Housing Business Plan position statement

1. Introduction

1.1. Further to the report approved at the Cabinet meeting held on 9 February 2012, this report is to highlight the progress made in respect of the Housing Business Plan, and in particular to provide an update to Members on the position of the Housing Revenue Account following the commencement of the new self-financing regime on 1st April 2012.

2. Housing Business Plan

2.1. One of the key tasks to be achieved this year is the development of a 30-year Business Plan for Housing. This document will define the services that will delivered to tenants and residents over the coming years, how those services will be delivered, and how they will be financed.

2.2. The Housing Business Plan will comprise both Housing Revenue Account (HRA) and Housing General Fund (HGF) elements, but for the purposes of financial modelling these will need to be kept separate due to the different funding and regulatory regimes. These separate elements will, however, be brought together to generate the overall Housing Business Plan.

2.3. An outline of the Housing Business Plan document is attached for information. This document will be populated and refined over the coming months with a view to a final version being available in March 2013. Progress reports will be made in the interim.

Housing Revenue Account (HRA)

2.4. Members will be aware that as part of the “deal” to be able to leave the HRA Subsidy system, under which the Council was paying in the region of 30% of its rents to the Government, the Council had to agree to take on additional debt by making a payment of £88.461m to the Government. The loan to fund this payment was taken out with the Public Works Loan Board on 28th March 2012, and was a 50-year maturity loan (repayable at the end of the 50-year term), at a fixed interest rate of 3.48%. The HRA business plan model has now been updated to reflect the amount borrowed at the actual rate achieved, rather than the estimated figures previously assumed.

2.5. In addition, the HRA has now been finalised for 2011/12, meaning that the correct opening positions for 2012/13 are now known. As part of the self-financing agreement, the amount of debt that Harrow has had to take on has meant that the Council has reached the maximum amount that the HRA can borrow (the borrowing cap), and is therefore not able to undertake any borrowing to fund future capital investment in the housing stock. For this reason, a decision was taken in 2011/12 to not use the Major Repairs Allowance (MRA) to fund HRA capital expenditure in that year, but to use borrowing instead as this was still permissible in

2011/12. The result of this is that the 2011/12 MRA of £4.148m has been able to be carried forward within the Major Repairs Reserve (MRR) for use in 2012/13 and 2013/14.

2.6. Within the HRA, there was a lower than anticipated contribution to bad debt provision, and reduced charges for capital resulting from a combination of a lower than expected spend on capital programme (£6.1m spent against budget of £11.2m) together with reduction in interest rates, all of which were partly offset by a variation in HRA subsidy. The net position for 2011/12 was therefore an underspend of £0.355m, leading to a higher-than-expected brought forward balance of £2.791m.

2.7. The HRA has therefore been re-modelled to take account of the revised opening revenue position, and Major Repairs Reserve balance.

2.8. Right-to-Buy sales were previously included at a notional 3 sales per year, but a decision has now been taken that, for the purposes of producing an updated model, we should use the sales numbers assumed in the model used by the Department for Communities and Local Government (CLG) to calculate the amount of debt Harrow had to take on under self-financing. This equates to 227 sales over 30 years (or an average of 7 per year). As part of the wider reform of housing finance, significant changes have been made to Right-to-Buy; firstly to try to make RTB more attractive by increasing the maximum discount to £75,000 (from £16,000 in Harrow), and secondly by setting a target of one-for-one replacement of all units sold under RTB nationally, although whether this will prove to be possible purely within Harrow is as yet unknown.

2.9. Where sales exceed the levels assumed in the self-financing model, Councils now have the ability to apply to retain any excess receipts (after paying the Government the amount it had assumed it would receive under self financing, and deducting the amount the Council would have received, as well as an allowance for repaying debt). These receipts can be used solely for providing new affordable housing units to replace those sold. Councils do not necessarily need to build/acquire properties themselves as the retained receipts can be used to grant-fund other Registered Providers, or indeed Councils can choose not to retain these receipts at all, in which case they will be passed on to the GLA for redistribution. These receipts can represent a maximum of 30% of the price of providing the new affordable housing, and built into this assumption is an expectation that new provision is likely to be rented at “affordable rents”, i.e. at up to 80% of market rents.

2.10. Whilst increasing the maximum discount levels is intended to reinvigorate RTB and increase the number of properties sold, the potential impact of this in Harrow, and indeed in many other London Boroughs is currently unknown. The maximum discount of £75,000 is a significant increase from the £16,000 discount previously applicable, but in comparison to house prices within the borough, may still not be sufficient to generate a significant increase in sales numbers, particularly given that around 70% of Harrow's tenants receive full or partial benefit. This improved discount figure is a national one, and it seems likely that the impact on sales will be far greater in areas of the country with cheaper house prices.

2.11. Since we do not currently know what the potential impact of the increased discounts will be, we have, as stated above, included sales at the levels assumed by CLG. We have, however, undertaken some sensitivity modelling to assess the potential impact of varying sales numbers.

2.12. With the exception of the specific assumptions highlighted above, most other assumptions remain unchanged from those assumed within the previous model. One area that has, however, been re-worked is future interest assumptions. As was previously agreed, the Council is operating a "one-pool" approach to its external debt. This means that both HRA debt and General Fund debt are administered together, with the HRA receiving its "share" of the overall capital finance charges.

2.13. The detailed loans making up the Council's loans pool, along with the new debt taken out under self-financing have been projected over the period of the business plan. As would be expected, the individual loans comprise a mixture of maturity dates and interest rates, and we have modelled the loans pool going forward on the bases that overall debt levels would be retained, and that maturing loans would be re-financed with new PWLB debt at an assumed interest rate of 5%. In addition, as highlighted below, we have carried out some sensitivity testing around future interest rates.

2.14. Revised projections are attached for both revenue account and capital programme and financing, and show a healthy revenue position with revenue balances of £242m accruing over 30 years, and a fully-funded capital programme.

2.15. Varying levels of the loans re-financing rate do not significantly impact on the overall projections, with a 4% re-financing rate increasing HRA balances by £10m over 30 years, and a 7% re-financing rate reducing balances by £20m over 30 years. Neither scenario impacts on the ability to fund capital investment, which remains fully-funded.

2.16. Increased levels of RTB sales would reduce HRA balances, but would need to increase significantly before impacting on the ability to fund the capital programme. Reduced levels of sales would increase HRA balances, but may have a marginal adverse impact on capital funding. Our modelling suggests any adverse impact could easily be managed by a slight re-profiling of capital investment in the affected year(s).

Housing Business Plan position statement

2.17. We have modelled RTB sales doubling (454 sales) and quadrupling (908 sales) from the levels assumed in the base model; for double the amount of sales, the HRA balance after 30 years would reduce to £207m and quadrupling the sales reduces the balance after 30 years to £134m. In neither case is there any under-funding of the capital programme. We have also modelled nil sales which would have the effect of increasing the HRA balance to £265m by year 30, but would mean that the capital programme in year 5 was underfunded by £119,000. This could, however, be resolved by delaying those works for one year, at which point they would be fundable. The approach currently taken within the HRA is that capital works costs are not assumed to vary with stock numbers, so in a sense modelling increased sales without reducing costs very much represents a worst-case scenario. Should sales start to increase significantly, we would need to consider the extent to which we would expect costs to reduce as properties were sold, as this could materially affect the viability of the HRA.

2.18. Revenue budgets include the following additional amounts, i.e. shown separately from the underlying budget information, and which have been specifically included to provide the necessary resources for elements of the Housing Changes agenda to be delivered:

Year	Total	Repairs	Resident Services	Change Management	Cash Incentive	Total Earmarked
	£000	£000	£000	£000	£000	£000
2012/13	900	350	350	200	Nil	900
2013/14	1,400	500	450	200	250	1,400
2014/15	1,300	400	450	200	250	1,300
2015/16	1,300	400	450	200	250	1,300
2016/17	1,550	400	450	200	500	1,550
2017/18	500	0	0	0	500	500
2018/19	750	0	0	0	750	750
Total	**7,700**	**2,050**	**2,150**	**1,000**	**2,500**	**7,700**

2.19. Proposals are currently in development that would be expected to utilise these resources, and in some cases require their permanent inclusion to ensure that the long-term requirements of the Housing Changes agenda can continue to be delivered. We anticipate having a firm position on all such proposals within the next three months, and will have assessed their combined impact on the level of resources available for other projects in time for setting the 2013/14 budget. We had also included £2.1m additional capital resources over years 2 to 7 of the BP to develop new initiatives e.g. possible buy-back of properties previously sold under Right-to-Buy, and options are being considered for the use of this provision.

2.20. Specific proposals are already well-advanced in respect of leasehold services, but any additional costs arising from these are anticipated to be (ultimately) recoverable. A review of resident services is underway, with the likelihood of proposals to revise the current structure to ensure that the key objective of Getting Closer to the Customer can be achieved. The report is not yet finalised, but will be discussed, consulted on and refined over the next few months.

2.21. Within resident services, a review of the way in which sheltered housing is delivered, and the services being provided to sheltered residents has been underway for some time. The proposals are intended to improve the levels of service currently being delivered to residents by increasing the number of client-facing staff and changing the way that services are being delivered, at a reduced cost to the HRA and General Fund. This review will be reported to Cabinet in September.

2.22. Work is well underway in respect of the Asset Management Strategy, and by September we will have detailed proposals for investment in the Housing stock over the next three years and outline proposals for the remainder of the 30-year projections. The work currently being carried out will determine the extent to which the additional repairs expenditure shown above will need to be continued going forward.

2.23. The detailed investment plans will also identify any investment works projected to be carried out in respect of leasehold properties, and the extent to which these will be recoverable. It is essential that these are identified in advance as this will enable the necessary consultation to be undertaken to ensure that there are no barriers to being able to recover the relevant amounts.

Areas still to be addressed

2.24. Rent Strategy – proposals for a rent strategy for 2013/14 and subsequent years are still under development. A balance will obviously need to be struck between maximising income for the HRA and ensuring that rents remain affordable for current and prospective tenants. The Council already has a policy of all new lettings being at target rent, but could consider possible options such as adopting target rent + 5% (in consultation with the Department for Communities and Local Government) and/or re-assessing the value of properties for rent calculation purposes following significant improvement programmes. Any proposals for changes to the rent strategy would be subject to full consultation with the appropriate tenant and member groups.

2.25. Garage rental strategy – this is now being considered as part of the wider review of garages being undertaken by the Garage Strategy Steering Group, which comprises Members, Residents and Officers. This review is intended to identify those garage sites that are popular and have high letting rates, garage sites that would be popular following appropriate levels of investment, garage sites that could potentially provide development opportunities, and garage sites for which alternative uses (other than development) could be considered. The outcome of the review will determine future use of each site, and will inform future rent-setting policy for garages, which may include a differential rent policy depending on popularity/state of repair.

2.26. Facility and Service charge strategy – detailed work in this area has not yet commenced but options for ensuring full cost recovery where possible will be developed over the next few months.

2.27. Impact of welfare reform on rent collection – this area is not yet clear cut, as we do not know when reform will be fully-implemented in London. A steering group has been established, however, to consider the potential impact of the introduction of universal credit, and this group will work together to develop scenarios for modelling the potential impact on the HRA. Assuming that implementation in London is delayed, we will have the benefit of experience from elsewhere which will assist us both in preparing for reform, and in establishing procedures to mitigate the potential impact.

2.28. Affordable Housing – one of the Council's key objectives is to find ways in which the balances projected to be generated within the HRA could be used to support the provision of new affordable housing units. The level of balances available to use in this way are part of the "balancing act" that is the self-financing HRA, and will depend on the alternative uses to which the resources could be put. Such uses could include investment in services, additional repairs or maintenance or repaying HRA debt.

2.29. When the Council was considering its position with regard to self-financing, part of the decision-making process related to how the payment of £88.461m to the government to leave the subsidy system would be funded. At that stage, it was already known that the HRA would be at its borrowing cap having taken on the new debt, and so would not be able to borrow additional amounts to build new affordable housing units, regardless of whether net rental streams could afford to support additional debt. A decision was therefore made that the Council should continue to operate a single loans pool post self-financing, with recharges being made to the HRA on the basis of its share of the overall pool, and no repayment of debt being assumed within the HRA over the life of the business plan.

2.30. At the time of agreeing a single pool approach, it was acknowledged that this methodology would result in an increased annual interest cost to the HRA, and consequently a reduced cost to the General Fund when compared with a two pool approach. The rationale for this approach was that, as the General Fund had additional borrowing capacity, the Council would explore ways in which new affordable housing could be financed by additional GF debt, which in turn would be funded by "surplus" HRA resources, and the additional interest cost to the HRA was felt to be affordable if it enabled new affordable housing to be supplied. We are aware of emerging proposals that may permit this type of arrangement, and understand that there may be an announcement from CLG in the near future. In the mean time we are continuing to explore alternative options for capitalising on the benefits of self-financing.

2.31. In the event, however, that it proves impossible to make a scheme to utilise projected HRA resources to fund GF debt workable, alternative scenarios will need to be considered in respect of treasury management within the HRA. This is likely to include a review of existing HRA borrowing arrangements, consideration of possible debt repayment options and future borrowing scenarios.to determine whether, and if so how much, new build could be provided from within projected HRA resources.

2.32. Many of the issues affecting the General Fund have either not yet crystallised, in terms of clarity around the potential impact, or are at the early stages of development. These include possible options for preventing homelessness and reducing the need to use expensive and less-than-ideal Bed and Breakfast accommodation, options for driving up standards in the Private Rented Sector and developing services for home owners. We anticipate these areas being developed over the next few months and update reports being submitted for consideration as policies are developed. Given the nature of some of these issues, a final position may not be arrived at until March 2013.

3. Housing options

3.1. As part of the process of considering whether HRA self-financing appeared to be the best option for Harrow, the Council commissioned a mini-options appraisal, which compared HRA stock retention under self-financing with a high-level whole-stock transfer valuation, and briefly touched on possible partial options for the stock. The conclusion at the time was that retention under self-financing appeared to be the most beneficial option.

3.2. As part of our work so far, we have re-visited the options previously considered to determine whether stock retention under self-financing continues to be the most beneficial option.

3.3. We have therefore produced a valuation model for Harrow’s housing stock using the information derived from the HRA business plan to populate the model. Our conclusions are as follows:

- Whole stock transfer would still generate a positive valuation;
- The indicative value would be in the region of £72m or c.£14,000 per unit (see valuation cash flows attached as Appendix 2);
- This would be insufficient to repay current debt (approx £150m), and as there are no general overhanging debt provisions currently in existence, the remaining debt of £78m would remain with the Council in the General Fund with no rent income streams to fund the debt;

- It is not clear what the “selling point” for transfer would be now, given the increased investment levels now possible as a result of self-financing.

3.4. Revised stock transfer guidance is due to be published shortly by the Department for Communities and Local Government (in fact it is overdue as it was due in “spring” 2012 and is now expected to be issued in “summer” 2012). This guidance is, however, not expected to significantly move the transfer “goalposts”, unless it broadens its scope beyond “traditional transfer” to embrace new, alternative, local ownership models not previously available.

3.5. In line with the previous work, we have considered a range of possible partial options for the housing stock, i.e. only relating to part of the stock, not all of it. Our conclusions are that those reported in the previous review are essentially still valid, in that:

- Partial transfer could work at estate level, particularly for regeneration schemes

- Partial options would give rise to the danger of fragmenting an (already small) stock;

- The is the potential for loss of economies of scale;

- Receipts (if any) would not not necessarily be sufficient to repay pro-rata debt, which would potentially have the effect of placing the residual HRA under financial pressure

3.6. Our review of housing options has made it clear that on the basis of the options currently available, stock retention under self-financing appears to be the most beneficial whole-stock option for Harrow at the moment. Should new options become available as a result of changes in government policy or regulations, then we would of course review the options at that time.

4. Summary

4.1. This report is labelled as a Housing Business Plan position statement, and as such is intended to be a snapshot of where we are currently in terms of the development of the plan.

4.2. Based on the modelling we have carried out, we can state that the Housing Revenue Account is in a better position than previous projections suggested, partly as a result of the 2011/12 closing position being slightly better than was previously assumed, and partly as a result of revised assumptions which are set out above. Significant levels of balances are projected to accrue in the HRA, and the capital investment programme is projected to be fully-funded (see below).

4.3. A comparison of the HRA business plan to a high-level transfer valuation model suggests that retention under self-financing remains the most beneficial of the currently-available housing options for Harrow at the moment.

4.4. Much work still remains to be done, however, to ensure that we have a business plan that reflects all of the needs of the housing service going forward, and we anticipate a significant amount of this work having being completed by September. Certain of the issues still to be resolved, however, are of such a nature as to be difficult to quantify, either as a result of requiring a degree of experience to be able to forecast with any confidence, or the necessary underpinning information not being currently available.

4.5. Where this proves to be the case, we will endeavour to agree realistic assumptions, and will model a range of scenarios to arrive at “reasonable estimates” of the potential impacts. We will, of course, seek advice where necessary and will highlight any areas where this approach has been taken, together with the associated risks.

Housing Business Plan position statement

HRA Business Plan
Revenue Account

		Income				Expenditure													
Year	Year	Net rent Income	Other income	Misc Income	Total Income	Managt.	Depreciation	Responsive & Cyclical	Other Revenue spend	HRA Cost of Rent Rebates	Misc expenses	Total expenses	Capital Charges	**Net Operating (Expenditure)**	RCCO	**Surplus (Deficit) for the Year**	**Surplus (Deficit) b/fwd**	**Interest**	**Surplus (Deficit) c/fwd**
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	**£,000**	£,000	**£,000**	**£,000**	**£,000**	**£,000**
1	2012.13	27,416	1,022	959	29,397	(6,847)	(5,995)	(4,167)	(4,814)	0	(400)	(22,223)	(6,493)	**681**	0	**681**	**2,791**	**16**	**3,488**
2	2013.14	28,396	1,048	983	30,428	(7,018)	(6,140)	(4,271)	(5,454)	0	(410)	(23,293)	(6,479)	**656**	(276)	**379**	**3,488**	**32**	**3,899**
3	2014.15	29,406	1,074	1,008	31,488	(7,194)	(6,287)	(4,378)	(5,470)	(3)	(420)	(23,752)	(6,412)	**1,324**	(1,796)	**(472)**	**3,899**	**73**	**3,501**
4	2015.16	30,449	1,101	1,033	32,584	(7,373)	(6,436)	(4,487)	(5,590)	(21)	(431)	(24,340)	(6,397)	**1,847**	(1,874)	**(28)**	**3,501**	**87**	**3,561**
5	2016.17	31,319	1,129	1,059	33,507	(7,558)	(6,588)	(4,600)	(5,965)	(3)	(442)	(25,155)	(6,302)	**2,050**	(2,177)	**(127)**	**3,561**	**87**	**3,521**
6	2017.18	32,211	1,157	1,085	34,453	(7,747)	(6,743)	(4,715)	(5,043)	0	(453)	(24,699)	(6,379)	**3,375**	(2,389)	**985**	**3,521**	**100**	**4,607**
7	2018.19	33,128	1,186	1,112	35,427	(7,940)	(6,902)	(4,833)	(5,425)	0	(464)	(25,563)	(6,375)	**3,489**	(2,560)	**929**	**4,607**	**127**	**5,663**
8	2019.20	34,072	1,215	1,140	36,427	(8,139)	(7,064)	(4,953)	(4,811)	0	(475)	(25,443)	(6,330)	**4,654**	(2,041)	**2,613**	**5,663**	**174**	**8,450**
9	2020.21	35,041	1,246	1,169	37,456	(8,342)	(7,231)	(5,077)	(4,952)	0	(487)	(26,089)	(6,329)	**5,038**	(2,102)	**2,936**	**8,450**	**248**	**11,634**
10	2021.22	36,038	1,277	1,198	38,513	(8,551)	(7,401)	(5,204)	(5,097)	0	(500)	(26,752)	(6,329)	**5,432**	(2,165)	**3,267**	**11,634**	**332**	**15,233**
11	2022.23	37,063	1,309	1,228	39,600	(8,765)	(7,575)	(5,334)	(5,247)	0	(512)	(27,433)	(6,334)	**5,833**	(1,867)	**3,966**	**15,233**	**430**	**19,629**
12	2023.24	38,118	1,342	1,259	40,718	(8,984)	(7,753)	(5,468)	(5,402)	0	(525)	(28,131)	(6,339)	**6,247**	(1,925)	**4,322**	**19,629**	**545**	**24,495**
13	2024.25	39,198	1,375	1,290	41,864	(9,208)	(7,936)	(5,604)	(5,562)	0	(538)	(28,848)	(6,339)	**6,676**	(1,955)	**4,721**	**24,495**	**671**	**29,888**
14	2025.26	40,306	1,409	1,322	43,038	(9,439)	(8,121)	(5,744)	(5,727)	0	(551)	(29,582)	(6,339)	**7,116**	(2,014)	**5,102**	**29,888**	**811**	**35,801**
15	2026.27	41,445	1,445	1,355	44,245	(9,675)	(8,310)	(5,888)	(5,898)	0	(565)	(30,336)	(6,339)	**7,570**	(2,074)	**5,495**	**35,801**	**964**	**42,260**
16	2027.28	42,615	1,481	1,389	45,485	(9,916)	(8,504)	(6,035)	(6,074)	0	(579)	(31,109)	(6,348)	**8,029**	(2,981)	**5,048**	**42,260**	**1,120**	**48,427**
17	2028.29	43,819	1,518	1,424	46,761	(10,164)	(8,702)	(6,186)	(6,256)	0	(594)	(31,902)	(6,360)	**8,498**	(3,068)	**5,430**	**48,427**	**1,279**	**55,136**
18	2029.30	45,056	1,556	1,460	48,072	(10,418)	(8,905)	(6,341)	(6,444)	0	(609)	(32,717)	(6,378)	**8,977**	(3,156)	**5,821**	**55,136**	**1,451**	**62,408**
19	2030.31	46,329	1,595	1,496	49,420	(10,679)	(9,113)	(6,499)	(6,639)	0	(624)	(33,553)	(6,386)	**9,480**	(3,246)	**6,234**	**62,408**	**1,638**	**70,280**
20	2031.32	47,637	1,635	1,534	50,805	(10,946)	(9,325)	(6,662)	(6,840)	0	(639)	(34,412)	(6,386)	**10,007**	(3,339)	**6,668**	**70,280**	**1,840**	**78,789**
21	2032.33	48,982	1,675	1,572	52,229	(11,220)	(9,542)	(6,828)	(7,047)	0	(655)	(35,293)	(6,392)	**10,545**	0	**10,545**	**78,789**	**2,102**	**91,435**
22	2033.34	50,365	1,717	1,611	53,693	(11,500)	(9,765)	(6,999)	(7,262)	0	(672)	(36,197)	(6,406)	**11,090**	0	**11,090**	**91,435**	**2,424**	**104,949**
23	2034.35	51,787	1,760	1,651	55,198	(11,788)	(9,992)	(7,174)	(7,484)	0	(689)	(37,126)	(6,412)	**11,660**	0	**11,660**	**104,949**	**2,769**	**119,379**
24	2035.36	53,248	1,804	1,693	56,745	(12,082)	(10,225)	(7,353)	(7,714)	0	(706)	(38,080)	(6,425)	**12,240**	0	**12,240**	**119,379**	**3,137**	**134,757**
25	2036.37	54,751	1,849	1,735	58,336	(12,384)	(10,463)	(7,537)	(7,951)	0	(723)	(39,059)	(6,444)	**12,832**	0	**12,832**	**134,757**	**3,529**	**151,118**
26	2037.38	56,291	1,896	1,778	59,965	(12,694)	(10,707)	(7,726)	(8,197)	0	(742)	(40,065)	(6,449)	**13,452**	0	**13,452**	**151,118**	**3,946**	**168,516**
27	2038.39	57,868	1,943	1,823	61,634	(13,011)	(10,954)	(7,919)	(8,451)	0	(760)	(41,095)	(6,470)	**14,070**	(529)	**13,541**	**168,516**	**4,382**	**186,439**
28	2039.40	59,490	1,992	1,868	63,350	(13,336)	(11,206)	(8,117)	(8,714)	0	(779)	(42,153)	(6,470)	**14,727**	(2,078)	**12,650**	**186,439**	**4,819**	**203,907**
29	2040.41	61,156	2,041	1,915	65,113	(13,670)	(11,465)	(8,320)	(8,986)	0	(799)	(43,239)	(6,470)	**15,404**	(2,165)	**13,239**	**203,907**	**5,263**	**222,409**
30	2041.42	62,870	2,092	1,963	66,925	(14,012)	(11,729)	(8,528)	(9,268)	0	(819)	(44,355)	(6,470)	**16,100**	(2,237)	**13,864**	**222,409**	**5,734**	**242,006**

Housing Business Plan position statement

London Borough of Harrow										
Capital Programme and Financing										
		Expenditure			**Financing**					
Year	Year	Future Major Repairs	Other	Total Expenditure	Borrowing	RTB Receipts	MRR	RCCO	Total Financing	**Check Total ok**
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	**£,000**
1	2012.13	8,687	310	8,997	0	163	8,835	0	8,997	**0**
2	2013.14	7,367	574	7,941	0	203	7,462	276	7,941	**0**
3	2014.15	7,754	588	8,342	0	253	6,293	1,796	8,342	**0**
4	2015.16	7,947	603	8,550	0	240	6,436	1,874	8,550	**0**
5	2016.17	8,184	729	8,913	0	246	6,489	2,177	8,913	**0**
6	2017.18	8,568	916	9,485	0	253	6,842	2,389	9,485	**0**
7	2018.19	8,782	939	9,722	0	259	6,903	2,560	9,722	**0**
8	2019.20	9,002	368	9,370	0	266	7,064	2,041	9,370	**0**
9	2020.21	9,227	378	9,605	0	272	7,231	2,102	9,605	**0**
10	2021.22	9,458	387	9,845	0	279	7,401	2,165	9,845	**0**
11	2022.23	9,331	397	9,728	0	286	7,575	1,867	9,728	**0**
12	2023.24	9,565	407	9,971	0	293	7,753	1,925	9,971	**0**
13	2024.25	9,804	417	10,221	0	330	7,936	1,955	10,221	**0**
14	2025.26	10,049	427	10,476	0	342	8,121	2,014	10,476	**0**
15	2026.27	10,300	438	10,738	0	354	8,310	2,074	10,738	**0**
16	2027.28	11,403	449	11,851	0	366	8,504	2,981	11,851	**0**
17	2028.29	11,688	460	12,148	0	378	8,702	3,068	12,148	**0**
18	2029.30	11,980	472	12,451	0	390	8,905	3,156	12,451	**0**
19	2030.31	12,279	483	12,763	0	404	9,113	3,246	12,763	**0**
20	2031.32	12,586	496	13,082	0	418	9,325	3,339	13,082	**0**
21	2032.33	8,829	508	9,337	0	432	8,905	0	9,337	**0**
22	2033.34	9,050	521	9,570	0	447	9,123	0	9,570	**0**
23	2034.35	9,276	534	9,810	0	462	9,348	0	9,810	**0**
24	2035.36	9,508	547	10,055	0	477	9,578	0	10,055	**0**
25	2036.37	9,745	561	10,306	0	493	9,814	0	10,306	**0**
26	2037.38	12,666	575	13,241	0	556	12,685	0	13,241	**0**
27	2038.39	12,983	589	13,572	0	580	12,463	529	13,572	**0**
28	2039.40	13,307	604	13,911	0	608	11,225	2,078	13,911	**0**
29	2040.41	13,640	619	14,259	0	629	11,465	2,165	14,259	**0**
30	2041.42	13,981	634	14,615	0	649	11,729	2,237	14,615	**0**
Total		306,945	15,930	322,875	-	11,326	261,533	50,015	322,875	

Appendix 1

London Borough of Harrow
Outline Housing Business Plan
2012-2042

Contents

Section 6 –Housing Stock Condition

Section 7 – Performance

Section 8 – Financial Resources

Section 9 – Governance

Section 10 – Future Actions

Appendices

Appendix 2

VALUATION
CASHFLOW PROJECTIONS EXISITNG STOCK

		<<<			Income		>>>	<<<			Expenditure				>>>			
Year	Year	Transfer Rental Income £'000	Relet Rental Income £'000	Voids And Bad Debts £'000	Net Rental Income £'000	Total Other Income £'000	Total Overall Income £'000	Gen Needs £'000	Net Service Cost £'000	Leasehold £'000	Responsive / Void £'000	Planned Maintenance £'000	Other Spend Revenue £'000	Other Spend £'000	Total Spend £'000	**Operating Surplus (Deficit) £'000**	**Present Values £'000**	**Cumulative Present Values £'000**
2012.13	1	25,038	1,344	(356)	26,026	2,533	28,559	(4,789)	(1,172)	(204)	(5,000)	(11,877)	(4,814)	(4,814)	(27,857)	**702**	**682**	**682**
2013.14	2	22,796	3,917	(361)	26,352	2,533	28,886	(4,789)	(1,172)	(204)	(5,000)	(10,227)	(3,914)	(3,914)	(25,307)	**3,579**	**3,279**	**3,961**
2014.15	3	20,755	6,257	(365)	26,647	2,533	29,181	(4,789)	(1,172)	(204)	(5,000)	(10,481)	(3,914)	(3,914)	(25,561)	**3,620**	**3,129**	**7,090**
2015.16	4	18,895	8,388	(368)	26,915	2,533	29,448	(4,789)	(1,172)	(204)	(5,000)	(10,481)	(3,914)	(3,914)	(25,561)	**3,887**	**3,170**	**10,260**
2016.17	5	17,090	10,329	(370)	27,048	2,533	29,581	(4,789)	(1,172)	(204)	(5,000)	(10,658)	(3,914)	(3,914)	(25,738)	**3,843**	**2,957**	**13,217**
2017.18	6	15,458	12,098	(344)	27,211	2,533	29,744	(4,789)	(1,172)	(204)	(5,000)	(11,065)	(3,914)	(3,914)	(26,145)	**3,599**	**2,612**	**15,829**
2018.19	7	13,981	13,712	(346)	27,347	2,533	29,880	(4,789)	(1,172)	(204)	(5,000)	(11,065)	(3,914)	(3,914)	(26,145)	**3,735**	**2,558**	**18,387**
2019.20	8	12,646	15,185	(348)	27,484	2,533	30,017	(4,789)	(1,172)	(204)	(5,000)	(10,405)	(3,914)	(3,914)	(25,485)	**4,532**	**2,927**	**21,314**
2020.21	9	11,438	16,532	(350)	27,621	2,533	30,154	(4,789)	(1,172)	(204)	(5,000)	(10,405)	(3,914)	(3,914)	(25,485)	**4,669**	**2,846**	**24,160**
2021.22	10	10,346	17,765	(351)	27,759	2,533	30,292	(4,789)	(1,172)	(204)	(5,000)	(10,405)	(3,914)	(3,914)	(25,485)	**4,808**	**2,764**	**26,924**
2022.23	11	9,358	18,893	(353)	27,898	2,533	30,431	(4,789)	(1,172)	(204)	(5,000)	(10,032)	(3,914)	(3,914)	(25,111)	**5,320**	**2,885**	**29,809**
2023.24	12	8,464	19,928	(355)	28,038	2,533	30,571	(4,789)	(1,172)	(204)	(5,000)	(10,032)	(3,914)	(3,914)	(25,111)	**5,460**	**2,793**	**32,603**
2024.25	13	7,656	20,878	(357)	28,178	2,533	30,711	(4,789)	(1,172)	(204)	(5,000)	(10,032)	(3,914)	(3,914)	(25,111)	**5,600**	**2,703**	**35,306**
2025.26	14	6,925	21,752	(358)	28,319	2,533	30,852	(4,789)	(1,172)	(204)	(5,000)	(10,032)	(3,914)	(3,914)	(25,111)	**5,741**	**2,614**	**37,920**
2026.27	15	6,264	22,557	(360)	28,460	2,533	30,993	(4,789)	(1,172)	(204)	(5,000)	(10,032)	(3,914)	(3,914)	(25,111)	**5,882**	**2,527**	**40,447**
2027.28	16	5,665	23,299	(362)	28,603	2,533	31,136	(4,789)	(1,172)	(204)	(5,000)	(10,802)	(3,914)	(3,914)	(25,881)	**5,255**	**2,130**	**42,577**
2028.29	17	5,124	23,985	(364)	28,746	2,533	31,279	(4,789)	(1,172)	(204)	(5,000)	(10,802)	(3,914)	(3,914)	(25,881)	**5,398**	**2,064**	**44,640**
2029.30	18	4,635	24,620	(366)	28,889	2,533	31,422	(4,789)	(1,172)	(204)	(5,000)	(10,802)	(3,914)	(3,914)	(25,881)	**5,541**	**1,999**	**46,639**
2030.31	19	4,192	25,209	(368)	29,034	2,533	31,567	(4,789)	(1,172)	(204)	(5,000)	(10,802)	(3,914)	(3,914)	(25,881)	**5,686**	**1,935**	**48,574**
2031.32	20	3,792	25,756	(369)	29,179	2,533	31,712	(4,789)	(1,172)	(204)	(5,000)	(10,802)	(3,914)	(3,914)	(25,881)	**5,831**	**1,872**	**50,446**
2032.33	21	3,430	26,266	(371)	29,325	2,533	31,858	(4,789)	(1,172)	(204)	(5,000)	(7,521)	(3,914)	(3,914)	(22,601)	**9,257**	**2,804**	**53,249**
2033.34	22	3,102	26,742	(373)	29,471	2,533	32,005	(4,789)	(1,172)	(204)	(5,000)	(7,521)	(3,914)	(3,914)	(22,601)	**9,404**	**2,687**	**55,936**
2034.35	23	2,806	27,188	(375)	29,619	2,533	32,152	(4,789)	(1,172)	(204)	(5,000)	(7,521)	(3,914)	(3,914)	(22,601)	**9,551**	**2,574**	**58,510**
2035.36	24	2,538	27,606	(377)	29,767	2,533	32,300	(4,789)	(1,172)	(204)	(5,000)	(7,521)	(3,914)	(3,914)	(22,601)	**9,699**	**2,466**	**60,977**
2036.37	25	2,296	27,999	(379)	29,916	2,533	32,449	(4,789)	(1,172)	(204)	(5,000)	(7,521)	(3,914)	(3,914)	(22,601)	**9,848**	**2,362**	**63,339**
2037.38	26	2,076	28,369	(381)	30,065	2,533	32,598	(4,789)	(1,172)	(204)	(5,000)	(9,427)	(3,914)	(3,914)	(24,507)	**8,092**	**1,831**	**65,170**
2038.39	27	1,878	28,720	(382)	30,216	2,533	32,749	(4,789)	(1,172)	(204)	(5,000)	(9,427)	(3,914)	(3,914)	(24,507)	**8,242**	**1,760**	**66,930**
2039.40	28	1,699	29,052	(384)	30,367	2,533	32,900	(4,789)	(1,172)	(204)	(5,000)	(9,427)	(3,914)	(3,914)	(24,507)	**8,393**	**1,690**	**68,620**
2040.41	29	1,537	29,368	(386)	30,519	2,533	33,052	(4,789)	(1,172)	(204)	(5,000)	(9,427)	(3,914)	(3,914)	(24,507)	**8,545**	**1,624**	**70,244**
2041.42	30	1,390	29,670	(388)	30,671	2,533	33,204	(4,789)	(1,172)	(204)	(5,000)	(9,427)	(3,914)	(3,914)	(24,507)	**8,698**	**1,559**	**71,803**

30 Year Valuation	**£'000**	**71,803**
Number of Units		**4,966**
Valuation Per Unit	**£**	**14,459**