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# Housing Revenue Account Business Plan and Capacity Update

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Report.v1  
January 2023

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## 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:

#### Building Safety

Since the tragic consequences of Grenfell Tower, steps have been 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.

#### Tenant Satisfaction Measures

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.

## Capital Works to Existing Properties

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 5% 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
<b>Total</b>	<b>29,096,963</b>	<b>28,381</b>	<b>61,696,097</b>	<b>53,952</b>	<b>40,145,673</b>	<b>27,600</b>	<b>36,970,266</b>	<b>30,324</b>	<b>26,954,293</b>	<b>29,196</b>	<b>30,206,722</b>	<b>20,911</b>	<b>225,070,013</b>	<b>190,364</b>
<b>Total per annum</b>	<b>5,819,393</b>	<b>5,676</b>	<b>12,339,219</b>	<b>10,790</b>	<b>8,029,135</b>	<b>5,520</b>	<b>7,394,053</b>	<b>6,065</b>	<b>5,390,859</b>	<b>5,839</b>	<b>6,041,344</b>	<b>4,182</b>	<b>7,502,334</b>	<b>6,345</b>

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 the works required to improve the energy efficiency of homes, 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 without any provision for new build in its place at this time.

### 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.

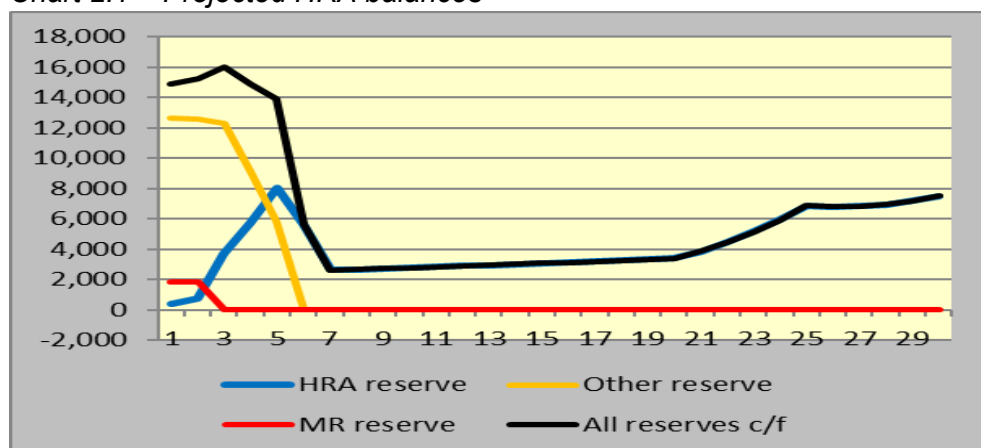
As capital expenditure increases above current levels in order to meet the requirements as demonstrated in table 2.1 additional borrowing is required. Currently interest rates are the highest they have been for the last 14 years but the consensus amongst treasury advisors are that they will fall. A rate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

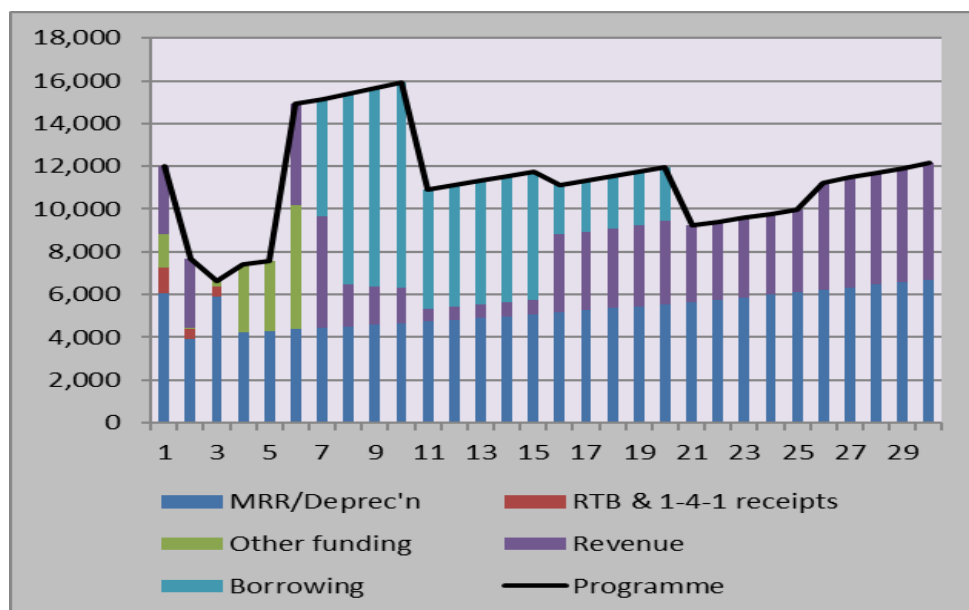


This demonstrates the plan can maintain the HRA balance at its minimum level for the duration of the plan. From year 20 onwards, on account of a reduction in the expenditure of the capital programme, balances begin to accrue in the plan to c£7.5million.

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



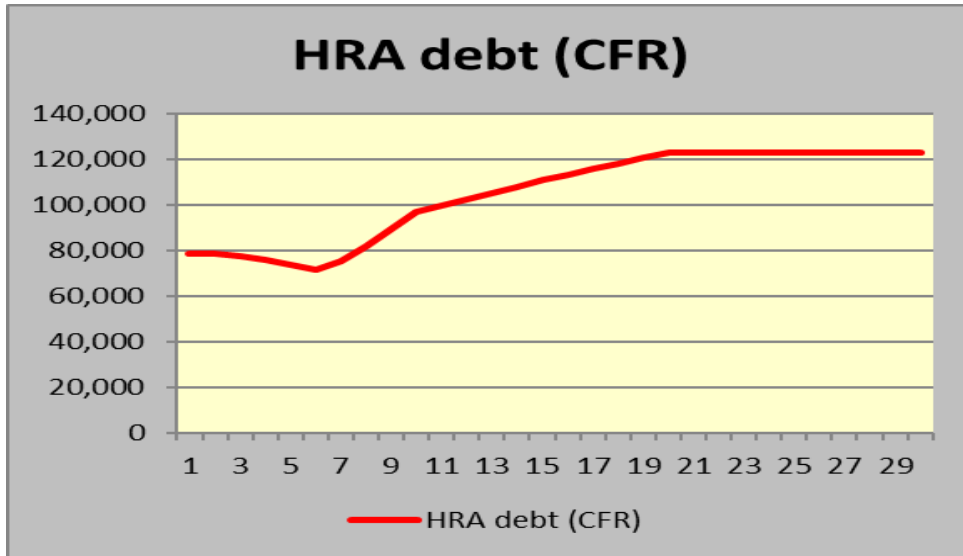


Capital expenditure remains fully funded throughout the 30 years demonstrated by the horizontal black line. From year 5 of the plan, where the stock investment requirements data is modelled there is a significant increase in expenditure to meet the requirements for key components such as kitchens, electrics, roofs, walls, windows and external works.

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. The other funding in the above graph represents the release of funding from the HRA Financing Fund.

Inflation has been included within the above projections.

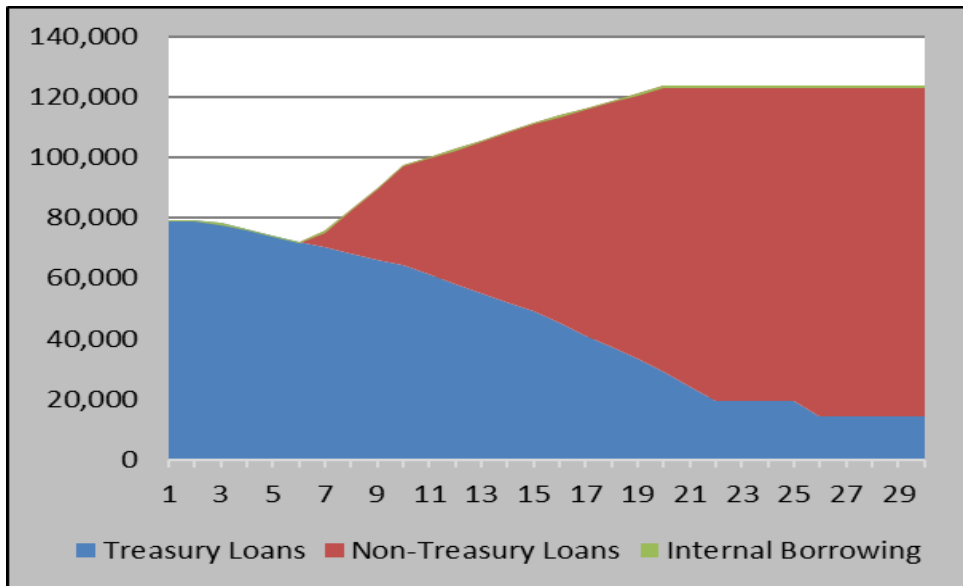
Chart 2.3 – Projected debt profile (HRACFR)



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.<sup>15</sup>

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 £55 billion 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

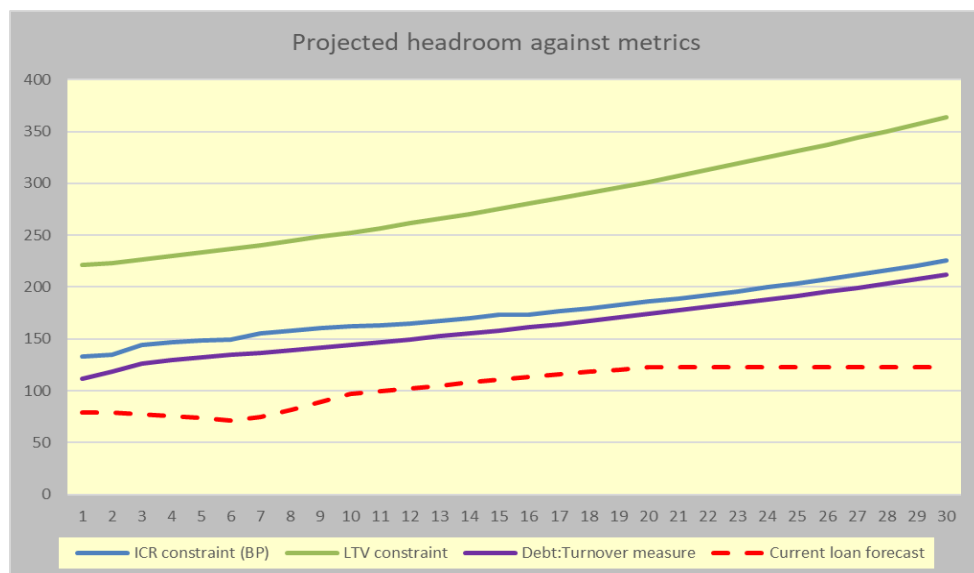
balances against turnover. As a proxy we have suggested a ratio of 5:0, so that turnover can cover the level of debt outstanding by 5 times.

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, which may be offset with the possibility of external grant funding towards energy efficiency measures.
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
<b>Dwelling Rent</b>	7% Increase 2023.24 then CPI + 1% Increase in 2024.25 and CPI only thereafter	
<b>Void rates</b>	4.83%	Higher than sector average (due to difficult to let sheltered properties)
<b>Service Charges</b>	CPI increases from 2024.25	
<b>Non dwelling rents</b>	CPI only increases after adjustments to base budget	
<b>Garage Rents</b>	CPI only increases after adjustments to base budget	

## HRA Business Plan and Capacity Update

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<b>Major Works Leaseholder Contributions</b>	No long-term recovery	
<b>Repairs and Maintenance Costs</b>	CPI increases	
<b>Interest rate on borrowings</b>	Based on Existing actual rates c3.43% then average of 3.5%	
<b>Depreciation</b>	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

# HRA Business Plan and Capacity Update



## 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	
<b>HRA 30 YEAR SUMMARY</b>																
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	
<b>Total income</b>	<b>22,378</b>	<b>23,767</b>	<b>25,173</b>	<b>25,957</b>	<b>26,498</b>	<b>26,931</b>	<b>27,384</b>	<b>27,858</b>	<b>28,352</b>	<b>28,863</b>	<b>29,391</b>	<b>29,933</b>	<b>30,489</b>	<b>31,059</b>	<b>31,645</b>	
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	19	19	19	20	20	20	21	21	
<b>Total costs</b>	<b>16,682</b>	<b>17,973</b>	<b>18,961</b>	<b>19,591</b>	<b>20,048</b>	<b>20,419</b>	<b>20,800</b>	<b>21,192</b>	<b>21,594</b>	<b>22,006</b>	<b>22,427</b>	<b>22,857</b>	<b>23,297</b>	<b>23,747</b>	<b>24,207</b>	
<b>Net income from services</b>	<b>5,696</b>	<b>5,794</b>	<b>6,212</b>	<b>6,366</b>	<b>6,450</b>	<b>6,512</b>	<b>6,584</b>	<b>6,666</b>	<b>6,758</b>	<b>6,858</b>	<b>6,964</b>	<b>7,076</b>	<b>7,191</b>	<b>7,312</b>	<b>7,438</b>	
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	
<b>Net income/expenditure before appropriations</b>	<b>3,014</b>	<b>3,604</b>	<b>3,887</b>	<b>4,126</b>	<b>4,243</b>	<b>4,340</b>	<b>4,208</b>	<b>4,026</b>	<b>3,865</b>	<b>3,701</b>	<b>3,642</b>	<b>3,657</b>	<b>3,674</b>	<b>3,693</b>	<b>3,715</b>	
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	
<b>Net HRA Surplus/Deficit</b>	<b>-187</b>	<b>368</b>	<b>2,887</b>	<b>2,126</b>	<b>2,243</b>	<b>-2,387</b>	<b>-3,037</b>	<b>52</b>	<b>53</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>59</b>	<b>60</b>	
<b>HRA Balance brought forward</b>	<b>606</b>	<b>419</b>	<b>787</b>	<b>3,673</b>	<b>5,800</b>	<b>8,042</b>	<b>5,655</b>	<b>2,618</b>	<b>2,670</b>	<b>2,724</b>	<b>2,778</b>	<b>2,834</b>	<b>2,891</b>	<b>2,948</b>	<b>3,007</b>	
HRA surplus/(deficit)	-187	368	2,887	2,126	2,243	-2,387	-3,037	52	53	54	56	57	58	59	60	
<b>HRA Balance carried forward</b>	<b>419</b>	<b>787</b>	<b>3,673</b>	<b>5,800</b>	<b>8,042</b>	<b>5,655</b>	<b>2,618</b>	<b>2,670</b>	<b>2,724</b>	<b>2,778</b>	<b>2,834</b>	<b>2,891</b>	<b>2,948</b>	<b>3,007</b>	<b>3,068</b>	
<b>Other reserves brought forward</b>	<b>14,576</b>	<b>12,627</b>	<b>12,598</b>	<b>12,310</b>	<b>9,101</b>	<b>5,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Release of reserve	-1,953	-34	-288	-3,209	-3,277	-5,824	0	0	0	0	0	0	0	0	0	
<b>Other reserves carried forward</b>	<b>12,627</b>	<b>12,598</b>	<b>12,310</b>	<b>9,101</b>	<b>5,824</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>HRA CAPITAL PROGRAMME</b>																
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	
<b>Capital programme</b>	<b>12,034</b>	<b>7,656</b>	<b>6,645</b>	<b>7,424</b>	<b>7,574</b>	<b>14,912</b>	<b>15,153</b>	<b>15,405</b>	<b>15,667</b>	<b>15,938</b>	<b>10,934</b>	<b>11,127</b>	<b>11,325</b>	<b>11,528</b>	<b>11,737</b>	
Scheduled Loan Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Financed by...</i>																
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	
<b>Capital financing</b>	<b>-12,034</b>	<b>-7,656</b>	<b>-6,645</b>	<b>-7,424</b>	<b>-7,574</b>	<b>-14,912</b>	<b>-15,153</b>	<b>-15,405</b>	<b>-15,667</b>	<b>-15,938</b>	<b>-10,934</b>	<b>-11,127</b>	<b>-11,325</b>	<b>-11,528</b>	<b>-11,737</b>	
<b>Net balance on capital programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Major Repairs Reserve b/fwd</b>	<b>4,248</b>	<b>1,810</b>	<b>1,811</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
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	
<b>Major Repairs Reserve c/fwd</b>	<b>1,810</b>	<b>1,811</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

# HRA Business Plan and Capacity Update



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	
<b>HRA 30 YEAR SUMMARY</b>																
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	
<b>Total income</b>	<b>32,247</b>	<b>32,865</b>	<b>33,497</b>	<b>34,143</b>	<b>34,804</b>	<b>35,480</b>	<b>36,171</b>	<b>36,879</b>	<b>37,602</b>	<b>38,343</b>	<b>39,101</b>	<b>39,876</b>	<b>40,670</b>	<b>41,482</b>	<b>42,318</b>	
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	
<b>Total costs</b>	<b>24,677</b>	<b>25,158</b>	<b>25,648</b>	<b>26,149</b>	<b>26,660</b>	<b>27,182</b>	<b>27,715</b>	<b>28,260</b>	<b>28,815</b>	<b>29,383</b>	<b>29,962</b>	<b>30,555</b>	<b>31,159</b>	<b>31,776</b>	<b>32,408</b>	
<b>Net income from services</b>	<b>7,570</b>	<b>7,707</b>	<b>7,849</b>	<b>7,994</b>	<b>8,144</b>	<b>8,297</b>	<b>8,456</b>	<b>8,619</b>	<b>8,787</b>	<b>8,960</b>	<b>9,138</b>	<b>9,321</b>	<b>9,511</b>	<b>9,706</b>	<b>9,910</b>	
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	81	80	81	83	85	87	111	128	148	171	170	171	174	179	
<b>Net income/expenditure before appropriations</b>	<b>3,701</b>	<b>3,757</b>	<b>3,816</b>	<b>3,876</b>	<b>3,940</b>	<b>4,051</b>	<b>4,223</b>	<b>4,400</b>	<b>4,586</b>	<b>4,778</b>	<b>4,981</b>	<b>5,163</b>	<b>5,354</b>	<b>5,551</b>	<b>5,761</b>	
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	-3,942	-4,012	-4,084	-4,158	-4,234	-4,312	-4,392	-4,474	-4,558	-4,644	
Allocation to/from other reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Net HRA Surplus/Deficit</b>	<b>61</b>	<b>63</b>	<b>64</b>	<b>65</b>	<b>66</b>	<b>67</b>	<b>68</b>	<b>69</b>	<b>70</b>	<b>71</b>	<b>72</b>	<b>73</b>	<b>74</b>	<b>75</b>	<b>76</b>	
<b>HRA Balance brought forward</b>	<b>3,068</b>	<b>3,129</b>	<b>3,191</b>	<b>3,255</b>	<b>3,320</b>	<b>3,387</b>	<b>3,456</b>	<b>3,527</b>	<b>3,600</b>	<b>3,675</b>	<b>3,752</b>	<b>3,831</b>	<b>3,911</b>	<b>3,992</b>	<b>4,074</b>	
HRA surplus/(deficit)	61	63	64	65	66	67	68	69	70	71	72	73	74	75	76	
<b>HRA Balance carried forward</b>	<b>3,129</b>	<b>3,191</b>	<b>3,255</b>	<b>3,320</b>	<b>3,387</b>	<b>3,456</b>	<b>3,527</b>	<b>3,600</b>	<b>3,675</b>	<b>3,752</b>	<b>3,831</b>	<b>3,911</b>	<b>3,992</b>	<b>4,074</b>	<b>4,158</b>	
<b>Other reserves brought forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Release of reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Other reserves carried forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>HRA CAPITAL PROGRAMME</b>																
Stock capital investment	11,109	11,314	11,523	11,737	11,955	12,178	12,403	12,631	12,862	13,096	13,334	13,575	13,819	14,066	14,316	
Development/acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Capital programme</b>	<b>11,109</b>	<b>11,314</b>	<b>11,523</b>	<b>11,737</b>	<b>11,955</b>	<b>12,178</b>	<b>12,403</b>	<b>12,631</b>	<b>12,862</b>	<b>13,096</b>	<b>13,334</b>	<b>13,575</b>	<b>13,819</b>	<b>14,066</b>	<b>14,316</b>	
Scheduled Loan Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Financed by...</i>																
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	-3,942	-4,012	-4,084	-4,158	-4,234	-4,312	-4,392	-4,474	-4,558	-4,644	
HRA borrowing	-2,305	-2,361	-2,417	-2,473	-2,529	0	0	0	0	0	0	0	0	0	0	
<b>Capital financing</b>	<b>-11,109</b>	<b>-11,314</b>	<b>-11,523</b>	<b>-11,737</b>	<b>-11,955</b>	<b>-9,229</b>	<b>-9,403</b>	<b>-9,582</b>	<b>-9,764</b>	<b>-9,951</b>	<b>-11,244</b>	<b>-11,461</b>	<b>-11,683</b>	<b>-11,910</b>	<b>-12,144</b>	
<b>Net balance on capital programme</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Major Repairs Reserve b/fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
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	
<b>Major Repairs Reserve c/fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	



## 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	