	-5,910	-6,010
Capital financing	**-12,034**	**-7,656**	**-6,645**	**-7,424**	**-7,574**	**-14,912**	**-15,153**	**-15,405**	**-15,667**	**-15,938**	**-10,934**	**-11,127**	**-11,325**	**-11,528**	**-11,737**
Net balance on capital programme	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Major Repairs Reserve b/fwd	**4,248**	**1,810**	**1,811**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
HRA depreciation (net)	3,641	3,942	4,096	4,214	4,296	4,361	4,429	4,501	4,575	4,652	4,732	4,813	4,897	4,984	5,073
Financing for capital programme	-6,078	-3,942	-5,907	-4,214	-4,296	-4,361	-4,429	-4,501	-4,575	-4,652	-4,732	-4,813	-4,897	-4,984	-5,073
Major Repairs Reserve c/fwd	**1,810**	**1,811**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

savills

Year	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Financial Year	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47	2047.48	2048.49	2049.50	2050.51	2051.52
	£'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
HRA 30 YEAR SUMMARY															
Dwelling rents	30,973	31,566	32,172	32,792	33,425	34,074	34,737	35,416	36,110	36,821	37,548	38,293	39,055	39,835	40,637
Non-dwelling rents	562	573	585	597	609	621	633	646	659	672	685	699	713	727	742
Service charge income	575	586	598	610	622	635	647	660	673	687	701	715	729	744	758
Other income and contributions	136	139	142	145	148	151	154	157	160	163	166	170	173	177	180
Total income	**32,247**	**32,865**	**33,497**	**34,143**	**34,804**	**35,480**	**36,171**	**36,879**	**37,602**	**38,343**	**39,101**	**39,876**	**40,670**	**41,482**	**42,318**
Repairs & maintenance	9,820	10,013	10,210	10,411	10,616	10,825	11,039	11,257	11,480	11,707	11,939	12,176	12,417	12,664	12,916
Management (incl RRT)	9,512	9,702	9,896	10,094	10,296	10,502	10,712	10,926	11,145	11,367	11,595	11,827	12,063	12,304	12,551
Bad debts	159	162	165	169	172	175	179	182	186	189	193	197	201	205	209
Depreciation	5,164	5,258	5,354	5,452	5,553	5,656	5,761	5,870	5,980	6,094	6,209	6,329	6,450	6,575	6,704
Debt management	22	22	23	23	23	24	24	25	25	26	26	27	27	28	29
Total costs	**24,677**	**25,158**	**25,648**	**26,149**	**26,660**	**27,182**	**27,715**	**28,260**	**28,815**	**29,383**	**29,962**	**30,555**	**31,159**	**31,776**	**32,408**
Net income from services	**7,570**	**7,707**	**7,849**	**7,994**	**8,144**	**8,297**	**8,456**	**8,619**	**8,787**	**8,960**	**9,138**	**9,321**	**9,511**	**9,706**	**9,910**
Interest payable	-3,945	-4,028	-4,113	-4,199	-4,287	-4,331	-4,330	-4,330	-4,330	-4,330	-4,329	-4,328	-4,328	-4,328	-4,328
Interest income	77	78	80	81	83	85	97	111	128	148	171	170	171	174	179
Net income/expenditure before appropriations	**3,701**	**3,757**	**3,816**	**3,876**	**3,940**	**4,051**	**4,223**	**4,400**	**4,586**	**4,778**	**4,981**	**5,163**	**5,354**	**5,551**	**5,761**
Set aside for debt repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue contributions to capital	-3,640	-3,694	-3,752	-3,811	-3,874	-3,573	-3,642	-3,712	-3,784	-3,858	-5,035	-5,132	-5,233	-5,335	-5,440
Allocation to/from other reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net HRA Surplus/Deficit	**61**	**63**	**64**	**65**	**66**	**479**	**581**	**688**	**801**	**921**	**-54**	**31**	**121**	**216**	**321**
HRA Balance brought forward	**3,068**	**3,129**	**3,191**	**3,255**	**3,320**	**3,387**	**3,865**	**4,446**	**5,134**	**5,936**	**6,857**	**6,803**	**6,834**	**6,954**	**7,171**
HRA surplus/(deficit)	61	63	64	65	66	479	581	688	801	921	-54	31	121	216	321
HRA Balance carried forward	**3,129**	**3,191**	**3,255**	**3,320**	**3,387**	**3,865**	**4,446**	**5,134**	**5,936**	**6,857**	**6,803**	**6,834**	**6,954**	**7,171**	**7,491**
Other reserves brought forward	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Release of reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other reserves carried forward	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
HRA CAPITAL PROGRAMME															
Stock capital investment	11,109	11,314	11,523	11,737	11,955	9,229	9,403	9,582	9,764	9,951	11,244	11,461	11,683	11,910	12,144
Development/acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital programme	**11,109**	**11,314**	**11,523**	**11,737**	**11,955**	**9,229**	**9,403**	**9,582**	**9,764**	**9,951**	**11,244**	**11,461**	**11,683**	**11,910**	**12,144**
Scheduled Loan Repayment	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financed by...															
Major Repairs Reserve	-5,164	-5,258	-5,354	-5,452	-5,553	-5,656	-5,761	-5,870	-5,980	-6,094	-6,209	-6,329	-6,450	-6,575	-6,704
1-4-1 receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other receipts and grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue contributions	-3,640	-3,694	-3,752	-3,811	-3,874	-3,573	-3,642	-3,712	-3,784	-3,858	-5,035	-5,132	-5,233	-5,335	-5,440
HRA borrowing	-2,305	-2,361	-2,417	-2,473	-2,529	0	0	0	0	0	0	0	0	0	0
Capital financing	**-11,109**	**-11,314**	**-11,523**	**-11,737**	**-11,955**	**-9,229**	**-9,403**	**-9,582**	**-9,764**	**-9,951**	**-11,244**	**-11,461**	**-11,683**	**-11,910**	**-12,144**
Net balance on capital programme	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Major Repairs Reserve b/fwd	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
HRA depreciation (net)	5,164	5,258	5,354	5,452	5,553	5,656	5,761	5,870	5,980	6,094	6,209	6,329	6,450	6,575	6,704
Financing for capital programme	-5,164	-5,258	-5,354	-5,452	-5,553	-5,656	-5,761	-5,870	-5,980	-6,094	-6,209	-6,329	-6,450	-6,575	-6,704
Major Repairs Reserve c/fwd	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

7. Appendix 4 Tenancy Service Measures

Measured by Landlords Directly		Combined	TP – Measured by doing Tenant Surveys
Repairs Completed in timescales	Keeping Properties in good repair	Overall Satisfaction	Satisfaction with repairs
Fire Safety Checks	Maintaining Building Safety	Satisfaction with time taken to complete most repairs	Satisfaction that the home is well maintained
Water Safety Checks	Respectful and Helpful Engagement	Satisfaction that the landlord listens to tenants view and acts upon them	Satisfaction that the landlord keeps tenants informed about things that matter to them
Complaints relative to the size of the landlord	Effective handling of complaints	Agreement that the landlord treats tenants fairly and with respect	Satisfaction with the landlords approach to handling complaints
Anti-social behaviour cases relative to the size of the landlord	Responsible neighbourhood management	Satisfaction that the landlord keeps communal areas clean and well maintained	Satisfaction that the landlord makes a positive contribution to neighbourhoods
		Satisfaction with the landlord’s approach to handling anti-social behaviour	