Appendix 1 :
Housing Revenue Account Business Plan

Draft for Scrutiny Board
December 2022 Update

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1. Executive Summary

This Business Plan sets out our strategic plan for managing and maintaining our social housing homes. It sets out in detail our short to medium term plans and priorities for the housing and asset management services (9 years) and provides a commentary that will influence our longer term (30 year) plans for financial planning and investment into our existing council housing and for the provision of new homes.

Over the last decade the social housing sector has seen significant challenges: the impact of rent cuts imposed by central government, the focus on increased fire and building safety following the Grenfell fire, and a recent surge in operational cost inflation accompanied by a shortage of skilled labour which also affects the standard of living of our tenants. On the other hand, the abolition of the previous borrowing cap allows investment to address some of these challenges and for us to help deliver our housing plans.

Within this plan, we consider the current investment needs of our stock, recognising the plans we have to enhance the stock data we currently have, including developing and acquiring affordable homes, set against new borrowing limits that we need to set ourselves. To put this into context our previous borrowing cap was £508 million but borrowing could potentially be increased within our own provisional limits over the next 9 years.

Therefore, this business plan document will see significant development in the coming months and years as more factors that influence the plan arise: future rent policies, cost inflationary pressures, improved information about our stock investment requirements and treasury management.

It is important to note that, at this stage, expenditure on areas such as achieving net zero carbon have not been included; we will continually review our plan in terms of identifying potential sources of funding that may become available, alternative routes for raising additional income or reassessing our expenditure priorities. We also have to consider forthcoming changes arising from the revisit of the Government's Decent Homes Standard and other implications arising from the passage of the Social Housing (Regulation) Bill currently going through Parliament.

2. Introduction

2.1. Our Business Plan

The Council's Housing Revenue Account (HRA) records the income and expenditure of running its owned housing stock and closely related services or facilities, which is provided primarily for the benefit of its tenants.

It is not a separate fund but rather a ring-fenced account within the Council's own accounts but with defined transactions relating specifically for the provision of landlord related services.

The HRA Business Plan sets out our strategic plan for managing and maintaining the Borough's council and social housing stock. It sets out in detail the Council's short to medium term plans and priorities for its housing and asset management services (9 years) and provides a provisional estimate for long term (30 year) forecast on stock investment and financial planning.

It builds upon our previous financial planning and takes account of significant challenges including: reductions to rents charged (where rents should have continued to increase marginally above inflation), the Covid pandemic, Brexit and the war in Ukraine, all of which have caused pressures on expenditure. We have at the same time seen more opportunities arising through the abolition of the debt cap, which previously restricted us from any further borrowing.

We own over 28,200 properties for rent (950 of which are within the PFI scheme at Harvills Hawthorn, managed externally) and the freehold on over 1,252 leasehold flats across the borough in addition to over 2,700 garages and other buildings. These properties are managed through our own Housing Services.

Since the introduction in 2012 of Housing Revenue Account Self-Financing (which resulted in a loan settlement for us of £504million, taking on additional debt of over £25million) the council has had a greater degree of control over the use and management of the HRA. Self-financing allowed decision making at a local level to drive planning for investment in housing stock and set spending priorities in line with local demand.

We continue to consider:

- Analysing our stock and the services we provide so that we can base our future plans on a robust and sustainable basis. To this end 14,000 stock conditions surveys are being procured.
- Working up a range of plans for potential future investment in new homes which better match the needs of our communities.
- Thinking through how the new future for council housing can help the borough as a whole to deliver our overall objectives.

The Social Housing Green Paper “A new deal for social housing” was issued in 2018 presenting a new set of challenges for the HRA, in respect of community engagement/ consultation, increased building safety and compliance responsibilities and accountability for buildings from design and throughout occupation. This was followed up by the White Paper ‘The Charter for Social Housing Residents’ which was issued in 2020 reinforcing this through regulatory changes. We embrace these changes and our business plan sets out how we will meet these as the legislation arising from these papers passes through Parliament.

Nationally, attention has returned to the country’s severe housing shortage and government has signalled a renewed support for councils seeking to develop new homes. A further step towards this was the lifting of the cap on borrowing in October 2018 to help councils to develop new housing and we have been working towards identifying investment rules (prudential indicators) to ensure that whatever borrowing is undertaken is affordable and sensible.

This business plan sets out our ambitions for the HRA to deliver our existing programme of 475 new homes by 2026. We have considered the opportunities for expansion of this programme to include further land acquisition in order to deliver more council new build homes in the future through bigger and hence more viable schemes.

There is also greater attention than ever on the impact of climate change. We have been investing in homes to make them more energy efficient, and to reduce carbon emissions from materials and heat loss.

This Business Plan identifies how services are delivered as well as:

- What it costs and how we think the finances will develop in the future.
- Showing that our plans are laid on firm foundations, are sustainable and viable.
- What additional resources we might have for investment and how we can leverage in external funding, where opportunities arise.
- What our priorities are for investment.
- A summary assessment of the key risks in the delivery of the business plan with actions to mitigate these risks.

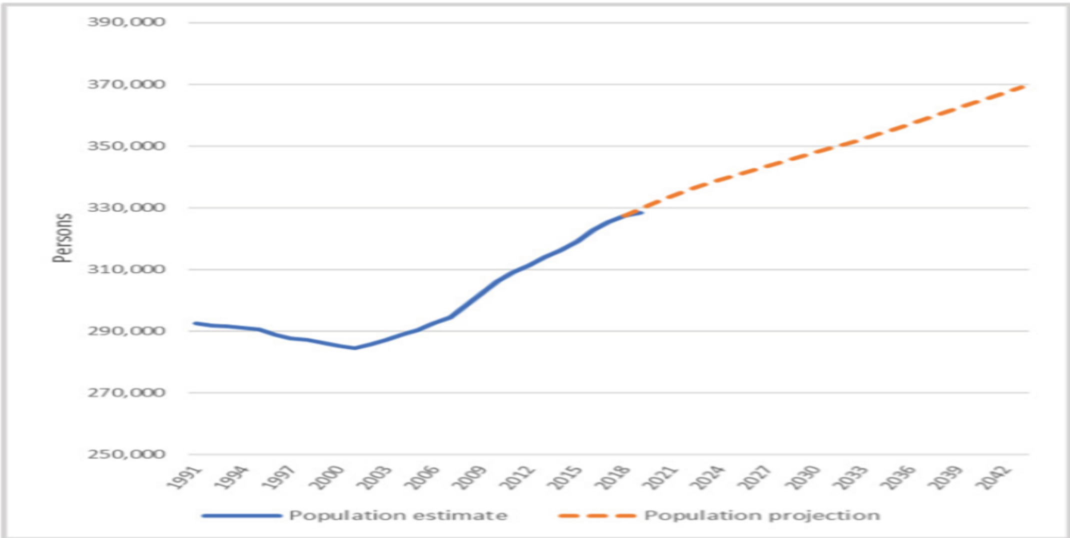
2.2. About Sandwell Metropolitan Borough

Sandwell is a local government administrative area created in 1974 following successive local government reorganisations that brought together six boroughs: Oldbury, Rowley Regis and Smethwick in the south, and Tipton, Wednesbury and West Bromwich in the north.

The Sandwell area covers many historically disparate towns and urbanised villages at the core of the Birmingham-Black Country conurbation; places with distinctive identities that flourished along with their many world class firms.

Our current housing stock of c28,200 accounts for about 21% of the overall homes within the borough set against significant new housing of over 4,700 from 2012. The remaining homes are 5% owned by Registered Providers and the balance of 74% in private ownership. Approximately 26% of the private ownership properties are rented privately with expectations that this will grow.

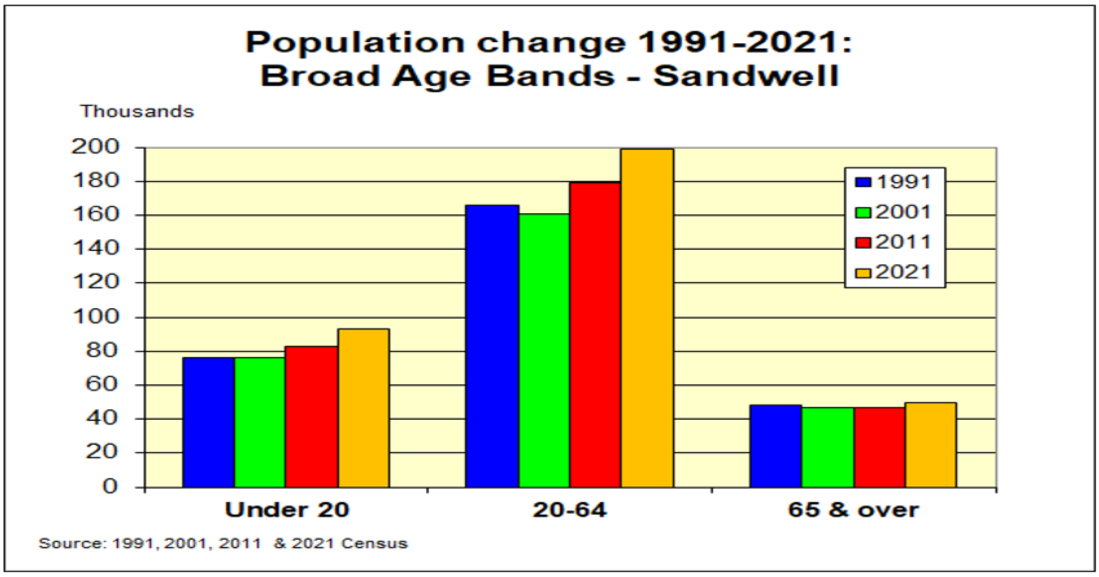
It had been previously forecast that the population numbers in Sandwell would decline in future years, but this trend is now reversed as depicted in the following graph with a forecast population increase of 11% - greater than the national average of 6.6%:



Source: Population estimates and projections – Local Authority based via NOMIS

Its current population of 341,900, according to the 2021 census, is the 27th largest out of 309 local authorities in England.

The change in age groups is depicted in the chart below:



In terms of employment and its economy Sandwell is ranked as the 8th most deprived local authority (based on the multiple deprivation indices 2019) with 75% of working age people in employment compared to the national average of 79%. This is due to higher rates of long-term sickness and caring for family and home.

Sandwell's housing market has changed significantly over the last decade and continues to evolve. In recent years the private rental market has expanded greatly whilst the local authority sector, once the numerically highest sector, continues to decline in number. Property values remain low compared to the wider West Midlands region but remain outside the reach for purchase for many households living locally.

According to Rightmove the average price of a home in Sandwell was £197,854 over the last year set against the national average of £281,161 according to the UK house price index for April 2022.

3. About our Vision for Housing

3.1. The Councils Vision and Values

In 2021 we launched our corporate plan 'Big Plans for a Great Place: The Sandwell Plan' which is fundamentally about making sure Sandwell residents have the essentials for living a good life – feeling safe – a clean neighbourhood, a decent, warm home, good schools, jobs that pay a decent wage and a pride in living and working in Sandwell.

The plan sets out 10 ambitions with a vision to deliver these over the next 5 years workings to deliver the Vision 2030 and six strategic outcomes being:

- The best start in life for children and young people
- People live well and age well
- Strong, resilient communities

- Quality homes in thriving neighbourhoods
- A strong and inclusive economy
- A connected and accessible Sandwell.

Housing will play an essential part in delivering the vision with a key strategic outcome, Quality Homes in Thriving Neighbourhoods, focusing on this.

The fist aim is to deliver 8,000 more homes in the Borough through a mix of affordable housing through the council and registered providers, and through the private sector.

The second core aim is to improve the quality of existing homes in terms of making them safe and comply with fire and building safety requirements and that they are energy efficient. The recent Building Safety Act rightly sets a high bar for health and safety. As a Council we want residents to inform service delivery and help to shape our services, this is no different in housing. We want to ensure that our tenants can participate in activity that helps to develop our offer.

Our strategic outcomes are:

A home for everyone	
H1	We will deliver much needed new homes across the borough, especially affordable homes, on our own land and other viable sites in order to help meet the demand for affordable housing in our communities
H2	We will help keyworkers to access affordable housing in order that Sandwell can attract and retain a strong local health and social care workforce for the benefit of our communities.
H3	We will aim to keep people independent in their own homes as long as possible which includes incorporating lifetime homes adaptable standards in to as many new homes as possible.
H4	We will focus more of our ambitious house building programme on the needs of our children and young people who have complex needs and those who have been in care, so we have a good housing offer for them in Sandwell when they become adults.
H5	We will focus more of our council house building on the needs of people with learning disabilities, autism and mental health needs.
H6	We will develop the second Council House Build Programme.
H7	We will incorporate more renewable energy measures into the design of new-build Council homes, including modern methods of construction and heating.
H8	We will work to identify the needs of the most vulnerable people in Sandwell and work upstream to prevent homelessness where ever possible.
H9	We will work to prevent and end rough sleeping.
H10	We will explore all options for housing delivery, including community-led schemes.
H11	We will raise the standard of homes in the private rented sector and bring more empty homes back into use.
Regeneration and resources	
H12	We will introduce town centre living in appropriate locations ensuring council developments maintain excellent standards in urban design.
H13	We will continue to progress the review of the Black Country Plan to ensure the policy base is robust and meet the needs of Sandwell and the Black Country.
H14	We will take a proactive approach to accessing national funding for Sandwell that benefits our tenants and people who are homeless or in housing need.

Existing estate	
H15	We will modernise our tenancy and estate management offer, delivering a more proactive service, early identification and intervention to mitigate risks to tenancy sustainment and a new neighbourhood management working in partnership with communities to address their priorities.
H16	We will work to ensure our tenants live in safe and thriving neighbourhoods and that social housing is a tenure to be proud of.
H17	We will ensure that council homes are safe places to live by fully complying with fire and building safety requirements and regularly reviewing compliance. We will support people in the private rented sector to ensure their landlords comply with safety standards too.
H18	We will deliver a rolling programme of upgrades to our stock that improves energy efficiency and plan for the installation of alternative heating systems.
H19	We will aim to be a Borough of Sanctuary, offering a safe place for asylum-seekers and refugees to live, while recognising our leadership role in promoting integration and community cohesion.
H20	We will increase our engagement with tenants, including tenants in high rise blocks.

Our Housing Services and HRA will play a key role in assisting in delivery with our aims. This HRA business plan aims to provide and identify the resources required to deliver the relevant outcomes above.

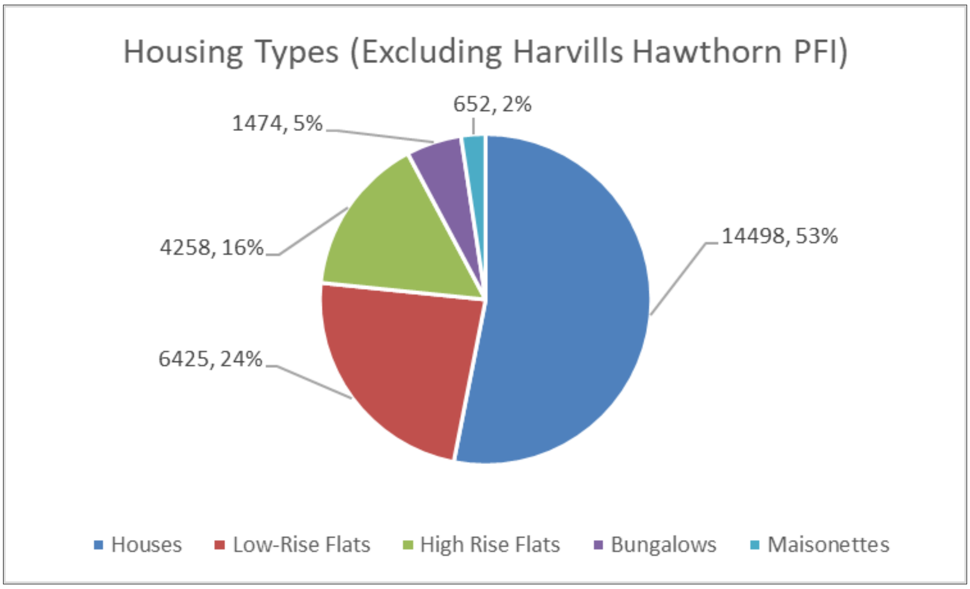
A new, updated, housing strategy will be developed incorporating the above outcomes but building upon the existing 2012-22 strategy document. It will set out the Council's ambitions for housing and will put in place objectives, targets and policies and explain how it will play a leading role to:

- Making better use of existing housing
- Improving the quality of housing available
- Encouraging the building of new homes
- Protecting and promoting health, safety and wellbeing

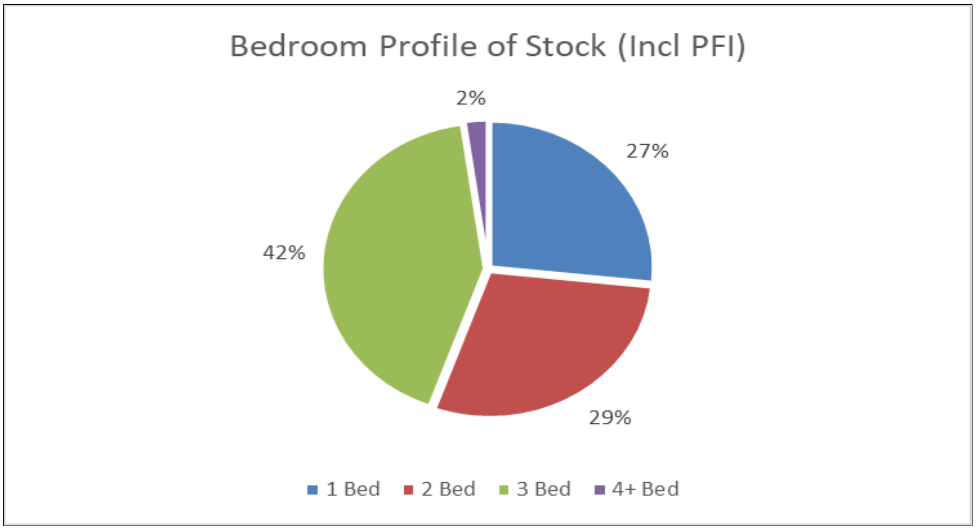
Much progress has been made in delivering the original priorities. Included in the progress made is the delivery of new affordable homes, investment in energy efficiency and other programmes, keeping homes safe and improvements to reporting repairs.

3.2. Stock Information

The following chart shows the split of the total number of our housing stock as at March 2022.



Our housing stock is divided over the following bedsizes:



56% of our stock consists of 1 and 2 bedroom homes, with 42% 3 bedroom and the balance of 4 or more bedrooms. This split has implications for both existing tenants but also demand from our waiting list and identified below.

It is estimated that around a third of the Council housing stock is affected by under-occupation, set against 12% being classified under the Bedroom Standard as overcrowded as demonstrated in the following table:

Age of Head of Household	Under-Occupied	Severely Under-Occupied	Over-Crowded	Severely Over-Crowded

16 – 25	228	7	74	3
26 – 40	1,552	82	799	92
41 – 59	2,434	417	1,430	488
60 – 74	1,813	900	350	115
75+	1,068	961	102	20
Not stated	274	100	-	-
TOTAL	**7,369**	**2,467**	***2,755***	***718***
	9,836		***3,473***	

The average length of tenancy is currently 12.6 years.

3.3. Homelessness and Rough Sleeping Strategy

In 2022 the Council published its Homelessness and Rough Sleeping Strategy 2022-25, linking with the objectives of the Corporate Plan. The key priorities for the strategy are:

- Preventing homelessness
- Improving communication, education and engagement
- Enhancing housing options
- Improving partnership, collaboration and whole system
- Eliminating rough sleeping
- Making best use of resources

The Council will seek to deliver the right type of accommodation through its HRA in order to tackle these issues and we have detailed in section 6 how we plan to do so.

The refreshed strategy will build on achievements of the current strategy, which has:

- Reduced the use of temporary accommodation and bed and breakfast – despite the impact of Covid-19 and ending of the freeze on private rented sector evictions – the number in temporary accommodation has reduced by half from its peak
- Significantly increased access to the private rented sector to relieve homelessness
- Reduced rough sleeping over the last two years by supporting 100 rough sleepers, many of whom now have their own tenancies.

4. Current Key Risks & Opportunities

4.1. Government Rent Policy

The implications of the reduction in rents between 2016 and 2020 and the associated challenges on the HRA have already been referenced. Council rents have been low in comparison to the sector and were due to reach the Government's target rent levels (set under a previous rent policy) by 2015/16. This was changed significantly by Government policy of rent reduction by 1% for 4 years to end in 2019/20 and thereafter change to CPI+1% for a period, currently 5 years to cover rent increases up to and including April 2024. The impact of rent cuts and the reinvigoration of right of buy has seen our finances significantly impacted since the self-financing settlement of 2012.

From April 2020 all local authorities have to adhere to the Regulator of Social Housing's Rent Standard. Whilst our rents are below the target rent for each property, in the majority of cases the Rent Standard controls rent increases to CPI+1% to 2025.

Recent large increases in CPI might suggest that rent increases at CPI+1% would be unsustainable for many tenants. Government is also keen to be seen to provide measures to address the cost of living crisis. Therefore, the government undertook a consultation, in which a directive may cap rent increases applied to existing tenants at a range of 3% to 7% with the final outcome being 7%. This is likely to impact the long-term viability of our business plan when compared to the inflationary cost pressures that are affecting our service expenditure.

Following the Government consultation, and taking in to account the outcome when announced, we will review our current rent policy. It is uncertain if we will see a continuation of increases allowable above CPI, a period of reconvergence and if so over what period.

The financial projections within this business plan are prudent and generated so that they are likely to comply with the Rent Standard moving forward.

4.2. Climate Change & Energy Efficiency

In 2020 the Council declared a climate emergency and published its Climate Change Strategy 2020-2041.

As part of this strategy the second element of our action plan, new council housing, will incorporate more renewable energy measures and more modern methods of construction. It outlines the need to improve the (and gain a better understanding of) the Energy Performance Certificate (EPC) performance for our homes.

Our improvement programme traditionally focussed on window replacement utilising double-glazing and installing more modern and efficient gas boilers.

At March 2022 around 50% of our homes had an EPC rating of C or above. This has been achieved by improving the heating of our homes, installing roof and external wall insulation and the cyclical replacement of windows and doors, with a programme to improve 402 properties during this year.

In the Clean Growth Strategy, the Government has set a target for all social housing providers to attain a C rating on EPCs by 2035 or 2030 for 'fuel poor' households. Therefore, our focus, and financial planning, is designed to deliver this for the benefit of our tenants.

The move towards a full zero carbon stock will take much assessment, financial planning and dependent on methods of delivery, the future availability of sources of fundings and Government financial support.

4.3. Right to Buy

The right to buy (RTB) policy was introduced in the 1980s, but due to dwindling sale volumes and the then Government wishing to increase the numbers of home ownership it was reinvigorated in 2012 to incentivise tenants to purchase their homes by increasing the maximum discount that can be applied to the property's value and the time in residency to qualify.

The reinvigorated Right to Buy scheme is both a risk and an opportunity. However, under the government's 'One for One Replacement' Scheme, which the Council signed up to in 2012, we have the opportunity to retain a large proportion of right to buy receipts, which we can use to support the delivery of new affordable homes. The terms of the scheme mean that if the receipts are not spent within five years they are returned to government. The receipts can be used to fund a revised maximum of 40% of new development costs. The balance (60%) must come from other sources; e.g. borrowing and/or working with external partners. the rules should allow us to keep and then reinvest all our receipts, but affordability and land availability remain the main barrier to developing more social housing.

However, we have seen a significant rise in the number of right to buy sales with an average of 260 per year since the reinvigoration of the policy which has resulted in a net of loss homes when set against our completed and ongoing new build programme providing an average of 56 per year.

New measures have also been introduced to reduce the number of properties that we could acquire from the open market in order to replace homes that have been sold, the aim to focus on the building of new homes.

4.4. Welfare Reform

Welfare reform continues to be a risk to the Council and the sustainability of the HRA, as large numbers of current and future claimants struggle to manage financially, particularly currently with the impact of inflation in food, energy and living costs. There are implications for arrears, bad debts and a potential increased demand for temporary accommodation and council housing as more households lose private rented accommodation on affordability grounds.

Housing Services provide professional support to vulnerable residents by assisting them with applications supported by welfare benefit specialists who provide one to one advice. The housing service continues to provide help with applying for Discretionary Housing Payments for those with the greatest hardship and the cost of living crisis has promoted us to look at further ways in which we can help tenants on low incomes, including the 30% of households that are not in receipt of housing benefit or universal credit.

4.5. Demand for Housing

The Council holds a housing register of people needing social housing assessed into categories of need to assist with allocating homes, including those within the HRA. The past year has seen steady growth in applications.

As of July 2022, the register stood at around 10,500 household and of note:

- Over a third of the register (38%) is made up of existing tenants.
- Around half of the register have a degree of priority within the Allocations Policy – mostly qualifying for Band Three (such as overcrowded by 1 bedroom, under-occupying a flat by one or more bedrooms, with children in flats above the first floor, service tenants due to terminate within 6 months and prevention of homeless-where likely a full duty would be owned): (60%).
- Over half of households registered contain children aged 16 or under.

Typically, the demand is split 75% for 1 to 2 bedroom properties and the balance require 3 or more bedrooms – this differs from our current stock profile.

In 2021 the Black Country Housing Market Assessment was finalised. Based on a series of socio-economic determinants specific to Sandwell the table predicts the size of new Social Rent/Affordable Rent accommodation required in Sandwell over the next 18 years.

Size and Number of New Social (or Affordable) Rented Properties required in Sandwell in the Next 18 Years				
Size of Home	Base Size Profile 2020	Size Profile 2038	Change Required	% Change Required
1 Bedroom	9,988	11,044	1,056	31.7%
2 Bedroom	10,583	11,075	492	14.7%
3 Bedroom	13,920	14,377	457	13.7%
4 or More Bedrooms	947	2,279	1,330	39.9%
Total	**35,4438**	**38,772**	**3,334**	**100.0%**

4.6. Fire Safety

The Grenfell Tower fire in June 2017 and thereafter the Fire Safety Act 2021 and the Building Safety Act 2022, with the Social Housing (Regulation) Bill now progressing through Parliament have further highlighted safety issues that remain in the affordable housing sector.

We have factored in such compliance works and building safety needs such as fire safety. This will include ongoing electrical inspections, recommended actions from fire risk assessments and fire door inspections.

The exact total funding requirements for the building safety works has yet to be determined. Further work is required to determine the additional fire safety measures following more intrusive Fire Risk Assessments. The Building Safety Act 2022 also imposes additional duties on Sandwell which have implications for the staffing structure and resourcing. We have already made some provisions within our plan to deliver safety related works including a programme for new sprinkler systems in our high-rise blocks (agreed by Cabinet in May 2022).

4.7. Implications of the changing regulatory landscape

As referenced earlier, in the aftermath of the Grenfell Tower Block Fire the Government consulted on the regulation, standards and delivery of social housing in England.

Key proposals which will impact on the HRA include:

- New Tenant Satisfaction Measures
- Proactive regulation via inspections every 4 years
- Update to the Consumer Standards
- Focus on tenant empowerment and consultation/influence

The 4, short, outcomes-based Consumer Standards currently comprise:
- **Home**: Keep homes safe, decent and in a good state of repair
- **Tenancy**: Let homes and manage tenancies in a fair, transparent and efficient way
- **Neighbourhood and Community**: Keep the wider area clean and safe, help to tackle anti-social behaviour and promote community well-being
- **Tenant Involvement and Empowerment**: Understand and respond to the diverse needs of tenants, provide choice and opportunities for involvement, resolve complaints fairly and promptly

5. Housing Services

5.1. Housing Operations

The Council's Housing Service provides the overall management for the tenants and leaseholders for the Sandwell housing stock, with the exception of 1,001 homes, managed via the PFI contract with Riverside Housing. This contract will conclude in 2031.

The range of services includes:
- Tenancy and temporary accommodation management
- Rents and service charge collection
- Allocations and lettings
- Leasehold management
- Housing options and advice
- Floating support
- Welfare Rights Advice
- Neighbourhood management
- Repairs and maintenance including disabled adaptations and energy efficiency
- Resident Engagement

Sandwell has a Cabinet member with Housing as their portfolio and the Safer Neighbourhoods and Active Communities Scrutiny Board receives policy reports and performance information.

5.2. Performance

During 2021/22 following the unprecedented challenges for the Covid 19 pandemic our front line repairs teams continued to deliver core services including more than 3,000 emergency repairs per month. Key performance statistics for our repairs service are:

- 94.7% satisfaction with the completed repair
- 97.9% emergency and urgent repairs completed on time

Current demand for repairs is c9,000 per month and there is still a backlog resulting from the pandemic but also challenges with staffing internally and with our contractors.

In terms of home safety our statistics show:

- 99.7% have been checked for gas safety (where applicable)
- 76.8% of homes have a valid 5-year safety inspection report – an area that we immediately working on
- 100% of purpose built flats have an up-to date fire safety risk assessment
- 100% of blocks of flats have an up-to-date re-inspection for asbestos containing materials
- 100% of relevant sites have up-to-date water hygiene and legionella prevention risk assessments
- 99.4% of passenger lifts have a valid safety inspection report – and moved on since to 100% compliant.

5.3. Leaseholder Services

Housing Services are responsible for providing the leaseholder service information and collection of service charges to over 1,252 homeowners.

Some of our leaseholders are impacted on by our major programme and we have reviewed and revised out policy on recharges to leaseholders for major works.

5.4. Housing for Older People

This is another important service that we provide to ensure that independence, security and peace of mind for is enabled for older people, generally over the age of 60.

We also have 2 extra care schemes where on-site care is provided.

Within Sandwell, it is anticipated that the population who are aged 65 years and over will grow by 20% by 2033 and will lead to an increase in requirement for specialist housing options. According to the Black Country Housing Market Assessment (2021), to meet local demand rates in 2039, modelling identifies a requirement for 1,666 additional units of sheltered housing for older people and 54 extra-care units in Sandwell.

We are using the Disabled Facilities Grant to help keep people independent in their own home for as long as possible and our new build programme has delivered a number of bungalows to ensure accessibility for older people. This is something we aspire to do more of.

5.5. Anti-Social Behaviour

Everybody has a right to enjoy their life in their own way, provided they do not upset the people living near them. In 2021/22 the 3 highest categories of anti-social behaviour consisted of 96 cases of verbal abuse, 82 cases of noise nuisance and 63 cases of criminal activity.

Our anti-social behaviour (ASB) team uses a prevention and early intervention approach to resolve ASB cases as quickly as possible using the most appropriate solutions for individual cases.

Early interventions can include: verbal and written warnings, mediation, referrals to partnership agencies and good neighbour agreements. Our Community Trigger gives communities and the victims of ASB to request a review of their case, in instances of an unsatisfactory response.

5.6. Resident Engagement

We are rolling out a programme of proactive home visits (with the aim of at least 1 visit every 3 years), and additional visits where required.

We are developing more opportunities to obtain feedback from our residents with invitations to join our Task and Finish Groups to facilitate co-designed solutions in order to improve our services.

Our new Tenant and Leasehold Scrutiny Group will allow for our services to be reviewed and scrutinised by our residents and Tenant Auditors Team to assist in resolving complaints and provide direct feedback on the experiences of tenants.

We also value the partnership working and ‘critical friend’ role played by Sandwell Community Information and Participation Service (SCIPS) and provide an annual grant to help resource their activities.

We have launched or new annual tenant satisfaction survey and are currently processing the results.

In 2022 we published an annual report for tenants in order to feedback on our performance and explain how we spend the income collected through rents and service charges.

6. Housing Asset Management Strategy

6.1. Introduction and Current Status

The most recent version of the strategy covers 2017 to 2020 and sits alongside a 5 year capital programme detailing the levels of investment within our existing homes.

We will publish an updated Asset Management Strategy in the coming year which will incorporate:

- The results of new stock conditions survey carried out externally – as these become available.
- Details of how we will approach building safety works.
- Revised profiles for expenditure on energy efficiency.
- Revised profiling of the capital programme as required.

6.2. The Purpose

The updated housing Asset Management Strategy will contribute to the delivery of our business plan. It structures our ability to deliver our strategic asset management objectives of the properties we own:

1. Are appropriately maintained in accordance with an agreed standard on an agreed programme cycle;
2. Meet all regulatory standards (including building safety compliance and adherence to latest legislation) and Landlord Obligations, including the Homes and Communities Agency's (HCA) Homes Standard;
3. Are located in well managed and attractive environments that feel secure and welcoming;
4. Are healthy and safe places to live (free from Category 1 Housing Health and Safety Rating System hazards);
5. Are viable and deliver a positive yield over the business planning period (ideally with an improving Net Present Value (NPV) and high levels of demand);
6. Meet the needs and aspirations of both current and future residents, contributing to high levels of satisfaction (with both the property and the neighbourhood);
7. Continue to improve and modernise available housing for older people;
8. Encourage green technologies and innovative solutions to the climate emergency;
9. Enable Community Development which positively supports the local community
10. Deliver an environmental and sustainability strategy which addresses the impacts of climate change, delivers the housing stock to net zero carbon by or before 2050. Using green technology and innovation to deliver these objectives.

6.3. Performance of our Stock

To be added.

6.4. Sheltered/Specialised Stock

Add details as to any differentiation of stock investment or scheme remodelling options e.g. the Granges.

6.5. Future Costs to be identified and included

The Council currently has a 5-year spend profile, as detailed in the section below, commencing in 2022.23. With the external review and update of future investment costs this will inevitably change the projected position within the plan.

It should be recognised that the following will need to be added to existing investment costs modelled within this business plan as to when outline programmes can be devised with accurate costings and utilising any available external funding sources which may be available:

- Zero Carbon: We need to develop an understanding of the technical solutions available, and their cost. We will seek funding to support delivery and take in to account the financial viability of properties. Current estimates are between £84million and £100million (exclusive of fees). Assumed that zero carbon excluded. Whilst we have identified £87million in our expenditure requirements, a much reduced provision of £2million has been included within this plan until we can be more certain as to the funding arrangements.
- Decent Homes 2 & Building Safety. At the same time as reviewing our own investment standard we will respond to any revised government guidance on the decent homes standard, as well as any additional costs from expected increases in consumer regulation and building safety requirements over and above the values already included within our costs identified in the section below.

7. Future Development & Acquisitions

7.1. The need for Additional Homes

A continual message within this plan is the need for additional affordable housing, set against the backdrop of losing stock through right to buy in Sandwell.

Through a number of options, we will seek to acquire and develop new homes. However, we are restricted in respect of land opportunities that we own and much of our past housing development has utilised suitable developable sites such as disused garage areas and infills.

We will continue to explore the options in respect of acquiring land and properties from the open market.

7.2. Existing Development Programme

Our existing programme that completes in 2026/27 provides :

- A total of 475 homes
- A cost of £109.6million

These will be funded by a mixture of borrowing, grant from Homes England and right to buy receipts.

7.3. Future Programme

Moving forward, there will be a continual evaluation for the acquisition of homes from the open market. However, we will be constrained in respect of the use of right to buy receipts, given that new rules limit acquisitions to 20 per year plus a percentage of the new build figure.

We will continue to seek land opportunities in order to continue our own development and to supplement the affordable homes that are being delivered by our partner registered providers.

For the purposes of the plan we have modelled three scenarios for additional new build and the impacts of these are contained within section 8.11 below.

8. HRA Financial Projections

8.1. How HRA finances have evolved over the last 10 years

The HRA is a ring-fenced account relating to the council's landlord function. The self-financing system introduced in 2012 for the HRA removed the uncertainty caused by the old annual subsidy announcements and has allowed for better longer term financial planning for the ring-fenced account. The ability for tenants to exercise their right to buy was reinvigorated allowing discounted rates with a result of a higher number of sales that has an adverse impact on the finances for the HRA.

The core constituents of the account are rent income; both capital and revenue maintenance of the housing stock; management costs; and debt repayments. As the account has been carrying a fairly high balance, the Council has also been making revenue contributions (i.e. from rent income directly) to fund capital expenditure for identified projects as well.

8.2. Use of a financial model

We have maintained an HRA business plan model for a number of years which has assisted us with both short and long-term planning but within the restriction of the debt cap imposed in conjunction with the 2012 self-financing system which offered very little in the way of borrowing headroom.

We have engaged Savills to support us with the modelling, bringing their experience of working with a large number of authorities and sense checking our assumptions.

The model provided the basis for the financial elements of this business plan and is launched from April 2022 with the assumptions behind the forecasts contained in Appendix 9.1.

8.3. Treasury Management

HRA debt is measured by the HRA Capital Financing Requirement (HRACFR) and was £484.886million in April 2022. In order to finance the debt, the Council has a number of loans that have been taken out over a series of years. Some of these loans have been directly attributed to the HRA, totalling £336.868million, which results in a balance of £148.018million which is "internally financed" from the Councils General Fund.

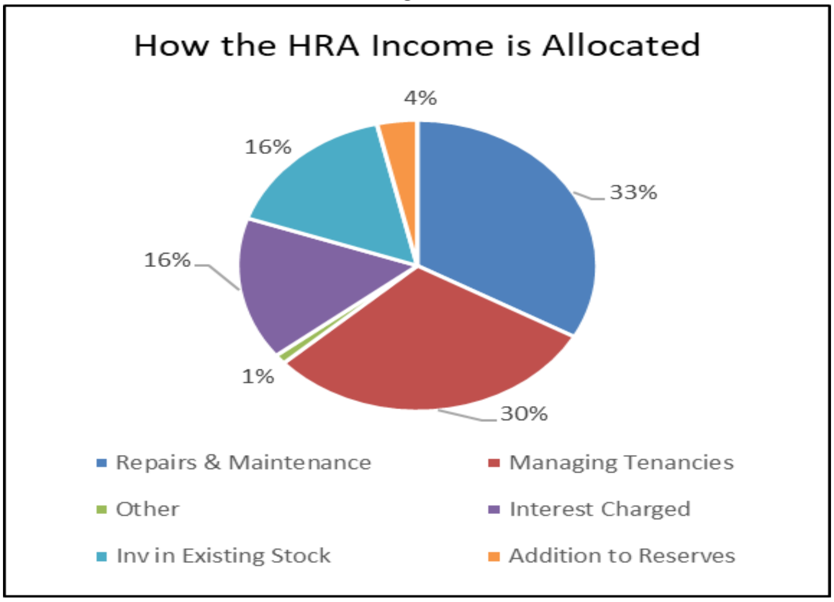
The Council borrows and invests in accordance with its Treasury Management Strategy and plans any consideration of borrowing closely through the financial strategy, and ten-year corporate Capital Programme.

The Council is required to set its own prudential borrowing framework with limits on borrowing which could be based on a series of indicators, as used by other authorities and the Registered Provider sector, to ensure existing and forecast borrowing is both affordable, appropriate and allows a degree of contingency to address unforeseen factors.

These levels of new prudential limits have not been factored into our modelling and plan as these are yet to be established. We need to establish what it is affordable in terms of levels of borrowing but also what additional costs, be it new development, investment in energy efficiency, increased levels of improvements to existing properties or combination of them all could be delivered.

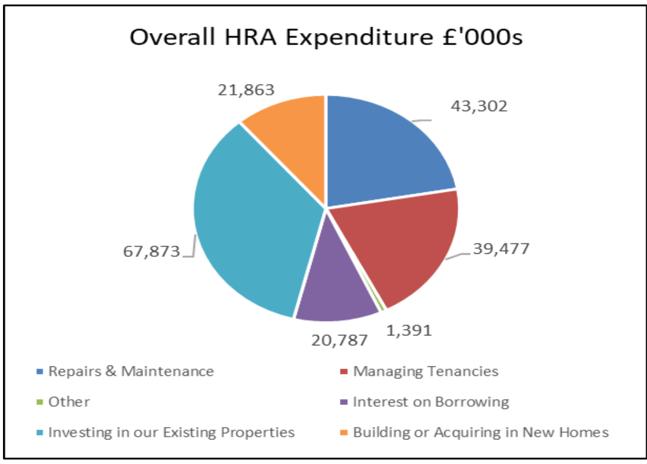
8.4. How the rent is spent

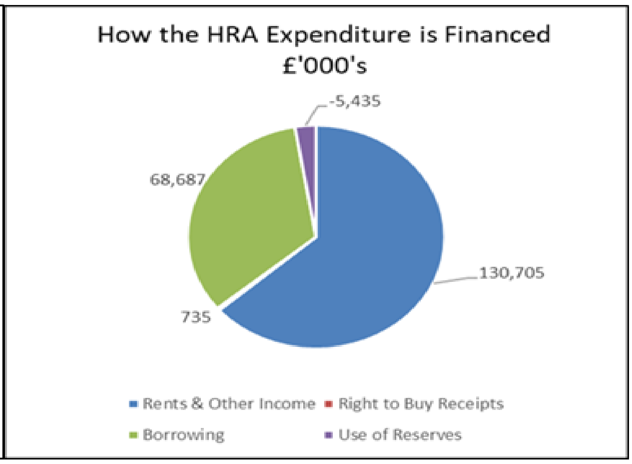
The following chart shows how our rental income, service charges and other income is spent based on our forecast 2022.23 HRA budget:



This chart shows that the HRA makes a 4% surplus from its rents which is either used to finance additional capital works or retained to be utilised in future years.

In terms of our overall HRA expenditure, both capital and revenue, we have demonstrated below how this is split, but also financed.





8.5. Long-term capital expenditure forecasts

As previously stated the HRA has a 5-year capital programme has been identified for the next 5 years from 2022.23 (excluding new build development). The following base costs have been factored into the draft plan:

£'m	**2022.23**	**2023.24**	**2024.25**	**2025.26**	**2026.27**
High-Rise Flats	18.230	19.391	13.833	13.883	11.733
Disabled Adaptations	4.113	3.000	3.000	3.000	2.500
Boiler Replacements	4.501	3.000	3.000	3.000	3.000
ECO Projects	3.240	1.000	1.000	1.000	1.000
Refurbishment	12.679	12.529	13.979	13.979	13.979
Union Street	0.550	0.550			
CCTV Expansions	0.470	0.900			
Other	4.295	0.750			
Total	**48.078**	**41.120**	**34.812**	**34.812**	**32.212**

The above results in total expenditure of £191.034million over the next 5 years.

Further to this is the inclusion of £109.601million provisional expenditure for this period for homes through new build or acquisition.

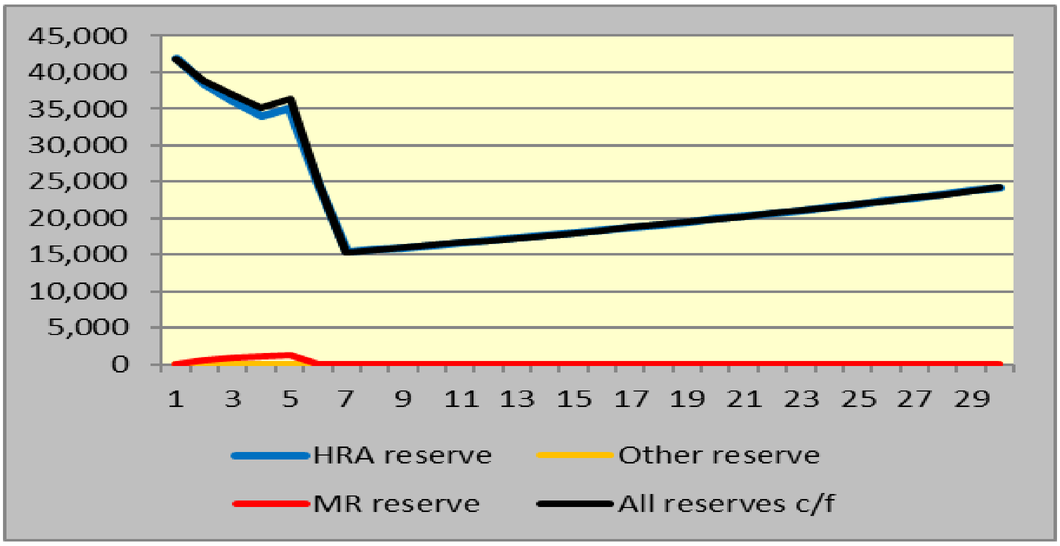
In order to form an indicative view of potential capital expenditure for the following 25 years of investment in the existing stock we have applied similar levels of expenditure for the balance of the plan, whilst seeking to provide an average investment of c£37,000 per property over the 30-year period.

It is important to note that both the existing 5 year capital programme and indicative expenditure will require updating following the results of stock condition surveys, carried out externally, that will inform actual requirements.

8.6. Long-term expenditure forecasts

The following graphs are excerpts from our HRA business plan model for both revenue and capital.

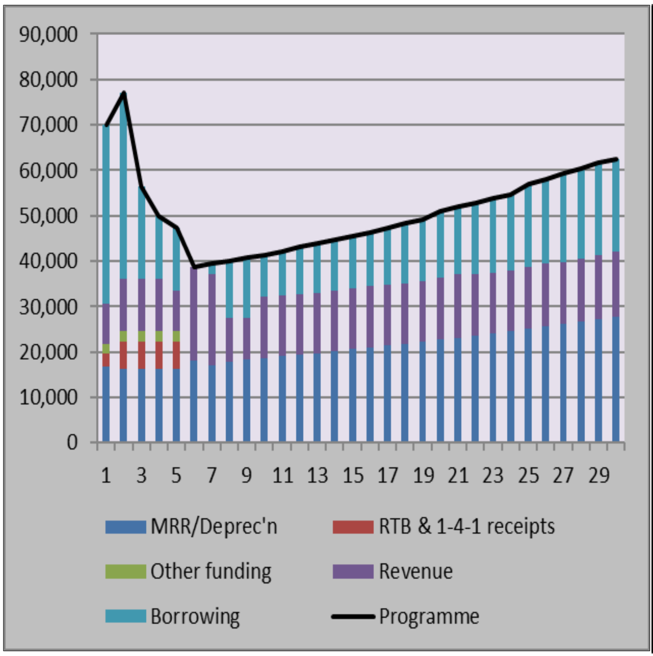
<u>Revenue Projections</u>

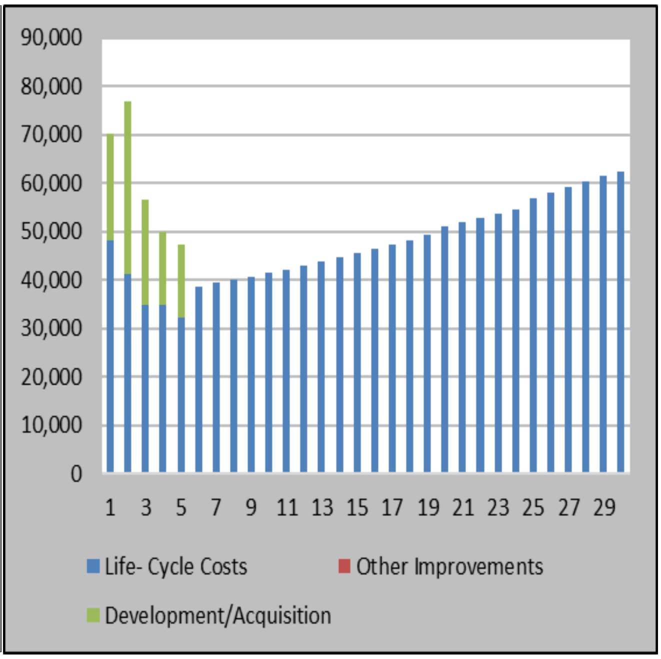


**Note: The HRA reserve is the revenue reserve available to fund both revenue expenditure but also contribute towards capital expenditure. The MR reserve is the Major Repairs Reserve which can only be used to fund capital expenditure or facilitate debt repayment.*

The black line demonstrates the combined balances of the HRA and Major Repairs Reserve over the duration of 30 years. It is planned to use some of the current high level of reserves on specific projects within the capital programme gradually over the next 5 years. From this point the HRA will retain a minimum balance of c£13million, with inflation applied, ensuring that surpluses above this are invested in capital expenditure as below.

8.7. Long-term expenditure forecasts



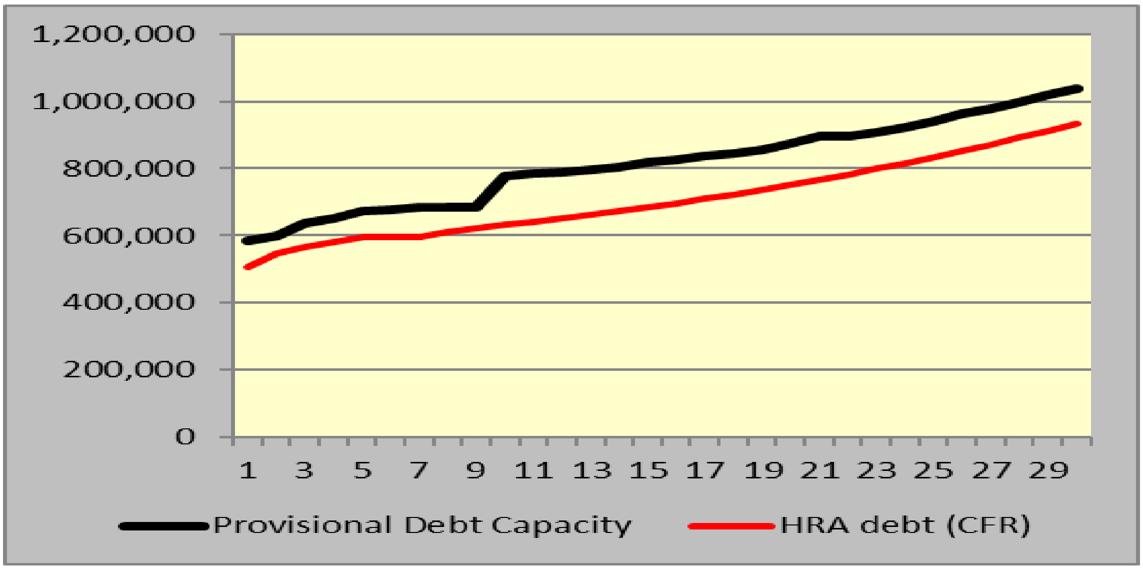


The left hand graph demonstrates the total projected capital expenditure by way of the horizontal black line and supplemented by how it is financed within the HRA through reserves, other forms of funding and borrowing.

The right hand graph differentiates the overall spending between new build and on existing stock.

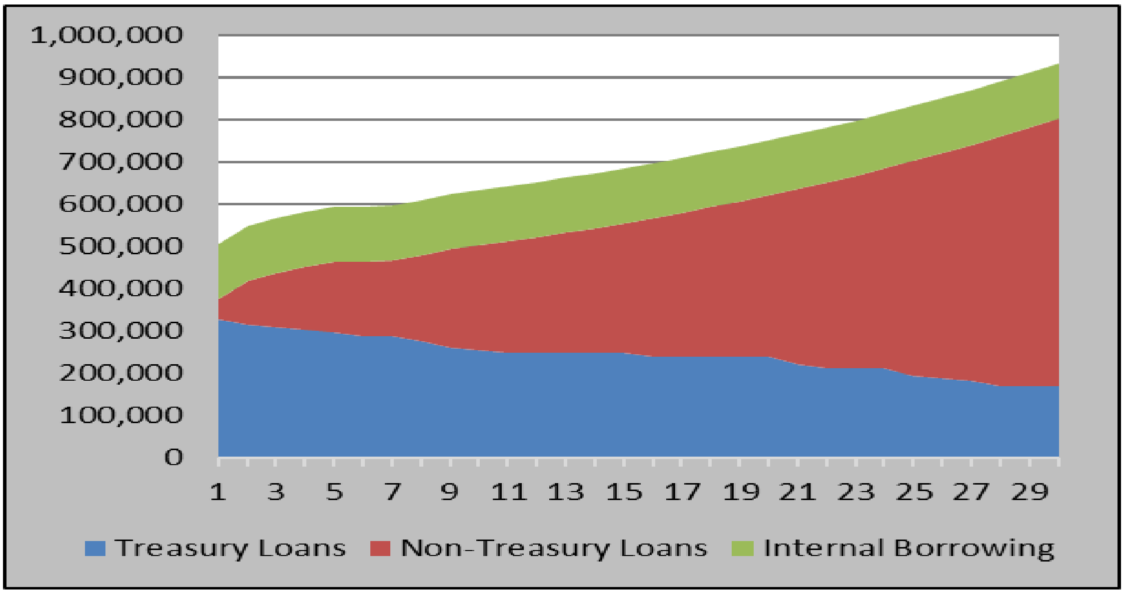
8.8. Long-Term financing position & capacity

The following graph shows the borrowing position for the HRA over the next 30 years, whilst fully funding the above provisional capital expenditure.



The provisional levels of capital expenditure modelled require a steady stream of borrowing despite surpluses within the HRA being made available to fund these works. It is estimated that total borrowing could reach £932million after 30 years, which is deemed to be sustainable providing net rent income increases to allow levels of debt to be covered.

We are yet to fully establish our prudential borrowing limits for the HRA, but by way of example we have applied a common approach for identifying potential limits year on year by applying a "golden-rule" based on a range of metrics. This shows that the HRA has some, provisional, borrowing capacity.



The initial loan portfolio of existing facilities of £336.868million reduces to £170.774million through various maturity dates. However, due to the need for continual borrowing the existing loans require refinancing. The current level of "internal borrowing" remains static for the period of the plan.

8.9. Impact of opportunities

Given the current borrowing forecast and that prudential limits are yet to be agreed, there is no confirmed capacity for borrowing, although the 5-year capital programme makes assumptions as to levels of borrowing

As previously stated we are undertaking a stock condition survey to determine the levels of expenditure that that should be modelled to provide a sounder base on which to base future financial planning decisions.

Therefore, we will continually review our investment strategy both for our existing stock, development and acquisition opportunities to ensure that we maximise on our delivery through ensuring a thorough prioritisation of our investment strategy. As part of this we will seek all opportunities for external funding to fund works to ensure our stock meets zero carbon and other alternative funding strategies.

8.10. Financial impact of key risks

We have modelled the impacts to the plan when considering both adverse but also advantageous scenarios that in some instances will be outside of the control of Sandwell.

Scenario	HRA Bal at Year 30 £'m	Debt at Year 30 £m
Base	**24.231**	**932.116**
Rents Increase at 2% (in place of 5% Years 2 & 3)	10.643	1,239.808
Repairs and Management Inflation 5% Years 2 & 3)	24.231	843.616
Rents CPI + 0.5% for 5 Years (Years 3-8)	24.231	818.831
Repairs +5% Year 3	24.231	1,177.433
Capital Exp +5% Year 3	24.231	1,133.516
Voids & Bad Debts +1% each	24.231	1,104.533
Interest Rate +1% new borrowing	24.231	1,073.006
CPI -0.5%	21.118	934.844
CPI +1%	31.837	932.067

The plan is sensitive to a wide range of impacts.

Any divergence from the rent increases assumed as the basis for this business plan (5% in April 2023 & 2024 respectively) show that future HRA balances are not at severe risk of being in deficit, whilst substantially increases debt, due to the current inability to catch up to relevant levels.

These sensitivities also demonstrate that if management and repair cost inflation in 2023.24 and 2024.25 could match rent increases (rather than increasing above) then it significantly reduces future borrowing requirements.

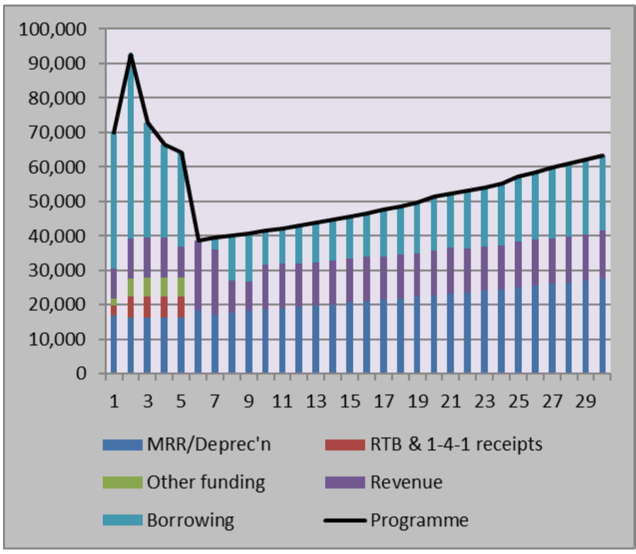
8.11. New Build Scenarios

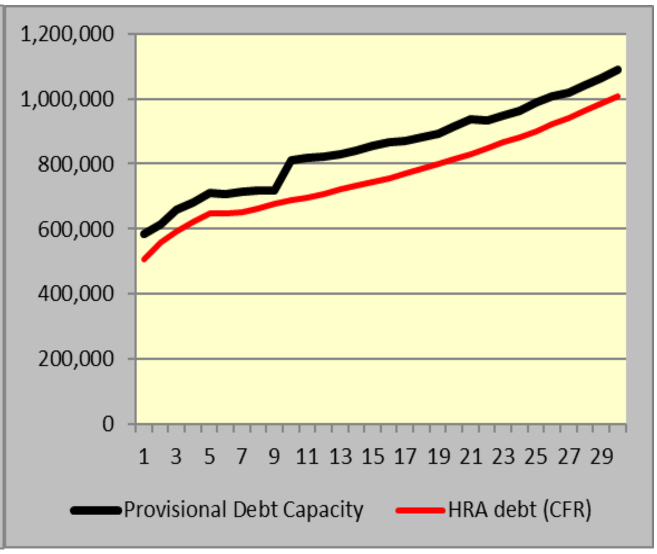
As previously stated we have modelled three scenarios for additional new build over and above the 475 contained within the baseline plan.

For all of the options we have assumed a blended average cost of £250,000 per property to allow for scoping, planning, land acquisition, building and development management. In terms of subsidy we have assumed a 20% contribution from a range of sources including 1-4-1 retained right to buy receipts, Homes England Grant or s106 commuted sums.

Option 1

This option provides an additional 240 homes over a period of 4 years. The results are as follows:



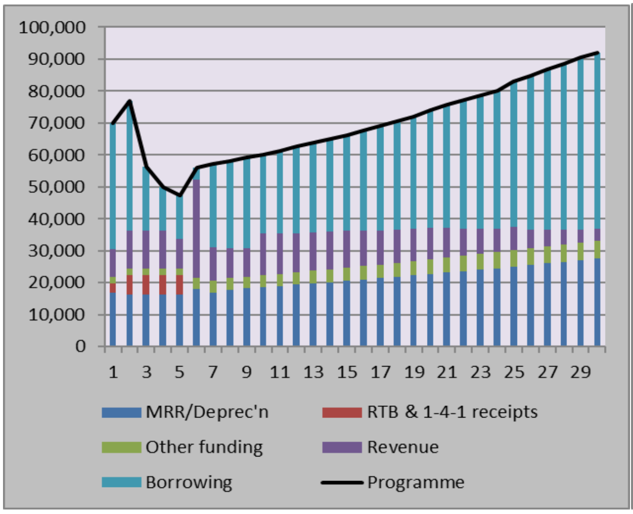


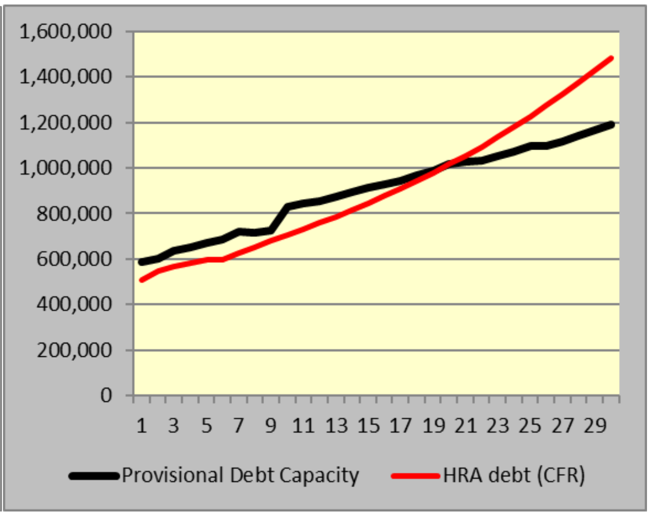
This shows that borrowing increases to a maximum of £1.006billion over the 30 years of the plan. Revenue balances remain at the minimum level with a projected balance of £24.231million in year 30.

In terms of borrowing capacity, the plan shows debt remaining within the suggested “golden-rule” levels in all years.

<u>Option 2</u>

This option provides an additional 1,500 homes over a period of 25 years from year 6 onwards. The results are as follows:



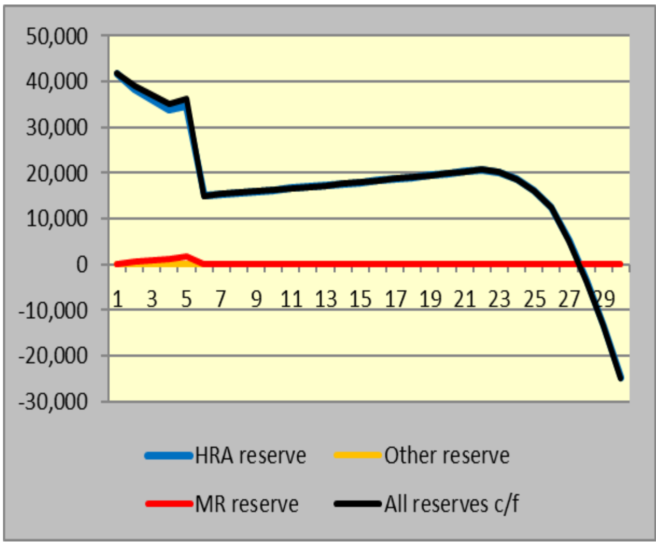


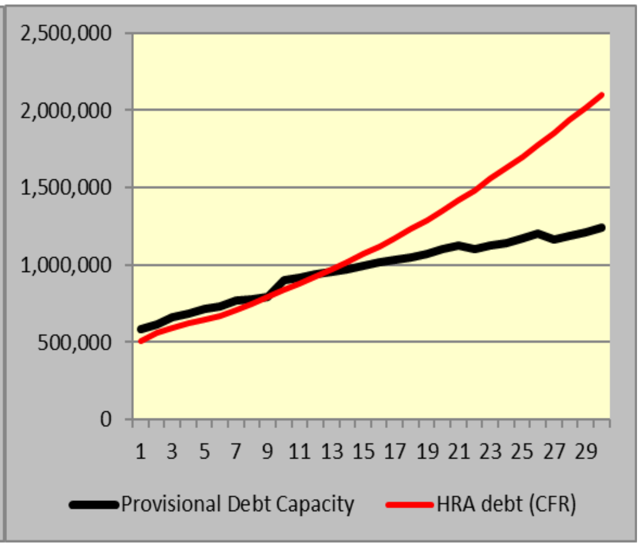
This shows that borrowing increases to a maximum of £1.483billion over the 30 years of the plan. Revenue balances remain at the minimum level with a projected balance of £24.231million in year 30.

In terms of borrowing capacity, the plan shows debt remaining rising above the suggested "golden-rule" from year 21. Therefore, consideration would need to be given in respect of rent levels, subsidy available and build costs.

Option 3

This option provides an additional 3,240 homes over a period of 29 years. The results are as follows:





This shows that borrowing increases to a maximum of £2.100billion over the 30 years of the plan. Revenue balances begin to fall beyond year 22, to the point where they are negative in year 28.

In addition to the revenue position going into deficit, the forecast borrowing goes above the suggested "golden-rule" levels from year 14 onwards. As before, consideration would need to be given in respect of the number properties to be built, rent levels, subsidy available and development costs.

9. Appendices

9.1. Financial Business Plan assumptions

Description	Short to Medium term	Long term (30 years)
Financing	Opening debt at £484.886m– Planned Borrowing £127.8m (5 Years)	Future Borrowing - £337.210m – No prudential borrowing rules approved
Property changes over the plan	28,212 properties 1/4/2022 with 250 RTB per annum (reducing by 5% per annum)	Reducing per 5% per annum – Total RTBs 3,927 (14% of stock)
Economic – inflation and interest rates	5% core (CPI) inflation years 2 & 3, then CPI 2%, interest rates start at 3.5% for new borrowing, rising to 4.25% Internal Borrowing at 2.5%	2% core inflation, interest rates stable at 4.25% long term except for existing borrowing and internal borrowing at 2.5%
Rents and Service Charge Inflation	Capped at 5% for 2023.24 and 2024.25 then CPI only	CPI only
Arrears and bad debts	2.0% of rents voids, 0.64% Bad Debts	2.0% of rents voids, 0.64% Bad Debts
Management costs	2022/2023 provisional budget rising at CPI + 2% (years 2 & 3) then CPI	Inflation long term at CPI
Repairs costs	2022/2023 provisional budget rising at CPI + 2% (years 2 & 3) then CPI	Inflation long term at CPI – adjusted for stock numbers
Capital profile	As per existing capital programme to year 9 – CPI inflation	Estimated values – adjusted for stock numbers – inflated by CPI
Use of capital resources (RTB receipts etc) and explanation for basis	RTB receipts to General Fund with exception of new build 1-4-1 receipts	RTB receipts to General Fund

Note: Current actual CPI rates are forecast at 9.9% for 2022 Q3 and 9.5% 2023 Q3, according to the August 2022 Monetary Policy Committee report, to which rent inflation is based. The CPI inflation factors used within the model for 2023.24 and 2024.25 have been set at 5%, the same level as forecast rent increases, with further adjustments to management and maintenance costs to bring these closer to forecast CPI rates. The CPI forecasts were made prior to Government announcements in terms of energy price capping and will be subject to change.

9.2. Financial Business Forecasts

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	121,895	127,471	134,564	137,228	139,771	142,397	144,668	147,007	149,414	151,890	154,437	157,055	159,743	162,504	165,339
Non-dwelling rents	200	210	218	223	227	232	236	241	246	251	256	261	266	272	277
Service charge income	2,814	2,954	3,102	3,164	3,227	3,292	3,358	3,425	3,493	3,563	3,634	3,707	3,781	3,857	3,934
Other income and contributions	5,713	5,713	5,713	5,713	5,713	5,713	5,713	5,713	5,713	0	0	0	0	0	0
Total income	**130,622**	**136,348**	**143,598**	**146,327**	**148,938**	**151,634**	**153,975**	**156,385**	**158,866**	**155,704**	**158,327**	**161,023**	**163,791**	**166,633**	**169,550**
Repairs & maintenance	43,302	46,212	48,863	49,723	50,603	51,505	52,570	53,517	54,487	56,421	57,455	58,669	59,754	60,863	61,831
Management (incl RRT)	40,050	43,022	45,408	46,316	47,243	48,187	49,151	50,134	51,137	40,650	41,463	42,292	43,138	44,000	44,880
Bad debts	799	835	880	896	912	928	943	958	974	990	1,006	1,023	1,041	1,059	1,077
Depreciation	16,876	16,876	16,661	16,569	16,483	16,695	16,914	17,908	18,267	18,632	19,005	19,385	19,772	20,168	20,571
Debt management	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total costs	**101,045**	**106,944**	**111,812**	**113,504**	**115,241**	**117,315**	**119,578**	**122,518**	**124,864**	**116,692**	**118,929**	**121,369**	**123,705**	**126,090**	**128,360**
Net income from services	**29,577**	**29,404**	**31,785**	**32,823**	**33,697**	**34,319**	**34,397**	**33,867**	**34,002**	**39,012**	**39,399**	**39,654**	**40,086**	**40,543**	**41,190**
Interest payable	-20,349	-21,426	-22,659	-23,454	-23,799	-24,095	-23,960	-24,102	-24,692	-25,286	-25,750	-26,209	-26,651	-27,111	-27,589
Interest income	83	211	293	278	352	358	250	154	157	160	163	166	170	173	177
Net income/expenditure before appropriations	**9,310**	**8,189**	**9,419**	**9,647**	**10,250**	**10,582**	**10,686**	**9,919**	**9,466**	**13,885**	**13,812**	**13,611**	**13,605**	**13,604**	**13,777**
Set aside for debt repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue contributions to capital	-8,750	-11,700	-11,700	-11,700	-9,100	-20,754	-20,299	-9,612	-9,153	-13,566	-13,486	-13,279	-13,265	-13,258	-13,424
Net HRA Surplus/Deficit	**560**	**-3,511**	**-2,281**	**-2,053**	**1,150**	**-10,172**	**-9,612**	**307**	**313**	**320**	**326**	**333**	**339**	**346**	**353**
HRA Balance brought forward	**41,285**	**41,845**	**38,334**	**36,053**	**34,000**	**35,151**	**24,978**	**15,366**	**15,674**	**15,987**	**16,307**	**16,633**	**16,966**	**17,305**	**17,651**
HRA surplus/(deficit)	560	-3,511	-2,281	-2,053	1,150	-10,172	-9,612	307	313	320	326	333	339	346	353
HRA Balance carried forward	**41,845**	**38,334**	**36,053**	**34,000**	**35,151**	**24,978**	**15,366**	**15,674**	**15,987**	**16,307**	**16,633**	**16,966**	**17,305**	**17,651**	**18,004**
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	48,078	41,120	34,812	34,812	32,212	38,755	39,394	40,051	40,725	41,416	42,159	43,025	43,833	44,642	45,471
Development/acquisition	22,038	35,829	21,650	15,083	15,000	0	0	0	0	0	0	0	0	0	0
Capital programme	**70,116**	**76,949**	**56,462**	**49,895**	**47,212**	**38,755**	**39,394**	**40,051**	**40,725**	**41,416**	**42,159**	**43,025**	**43,833**	**44,642**	**45,471**
Scheduled Loan Repayment	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financed by...															
Major Repairs Reserve	-16,876	-16,321	-16,321	-16,321	-16,321	-18,001	-16,914	-17,908	-18,267	-18,632	-19,005	-19,385	-19,772	-20,168	-20,571
1-4-1 receipts	-2,800	-6,000	-6,000	-6,000	-6,000	0	0	0	0	0	0	0	0	0	0
Other receipts and grants	-2,190	-2,190	-2,190	-2,190	-2,190	0	0	0	0	0	0	0	0	0	0
Revenue contributions	-8,750	-11,700	-11,700	-11,700	-9,100	-20,754	-20,299	-9,612	-9,153	-13,566	-13,486	-13,279	-13,265	-13,258	-13,424
HRA borrowing	-39,501	-40,739	-20,251	-13,685	-13,601	0	-2,182	-12,531	-13,306	-9,219	-9,669	-10,362	-10,796	-11,216	-11,476
Capital financing	**-70,116**	**-76,949**	**-56,462**	**-49,895**	**-47,212**	**-38,755**	**-39,394**	**-40,051**	**-40,725**	**-41,416**	**-42,159**	**-43,025**	**-43,833**	**-44,642**	**-45,471**
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**	**555**	**896**	**1,144**	**1,306**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
HRA depreciation (net)	16,876	16,876	16,661	16,569	16,483	16,695	16,914	17,908	18,267	18,632	19,005	19,385	19,772	20,168	20,571
Financing for capital programme	-16,876	-16,321	-16,321	-16,321	-16,321	-18,001	-16,914	-17,908	-18,267	-18,632	-19,005	-19,385	-19,772	-20,168	-20,571
Debt Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve c/fwd	**0**	**555**	**896**	**1,144**	**1,306**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

HRA Business Plan

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	168,246	171,229	174,288	177,424	180,637	183,929	187,301	190,754	194,289	197,907	201,610	205,399	209,275	213,240	217,294
Non-dwelling rents	283	288	294	300	306	312	318	325	331	338	344	351	358	365	373
Service charge income	4,013	4,093	4,175	4,258	4,343	4,430	4,519	4,609	4,701	4,795	4,891	4,989	5,089	5,191	5,295
Other income and contributions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income	**172,542**	**175,611**	**178,757**	**181,982**	**185,287**	**188,671**	**192,138**	**195,688**	**199,322**	**203,041**	**206,846**	**210,740**	**214,722**	**218,796**	**222,961**
Repairs & maintenance	62,987	64,341	65,552	66,790	67,871	69,160	70,667	72,016	73,393	74,598	76,031	77,705	79,204	80,735	82,074
Management (incl RRT)	45,778	46,694	47,627	48,580	49,552	50,543	51,554	52,585	53,636	54,709	55,803	56,919	58,058	59,219	60,403
Bad debts	1,096	1,115	1,135	1,156	1,177	1,198	1,220	1,242	1,265	1,289	1,313	1,337	1,363	1,388	1,415
Depreciation	20,983	21,402	21,830	22,267	22,712	23,166	23,630	24,102	24,584	25,076	25,578	26,089	26,611	27,143	27,686
Debt management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total costs	**130,844**	**133,553**	**136,145**	**138,793**	**141,312**	**144,067**	**147,070**	**149,945**	**152,879**	**155,672**	**158,725**	**162,051**	**165,235**	**168,485**	**171,578**
Net income from services	**41,698**	**42,058**	**42,612**	**43,189**	**43,975**	**44,605**	**45,068**	**45,743**	**46,442**	**47,369**	**48,122**	**48,688**	**49,487**	**50,311**	**51,384**
Interest payable	-28,077	-28,566	-29,106	-29,668	-30,253	-30,483	-31,444	-32,114	-32,805	-33,451	-34,001	-34,676	-35,344	-35,995	-36,863
Interest income	180	184	187	191	195	199	203	207	211	215	219	224	228	233	238
Net income/expenditure before appropriations	**13,801**	**13,676**	**13,693**	**13,712**	**13,917**	**14,320**	**13,827**	**13,836**	**13,848**	**14,133**	**14,340**	**14,237**	**14,371**	**14,549**	**14,758**
Set aside for debt repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue contributions to capital	-13,441	-13,308	-13,318	-13,330	-13,527	-13,923	-13,422	-13,422	-13,427	-13,703	-13,901	-13,789	-13,914	-14,083	-14,283
Net HRA Surplus/Deficit	**360**	**367**	**375**	**382**	**390**	**398**	**406**	**414**	**422**	**430**	**439**	**448**	**457**	**466**	**475**
HRA Balance brought forward	**18,004**	**18,364**	**18,731**	**19,106**	**19,488**	**19,878**	**20,275**	**20,681**	**21,095**	**21,516**	**21,947**	**22,386**	**22,833**	**23,290**	**23,756**
HRA surplus/(deficit)	360	367	375	382	390	398	406	414	422	430	439	448	457	466	475
HRA Balance carried forward	**18,364**	**18,731**	**19,106**	**19,488**	**19,878**	**20,275**	**20,681**	**21,095**	**21,516**	**21,947**	**22,386**	**22,833**	**23,290**	**23,756**	**24,231**
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	46,331	47,373	48,317	49,254	50,978	51,894	52,780	53,725	54,700	56,880	57,989	59,263	60,459	61,655	62,505
Development/acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital programme	**46,331**	**47,373**	**48,317**	**49,254**	**50,978**	**51,894**	**52,780**	**53,725**	**54,700**	**56,880**	**57,989**	**59,263**	**60,459**	**61,655**	**62,505**
Scheduled Loan Repayment	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financed by...															
Major Repairs Reserve	-20,983	-21,402	-21,830	-22,267	-22,712	-23,166	-23,630	-24,102	-24,584	-25,076	-25,578	-26,089	-26,611	-27,143	-27,686
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	-13,441	-13,308	-13,318	-13,330	-13,527	-13,923	-13,422	-13,422	-13,427	-13,703	-13,901	-13,789	-13,914	-14,083	-14,283
HRA borrowing	-11,908	-12,662	-13,169	-13,656	-14,739	-14,805	-15,729	-16,201	-16,689	-18,101	-18,510	-19,385	-19,933	-20,429	-20,537
Capital financing	**-46,331**	**-47,373**	**-48,317**	**-49,254**	**-50,978**	**-51,894**	**-52,780**	**-53,725**	**-54,700**	**-56,880**	**-57,989**	**-59,263**	**-60,459**	**-61,655**	**-62,505**
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)	20,983	21,402	21,830	22,267	22,712	23,166	23,630	24,102	24,584	25,076	25,578	26,089	26,611	27,143	27,686
Financing for capital programme	-20,983	-21,402	-21,830	-22,267	-22,712	-23,166	-23,630	-24,102	-24,584	-25,076	-25,578	-26,089	-26,611	-27,143	-27,686
Debt Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Major Repairs Reserve c/fwd	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**