



City of Westminster

Committee Agenda

Title: **Shareholder Committee**

Meeting Date: **Tuesday 26th March, 2024**

Time: **2.00 pm**

Venue: **Rooms 18.04/05**

Members: **Councillors:**

Liza Begum
David Boothroyd

Adam Hug
Matt Noble



Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.

If required, the Committee will resolve to exclude the press and public from the meeting should any specific item of business so require on the grounds that discussions may involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended). Some reports on the agenda may include confidential information which is exempt from publication. The Committee may need to discuss this information in private session before decisions are taken afterwards, in public session



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Emma Davies.

**Email: edavies1@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Committee and Governance Services in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

- | | |
|---|-------------------------|
| 1. WELCOME AND DECLARATIONS OF INTEREST | |
| 2. MINUTES | (Pages 3 - 10) |
| To approve the minutes of the meetings held on 27 November 2023, and 29 January 2024. | |
| 3. WESTMINSTER COMMUNITY HOMES - BUSINESS PLAN 2024/25 | (Pages 11 - 28) |
| 4. WESTMINSTER BUILDS - BUSINESS PLAN 2024/25 | (Pages 29 - 70) |
| 5. WESTCO - BUSINESS PLAN 2024/25 | (Pages 71 - 110) |
| 6. ANY OTHER BUSINESS | |

Stuart Love
Chief Executive
18 March 2024



CITY OF WESTMINSTER

MINUTES

Shareholder Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Shareholder Committee** held on **Monday 27th November, 2023**, 64 Victoria Street.

Members Present: Councillors David Boothroyd, Adam Hug and Matt Noble

Apologies for Absence: Councillor Liza Begum and Councillor Tim Roca

1 WELCOME AND DECLARATIONS OF INTEREST

There were no changes to the membership of the Shareholder Committee. There were apologies given by Cllr Roca and Cllr Begum.

There were no declarations of interest.

2 MINUTES

RESOLVED: Councillor Adam Hug, with the consent of the Members present, agreed that the minutes of the meeting held on 24 July were a true and correct record of the proceedings.

3 WESTMINSTER BUILDS- MID YEAR REVIEW

James Green and Gary Allen (virtual) were present at Committee

- Cllr Adam Hug welcomed James Green and Gary Allen to the meeting.
- Mr. Green asked that the report is noted and confirmed that the
- company's year-end position is likely to have the operating surplus in line with expectations.
- Mr. Green informed the committee they will end the year £3m in profit.
- Mr. Allen gave a detailed financial update, and confirmed that Westminster Builds will buy 300 Harrow Road units directly, rather than on a loan
- Cllr David Boothroyd asked if, once Luton Street is completed, if Westminster Builds will move more into the management of these rented homes. Mr. Green confirmed this would be the case.

- Mr. Allen confirmed that the first tranche of profit from the Luton Street development will be released in December, which will allow Westminster Builds to buy the units at 300 Harrow Road.
- Cllr Boothroyd asked if Westminster Builds are seeking additional development pipeline.
- Mr. Green informed committee that they are considering a move to directly work with the Council to develop these homes.
- Cllr David Boothroyd asked if Westminster Builds will be taking out a loan to buy these units, rather than using internal funds.
- Mr. Allen confirmed it is better financially buying these acquisitions directly.
- Cllr Adam Hug noted that there is a strategic shift in Westminster Builds operation.
- Cllr Adam Hug asked that committee note the report.

4 WESTMINSTER BUILDS - APPOINTMENT OF INTERIM DIRECTOR

- Due to the previous director Neil Wightman leaving the organisation, Westminster Builds is need for a replacement Director.
- Mr. Green recommends that Tim Hampton is appointed as interim Director.
- The committee had no questions.
- The committee agreed with the recommendation.

5 WESTMINSTER COMMUNITY HOMES - APPOINTMENT OF BOARD MEMBERS

Neil Tryner was present at Committee

- Cllr Adam Hug welcomed Neil Tryner to the meeting
- Mr. Tryner talked the committee through the recommended board members
- Cllr David Boothroyd noted that he knows one of the appointees, Andy Whitley, however, it was noted that this does not pose a conflict of interest but that it would be recorded in the minutes that Mr Whitley is known to a number of councillors.
- The committee thanked Mr. Tryner for this recruitment exercise.
- The committee agreed with the recommendations as outlined in the report.

6 WESTMINSTER COMMUNITY HOMES - MID YEAR REVIEW

- Neil Tryner introduced the report, and talked through the financial position of the company
- Cllr Adam Hug asked where the operating surplus had come from. Mr. Tryner confirmed this was not from a loan, but from a healthy operating business.
- In relation to the refresh section of the report, Cllr David Boothroyd asked how long this refresh period is expected to last for.

- Mr. Tryner confirmed that the aim is for 80% of the refresh is to be finished this financial year.
- Cllr David Boothroyd asked if people are staying in the properties while the works are being carried out.
- Mr. Tryner informed committee that depending on the level of works required, people are being decanted to other properties, for example, at Gloucester Terrace, two people at a time are being moved.
- Cllr Adam Hug asked if we know why there has been such an increase in demand for repairs.
- Mr. Tryner said they're currently in the process of investigating the reasons behind this, as there has been a third increase in demand.
- Cllr Adam Hug asked if we have the data on demand for repairs from pre-pandemic to compare the levels.
- Mr. Tryner said that all back-log repairs from during the pandemic should now have been completed.
- Cllr Adam Hug noted that this needs to be taken away and looked at with council officers who support with repairs.
- Cllr Adam Hug asked that with this increased repair pressure, how long is it taking to get things done?
- Mr. Tryner answered that 80-85% of repairs are completed within an appropriate time frame, but sometimes the timelines are difficult to reach.
- Mr. Tryner said he would like different housing repairs categories to be introduced.
- Cllr Adam Hug noted that an alignment on repairs timelines is needed.
- Sarah Warman told committee that the complaints performance will require some unpicking on the operational side.
- Cllr Adam Hug asked that the committee note the report.

7 WESTCO - MID YEAR REVIEW

NOTICE OF PRIVATE PART OF MEETING

Part II of the Agenda will concern matters under Section 100 (A) (4) and/or Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as per paragraphs 1 and 3. The public and press will be excluded from the meeting for this item of business because it involves the likely disclosure of exempt information, most notably commercially sensitive information.

RESOLVED: IT WAS RESOLVED TO HOLD THE REST OF THE MEETING IN PRIVATE SESSION UNDER PART II.

Ian Farrow, Christos Pishias and Lyndsey Gamble (Virtual) were present at the Committee:

- Mr. Farrow introduced the report.
- Mr. Farrow talked through the financial situation, and that the company is undertaking a variety of cost reduction activities to maximise
- profit.

- Mr. Farrow explained that some activities, such as HR reductions may take some time as the company is in the process of re-negotiating contracts
- Pedro Wrobel thanked Westco for their efforts in moving to a more profitable position over the last few months.
- Mr. Farrow explained that the pipeline is healthier than it has ever been, which is bringing positive predictions for the first half of the next financial year.
- Cllr Adam Hug asked how long term the new business is.
- Mr. Farrow explained that 20% of their business is long term clients.
- Mr. Pishias said that most of the other contracts are between 6-12 months long.
- Cllr David Boothroyd asked if they are securing sizeable new contracts.
- Mr. Farrow replied that they are, and they are best know for their consultancy work.
- Cllr Adam Hug asked that the company share more about how they're reducing costs.
- Mr Farrow and Mr Pishias explained that they previously had a large creative team, but they have pivoted towards digital marketing.
- The company has cut its cost base down and that is has a strong pipeline for services coming through on the back of other projects, as well as upselling services.
- Cllr Matt Noble asked regarding the new business pipeline of 1.5m what the profit margin is on these contracts and if they are having to bring in additional resources to service these contracts
- Mr Farrow and Mr Pishias gave shared information on profit margins which is not recorded in these minutes as it would require disclosure of information which is exempt under paragraph 3, Schedule 12A of the Local Government Act 1972. It was however confirmed that profit margins are healthy and monitored with respect to industry averages.
- Cllr David Boothroyd noted that he is keen for the restructuring noted in the report to go ahead.
- Cllr Adam Hug wanted to check that the profit position is not just because invoicing has been done more efficiently.
- Mr. Farrow confirmed that there is underlying profit and the p6 position is not due to timing of invoicing.
- They informed the committee that they are examining their financial management, and that Liz Roberts is doing deep dive of financial process, so they can make some decisions around pricing to improve margins further.
- Cllr Adam Hug asked when they would feel confident in giving projections for the next financial year.
- Mr Farrow and Mr Pishias confirmed they would be looking at the next financial year towards the end of 2023.
- Cllr Matt Noble asked when clients are invoiced.
- They informed committee that some clients are partially invoiced up front and then monthly, dependent on the size of work; but most are invoiced monthly.
- Cllr Adam Hug asked that the committee note the report.

8 ANY OTHER BUSINESS

No other business was noted.

The Meeting ended at 3pm.

CHAIRMAN: _____

DATE _____

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CITY OF WESTMINSTER

MINUTES

Shareholder Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Shareholder Committee** Committee held on **Monday 29th January, 2024**, .

Members Present: Cllr Adam Hug, Cllr Matt Noble, Cllr Liza Begum, Cllr David Boothroyd

1 WELCOME AND DECLARATIONS OF INTEREST

Councillor Hug welcomed everyone to the meeting and confirmed that all committee members are present.

Councillor Hug noted that Councillor Tim Roca is no longer a member of the committee since standing down as Cabinet Member and will not be replaced.

No declarations of interest were received.

2 APPOINTMENT OF BOARD MEMBER

The Chair invited Gerald Almeroth to speak to the report.

Gerald Almeroth introduced the report, which seeks the appointment of a new Interim Chief Financial Officer for Westminster Housing Investments Limited (WHIL) and Westminster Housing Developments Limited (WHDL), following Jake Bacchus' resignation.

Gerald Almeroth confirmed his support for Zohaib Nizami's appointment.

Councillor David Boothroyd noted that Jake Bacchus will be a loss, but that Zohaib Nizami will be an admiral successor.

Councillor Hug noted his thanks to Jake Bacchus.

RESOLVED: Shareholder Committee approved the following recommendation:

Zohaib Nizami to be appointed as Interim Chief Financial Officer of Westminster Housing Investments Limited (WHIL) and Westminster Housing Developments Limited (WHDL).

3 ANY OTHER BUSINESS

No other business was received.

The Meeting ended at 7.20 pm

CHAIRMAN: _____

DATE _____



City of Westminster

Shareholder Committee Report

Decision Makers:	<i>Shareholder Committee</i>
Date:	26 th March 2024
Classification:	For General release
Title:	Westminster Community Homes- Annual Budget, Business Plan, Stress Tests and Cash Flow All
Wards Affected:	Fairer Housing
Fairer Westminster Summary:	Yes- significant Expenditure
Key Decision:	
Financial Summary:	Financial Implications are set out in the body of the report.
Report of:	Neil Tryner, WCH Chief Executive

1. Executive Summary

1.1 This report outlines:

- The Budget for 2024/25 as approved by the WCH Board of Directors on 21st February 2024.
- The Cash flow forecast following approval of the 2024/25 budget.
- The Business Plan following the approval of the 2024/25 budget.
- Revised Stress tests of the approved Business Plan 2024/25 budget.

2. Recommendations

2.1 The Shareholder Committee are asked to:

- (a) Approve the WCH 2024/25 budget.
- (b) Approve the revised Cashflow.
- (c) Approve the revised Business Plan.
- (d) Approve the revised stress tests.

3. WCH Budget 2024/25

3.1 WCH Board approved the 2024/25 budget at its meeting of Directors on 21st February 2024. The key changes made to the budget were:

- Rental income – WCH applied the full increase of 7.7% as approved by Board in December to assured tenancy, intermediate rents and horizon scheme properties and an 8.9% increase on shared ownership properties as per the lease agreement. The additional new units of Intermediate rented homes let during the Autumn of 2023 have also been accommodated in the revised rental income.
- Service charges and major works – the yearly estimation invoice was provided by WCC in January and service charges totalled £1,070k and was uplifted by 7%. Major works (refurbishment) were estimated at £220k. It should be noted that the Major works estimate is significantly lower than the current years estimate.
- Refresh Scheme – At 6th of February 2024 refresh spend totals £1,071k, it is estimated 75% of all works will be completed by 31st of March. The remaining amount will be budgeted for 2024/25, c £500k.
- Repairs – There has been a large increase in the number and cost of repairs compared from last year to this. Further work is ongoing with WCC to

understand the key drivers for this uplift if this trend is contained or attributed to this year only. To be prudent we have budgeted for a sustained level of spend in this area but anticipate a lower actual spend.

- Movement in surplus – WCH is budgeting 2024/25 an operating surplus positive movement from £1,329k to £2,083k. This movement is driven primarily by the 75% completion of the stock refresh programme totalling approximately £1.5m completed in 2023/24 and the rental uplift increasing income by £652k.

The budget approved by WCH is prudent and delivers an improved financial outturn for the year. The budget is attached at **Appendix 1**.

4. Cash flow

4.1 Following the approval of the revised budget for 2024/25 the Cashflow forecast has also been revised and updated. Key elements to highlight within the cash flow are:

- The completion of all remedial works at Gloucester terrace.
- 75% completion of Refresh works on all homes eligible for the scheme to renew Kitchen and Bathrooms, heating systems, energy efficient works and outstanding repairs.
- A single unit of acquisition at St Johns Terrace to facilitate the development of the MOT yard.
- The drawdown of £1.87m loan facility to support the development of the MOT yard.

The cashflow is attached at **Appendix 2**.

5. Business Plan.

5.1 Following the approval of the revised budget, WCH Business Plan has been reviewed to reflect the changes approved.

5.2 The Business plan performs well against the core KPI measures approved by the Board and delivers an operational margin of 32% and 470% EBITDA interest cover.

5.3 The Business plan makes two key assumptions moving forward; rent increases are applied annually and CPI continues to fall.

The Business Plan is attached at **Appendix 3**.

6. Stress tests.

6.1 WCH Board have considered the potential scenarios that could break the Business Plan. The two scenarios requested were:

1. A Rent cap and high sustained CPI

- Government introduces a rent cap of 3% over next 5 years to support residents.
- CPI remains at 7% after change in government/monetary and fiscal policies.

Rental income reduced 4% over next 5 years compared to current estimations on base plan.

2. Contractor issues with MOT yard development and Stock refresh programme with additional sustained overspend and an additional £250k annually on other costs.

- Due to current high costs in building sector from inflation, supply chain and contractor related issues this has led to extra revenue costs in MOT yard development and stock refresh programme - £500k in 2023/24 and 2024/25.
- There may be a scenario where an unexpected cost to WCH becomes apparent, such as the current years balancing final invoice from WCC for Service costs which led to an increased cost burden of £240k. We have therefore modelled a repeat of such an uplift in costs but are confident there will not be a repeated SC uplift.

6.2 The Stress test exercise demonstrates that in the event of these scenarios materialising there is a deterioration in performance but the Business Plan is robust and can withstand the occurrence of the scenario.

The Stress Tests are attached at **Appendix 4**.

If you have any queries about this report or wish to inspect any of the Background Papers, please contact:

Neil Tryner, CEX Westminster Community Homes
Email: ntryner@westminster.gov.uk

APPENDIX 1

		23/24 Budget	Proposed 24/25 budget	Change in Budget	% Change in Budget
		000%			
Income					
Rent	51010	3750	4402	652	17%
Tenant service charges	51020	248	404	156	63%
Temporary accommodation	51030	659	603	(56)	-8%
Miscellaneous income	51080	188	130	(58)	-31%
Total income		4844	5539	694	14%
Direct expenditure					
Housing management fees	72010	344	227	(117)	-34%
Service charges	72020	840	1145	305	36%
Repairs and refurbishments					
Repairs charges	72030	257	526	270	105%
Refurbishment designated fund	72040	563	220	(343)	-61%
White goods, furniture and fittings	72050	14	25	11	72%
Stock Refresh Programme	72091	487	133	(354)	-73%
Provision for bad debts	72070	72	70	(2)	-3%
Miscellaneous direct expenditure					
Council tax	72100	33	27	(6)	-18%
Incentives to tenants	72080	40	18	(22)	-56%
Miscellaneous direct expenditure	72090	210	433	223	106%
Total direct expenditure		2860	2834	(26)	-1%
Overhead expenditure					
Legal	73030	141	186	45	32%
Audit and finance	73020	76	74	(2)	-3%
Community & family intervention projects	73090	45	40	(5)	-11%
Miscellaneous indirect expenditure					
Marketing and advertising	73010	0	0	0	0%
Insurance	73040	6	12	6	100%
Staff training	73050	1	4	3	0%
Travel	73060	0	0	0	0%
Payroll support	73070	2	2	0	0%
Valuations	73100	50	14	(36)	-72%
Miscellaneous indirect expenditure	73080	2	2	0	0%
Total overhead expenditure		323	334	11	3%
Staff expenditure					
Basic pay	71010	173	253	80	46%
National insurance costs	71020	98	28	(69)	-71%
Additional fees	71030	61	16	(44)	-73%
Agency Staff	71050				
Total staff expenditure		332	298	(34)	-10%
Total expenditure		3515	3468	(58)	-2%
Net operating surplus/deficit		1329	2081	752	57%
Amortisation and depreciation					
Amortised grant income	51090	956	1023	67	7%
Depreciation	72060	(2,373)	(2,361)	13	-1%
Net amortisation and depreciation		(1,417)	(1,338)	79	-4%
Disposal of assets					
Sale of assets (shared ownership)		0	0	0	#DIV/0!
Sale of assets (shared ownership)	51060	0	0	0	
Cost of asset sale (shared ownership)	51061	0	0	0	
Sale of assets (full ownership)		0	0	0	#DIV/0!
Sale of assets (disposals)	51070	0	0	0	
Cost of assets sale (disposals)	51071	0	0	0	
Replacement component cost	72110	0	(91)	(91)	
Net (gain)/loss on disposal of assets		0	(91)	(91)	
Capital Programme - stock refresh scheme		(1,598)	(447)	1152	
Financing interest					
Interest income		0	0	0	
Interest from investments	51050	0	0	0	
Bank interest	79010	0	56	56	
Interest payable	79020	(308)	(256)	52	-17%
Net interest payable		(308)	(200)	108	-35%
Total surplus/deficit		(1,995)	5	2000	-100%

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APPENDIX 2

Scenario 1 - Current loan repayment profile

Include Y/N	Year Quarter	23/24				24/25				25/26				26/27			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
2,082,000.00	Operating cash flow	520,500	520,500	520,500	520,500	440,816	440,816	440,816	440,816	432,696	432,696	432,696	432,696	423,821	423,821	423,821	423,821
	Victoria Wharf 2		65,867	65,867	58,808	58,808	58,808	58,808	58,808	58,808	58,808	58,808	58,808	58,808	58,808	58,808	58,808
	Cash movement from WCH purchases/Sales																
	Cash outflow from Bad debt/arrears	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
	Capital (principal) repayment				(970,298)				(987,345)				(1,005,449)				(784,701)
	Interest repayment				(308,135)				(255,917)				(202,982)				(149,288)
1,486,579.92	Provision for home improvements (€2.136M for the next 4 years)			(371,645)	(371,645)	(371,645)	(371,645)										
1,789,870.80	Gloucester Terrace	(86,532)	(86,532)	(86,532)													
346,129.20	Top Up AHF for 5 Units																
	GLA - Provision for home improvements funding																
	Lease extensions																
under investigation	51 Doneraile Monies Returned to Council				(727,437)												
Y	Sub total	428,968	494,835	123,190	(1,803,207)	122,979	122,979	494,624	(748,638)	486,505	486,505	486,505	(721,927)	477,629	477,629	477,629	(456,360)
8,800,000	MOT Yard *1																
	Operating cash flow (rental income minus expenditure)							(1,257,143)	(1,257,143)	(1,257,143)	(1,257,143)	(1,257,143)	(1,257,143)	22,081	22,081	22,081	22,081
	AHF Grant income							1,575,000									
	GLA Grant income							1,950,000									
	Funding from WCC general fund capital reserve							800,000									
	Acquisition Cost for 5 st John Terrace W10				(1,000,000)												
Y	Total MOT Yard cashflow	0	0	0	(1,000,000)	0	0	3,067,857	(1,257,143)	(1,257,143)	(1,257,143)	(1,257,143)	2,267,857	22,081	22,081	22,081	22,081
	Shared Ownership acquisitions *1																
	Operating cash flow (rental income minus expenditure)	8,514	8,514	8,514	8,514	8,514	8,514	8,514	8,514	8,514	8,695	8,695	8,695	8,695	8,695	8,695	8,695
	Second floor 2A Brevington Road																
	AHF Grant income																
	GLA Grant income																
	Total Shared Ownership cashflow	8,514	8,514	8,514	8,514	8,514	8,514	8,514	8,514	8,514	8,695	8,695	8,695	8,695	8,695	8,695	8,695
	New loans (35 Yr Repayment Profile)				1,870,419												
	Principal payment				(30,341)												
	Interest payment				(57,983)												
	New loans total	-	-	-	1,782,095	-	-	-	88,324	-	-	-	88,324	-	-	-	-
	Total Committed costs	437,481	503,349	131,704	(1,012,598)	131,493	131,493	3,570,995	(2,085,590)	(762,124)	(761,944)	(761,944)	1,466,302	508,405	508,405	508,405	(425,584)
	Cash inflow(outflow)	437,481	503,349	131,704	(1,012,598)	131,493	131,493	3,570,995	(2,085,590)	(762,124)	(761,944)	(761,944)	1,466,302	508,405	508,405	508,405	(425,584)
	Projected Cash balance	437,481	940,830	1,072,534	59,928	3,271,421	3,402,914	6,973,909	4,888,318	4,126,194	3,364,250	2,602,307	4,068,608	4,577,013	5,085,418	5,593,822	5,168,238
	Suspense			8													
	Cash available after adjusting for Regen properties in Suspense																
	Previous quarter cash balances	3,700,190	1,967,305														
	Adjusted projected cash balance	437,481	940,830	2,908,135	3,139,928	3,271,421	3,402,914	6,973,909	4,888,318	4,126,194	3,364,250	2,602,307	4,068,608	4,577,013	5,085,418	5,593,822	5,168,238
	Actual cash balance			3,080,000													

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Westminster Community Homes

2024-25 BUSINESS PLAN - Performance over next 5 years

2024-25 BUSINESS PLAN - Worst Performance over next 5			2024-25	Scenarios - 2024/25 Base Plan	
			Base Plan	S1	S2
1. EBITDA/Revenues	>	40%	52%	42%	41%
2. EBITDA - MRI/Revenues	>	15%	47%	37%	37%
3a. Operating Margin	>	30%	32%	24%	20%
4. Net Debt/EBITDA - MRI	<	12	0.7	0.7	0.9
5. Net Debt/Revenues	<	5	0.4	0.4	0.4
6. Gearing	<	75%	51%	51%	51%
7. EBITDA-MRI interest cover	>	140%	470%	385%	366%
8. Asset Cover Ratio - min 115%	>	115%	2237%	2237%	2237%

Scenarios

S1. Rent cap is limited to 3% over the next 5 years whereas CPI for expenditure is consistent at 7%.

S2. Issue with MOT yard and extra costs with stock refresh programme due to contractor issues of £500k in 2024/25 and 2025/26 respectively. Constant extra annual charge relating to service charge and repairs overspend of £250k has been added.

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KEY FINANCIAL RATIOS - 5 YEAR PERFORMANCE							
	Target	2024	2025	2026	2027	2028	Tightest Value
Internally Set Financial Hurdles							
EBITDA/Revenues	> 40%	52%	52%	52%	53%	53%	52%
EBITDA - MRI/Revenues	> 15%	51%	47%	48%	48%	48%	47%
Operating Margin	> 30%	32%	33%	34%	35%	35%	32%
Net Debt/EBITDA - MRI	< 12	0.7	-0.1	-0.8	-1.6	-2.4	1
Net Debt/Revenues	< 5	0.4	0.0	-0.4	-0.8	-1.3	0
Gearing	< 65%	51%	40%	29%	21%	18%	51%
EBITDA-MRI interest cover	> 128%	1829%	470%	492%	515%	523%	470%
Asset Cover	> 115%	2237%	2642%	3239%	4206%	5485%	2237%

KEY FINANCIAL RATIOS - 5 YEAR PERFORMANCE							
	Target	2024	2025	2026	2027	2028	Tightest Value
Internally Set Financial Hurdles							
EBITDA/Revenues	> 40%	52%	50%	47%	45%	42%	42%
EBITDA - MRI/Revenues	> 15%	51%	45%	42%	40%	37%	37%
Operating Margin	> 30%	32%	30%	28%	26%	24%	24%
Net Debt/EBITDA - MRI	< 12	0.7	-0.1	-1.0	-2.0	-3.1	1
Net Debt/Revenues	< 5	0.4	0.0	-0.5	-0.9	-1.3	0
Gearing	< 65%	51%	41%	31%	24%	22%	51%
EBITDA-MRI interest cover	> 128%	1829%	431%	419%	403%	385%	385%
Asset Cover	> 115%	2237%	2642%	3239%	4206%	5485%	2237%

KEY FINANCIAL RATIOS - 5 YEAR PERFORMANCE							
	Target	2024	2025	2026	2027	2028	Tightest Value
Internally Set Financial Hurdles							
EBITDA/Revenues	> 40%	41%	42%	50%	50%	50%	41%
EBITDA - MRI/Revenues	> 15%	39%	37%	45%	46%	46%	37%
Operating Margin	> 30%	20%	23%	31%	32%	32%	20%
Net Debt/EBITDA - MRI	< 12	0.9	-0.1	-0.9	-1.7	-2.5	1
Net Debt/Revenues	< 5	0.4	0.0	-0.4	-0.8	-1.3	0
Gearing	< 65%	51%	43%	32%	23%	19%	51%
EBITDA-MRI interest cover	> 128%	1417%	366%	463%	486%	493%	366%
Asset Cover	> 115%	2237%	2642%	3239%	4206%	5485%	2237%

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	Year 1: Mar 2023	Year 2: Mar 2024	Year 3: Mar 2025	Year 4: Mar 2026	Year 5: Mar 2027 Onwards
CPI Rents	0.00%	11.00%	5.50%	4.00%	2.00%
CPI Costs	0.00%	5.25%	3.25%	2.00%	2.00%
Inflation Margins over CPI					
Rents	0.00%	-6.00%	-0.50%	0.00%	0.00%
All other income	0.00%	0.00%	0.00%	0.00%	0.00%
Build costs	0.00%	1.00%	1.00%	1.00%	1.00%
All other costs	0.00%	0.00%	0.00%	0.00%	0.00%
S1 - Rent capped at 3%	3.00%	3.00%	3.00%	3.00%	3.00%
All In Inflation Assumptions					
Rents	0.00%	7.70%	5.00%	4.00%	2.00%
All other income	0.00%	5.25%	3.25%	2.00%	2.00%
Build costs	0.00%	6.25%	4.25%	3.00%	3.00%
All other costs	0.00%	5.25%	3.25%	2.00%	2.00%
S1 - CPI of 7%	7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate Assumptions					
SONIA + CAS	2.81%	4.18%	3.06%	2.00%	2.00%
Interest on Cash Balances	0.13%	0.13%	0.13%	0.13%	0.13%

Inputs

Year 2024
 Depreciation
 Amortisation

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Detailed Consolidated Statement of Comprehensive Income | Westminster Community Homes | Plan

Main financial table with columns for years 1-30 and rows for various financial metrics like Revenue, Expenses, and Profit/Loss. Includes sub-sections for Operating Expenses, Overhead Expenses, and Current Assets.

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APPENDIX 4

Scenario 1 – Rent cap and high sustained CPI

- Government introduces a rent cap of 3% over next 5 years to support residents.
- CPI remains at 7% after change in government/monetary and fiscal policies.
- Rental income reduced 4% over next 5 years compared to current estimations on base plan.

S c e n a r i o 1	KEY FINANCIAL RATIOS - 5 YEAR PERFORMANCE		Target	2024	2025	2026	2027	2028	Tightest Value
	Internally Set Financial Hurdles								
	EBITDA/Revenues	>	40%	52%	50%	47%	45%	42%	42%
	EBITDA - MRI/Revenues	>	15%	51%	45%	42%	40%	37%	37%
	Operating Margin	>	30%	32%	30%	28%	26%	24%	24%
	Net Debt/EBITDA - MRI	<	12	0.7	-0.1	-1.0	-2.0	-3.1	1
	Net Debt/Revenues	<	5	0.4	0.0	-0.5	-0.9	-1.3	0
	Gearing	<	65%	51%	41%	31%	24%	22%	51%
	EBITDA-MRI interest cover	>	128%	1829%	431%	419%	403%	385%	385%
	Asset Cover	>	115%	2237%	2642%	3239%	4206%	5485%	2237%

Outcome: Consistent deterioration to EBITDA/Revenues, EBITDA – MRI/Revenues and operating margin over the next 5 years as a result of reduced rental income and higher average costs.

Operating margin drops below target threshold in 2026 and this trend continues consistently for the remaining 50 years on the business plan.

Scenario 2 – Contractor issues with MOT yard development and Stock refresh programme with sustained overspend of £250k annually on costs.

- Due to current high costs in building sector from inflation, supply chain and contractor related issues this has led to extra revenue costs in MOT yard development and stock refresh programme - £500k in 2023/24 and 2024/25.
- As per the previous year, the balancing final invoice from WCC was incorrect and another £241k invoice was issued. Annual above budget costs of **£250k** have been built into the scenario model.
- WCH will be liable for these costs.

S c e n a r i o 2	KEY FINANCIAL RATIOS - 5 YEAR PERFORMANCE		Target	2024	2025	2026	2027	2028	Tightest Value
	Internally Set Financial Hurdles								
	EBITDA/Revenues	>	40%	41%	42%	50%	50%	50%	41%
	EBITDA - MRI/Revenues	>	15%	39%	37%	45%	46%	46%	37%
	Operating Margin	>	30%	20%	23%	31%	32%	32%	20%
	Net Debt/EBITDA - MRI	<	12	0.9	-0.1	-0.9	-1.7	-2.5	1
	Net Debt/Revenues	<	5	0.4	0.0	-0.4	-0.8	-1.3	0
	Gearing	<	65%	51%	43%	32%	23%	19%	51%
	EBITDA-MRI interest cover	>	128%	1417%	366%	463%	486%	493%	366%
	Asset Cover	>	115%	2237%	2642%	3239%	4206%	5485%	2237%

Outcome: Short term immediate dip in EBITDA/Revenues due to the £500k extra expenditure for each year. However, EBITDA/Revenues immediately recover the year after and this trend is sustained thereafter, even so this never drops below target threshold of 40%. EBITDA – MRI/Revenues dips

APPENDIX 4

from the base plan but does not come near to the minimum target 15%. Operating Margin is below 30% target in 2024 and 2025 but does steadily recover over the 5 year period, moving above the target threshold in 2026 onwards.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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