City of Westminster

Cabinet Report

Meeting or Decision Maker:	*Cabinet*
Date:	*15 December 2014*
Classification:	*General Release*
Title:	*Housing Investment Strategy and HRA Business Plan 2015/16*
Wards Affected:	*All*
Key Decision:	*Yes*
Financial Summary:	*This report presents the 30-year Housing Revenue Account (HRA) Business Plan and investment plans for housing related activity. Indicative detailed HRA capital investment budgets and proposed funding are presented for approval for the five years 2015/16 to 2019/20.* *Gross HRA expenditure of £334m over the five years is required to deliver the plans within this investment strategy, including £224m on works to existing stock and £89m on housing estate renewal and £21m on new housing supply schemes. This will be funded from £182m of HRA resources and £152m from capital receipts. In addition non-HRA investment of £68m from the Affordable Housing Fund, and an anticipated investment of £370m from private sector funding also contributes to delivery of the programmes within this strategy.* *The latest 30 year HRA Business Plan demonstrates that the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains a viable entity over the thirty year period.*
Report of:	*Ben Denton, Executive Director of Growth, Planning and Housing*

1. Executive Summary

1.1 This report presents the Housing Investment Strategy and thirty-year Housing Revenue Account (HRA) Business Plan beginning 2015/16. The City Council's investment plans are ambitious and will deliver a range of lasting benefits for the City, its residents and the City Council. They will allow the City Council to realise much of its Better City Better Lives ambition; leveraging the value of our land assets to bring forward investment and ladders of opportunity for residents and business in Westminster's poorest neighbourhoods.

1.2 Key investment programmes included are:

- The HRA capital programme of investment in existing housing stock;
- The housing estate renewal programme;
- New affordable housing supply schemes, funded through both the HRA and the Affordable Housing Fund; and
- Leverage of private investment.

1.3 Based on current assumptions and projections, Westminster's HRA is viable and supports the proposed investment plans. The Business Plan demonstrates that we are not only able to maintain our housing assets at the minimum standard, but that we can go beyond this – improving our existing homes further and continuing to provide top quality services to residents, while also embarking on a programme of housing renewal and developing new homes.

1.4 The programme of **investment in existing stock** will bring all stock up to the CityWest Homes standard by 2017. This standard moves beyond the basic decent homes standard, allowing for investment in the wider estate environment, security works, playgrounds, and energy efficiency works; attention to which is key to improving residents' satisfaction and wellbeing. Planned investment for the first five years amounts to **£224m**.

1.5 The **Housing Renewal Programme** will deliver over 800 new mixed-tenure homes and wider benefits to the city's poorest neighbourhoods. The total gross council costs (including sunk costs and anticipated spend this year) for the Regeneration programme are estimated to be £135m, with anticipated receipts of £106m leaving a **net cost of £29m** to be funded from the HRA (see appendix D). This investment is expected to generate £370m of private investment into the renewal areas. As well as new homes, the cross-cutting renewal programme delivers jobs for local people, new community facilities and assets, space and support for business and enterprise, improved health and care outcomes, and significant investment in public realm and infrastructure.

1.6 The Affordable Housing Fund (AHF) supports delivery **of new affordable housing** in the city. This ongoing programme has current commitments of £45m to deliver 455 new affordable housing units outside the Housing

Renewal Programme; 159 of these units will be delivered by partner housing associations and the remainder directly by the City Council. A further £5m has been set aside to deliver 63 new homes. In order to deliver the regeneration programme £17.4m has been set aside to fund the affordable housing element of the schemes.

1.7 The investment programmes outlined in this report will help to transform many of our neighbourhoods. The benefits of planned investment are wide, impacting: housing; health and care; jobs, business and enterprise; place-making and the built environment; assets for the community; and bringing about greater community involvement.

2. Recommendations

2.1 To approve the indicative HRA major works capital programme budgets for 2015/16 to 2019/20 (paragraph 6.1 and Appendix C).

2.2 To approve the indicative housing renewal investment programme budgets for 2015/16 to 2019/20 (Appendix C).

2.3 To approve the indicative housing non-delegated programme budgets for 2015/16 to 2019/20 (Appendix C).

2.4 To approve the creation of an earmarked reserve of £10m towards the development of small scale infill schemes on council housing estates to be funded from HRA reserves (paragraph 8.3).

2.5 To approve the creation of an earmarked reserve of £5.1m plus any underspend from 2014/15 to fund existing and proposed business transformation investment funded from underspends on the allocated business transformation budget (paragraph 8.4).

2.6 To approve the application of DCLG Growth Bid funding towards the Tollgate regeneration scheme in line with requirements of the bid (paragraph 7.5).

2.7 To note the wide-ranging benefits to be delivered through the proposed HRA investment programmes.

3. Reasons for Decision

3.1 Adoption of the Business Plan and Investment Strategy will enable the council to invest in maintaining and improving the existing stock of homes and neighbourhoods, while also delivering wider benefits to the city's residents and businesses. The financial plan will ensure the housing stock continues to meet the housing needs with which we are faced; and ensure the HRA is sustainable and viable over the long term.

4. Background

4.1 The HRA 30 year business plan is prepared annually, in line with best practice, and is presented to Cabinet for approval of capital expenditure proposals supporting the Council's Housing Investment Strategy.

4.2 On 20 February 2012 Cabinet approved the Council's Housing Investment Strategy for 2012-2017, which set out investment plans to deliver key housing programmes over the period including: improvements to existing council-owned homes; delivery of new affordable housing; and implementation of the initial phases of the housing renewal programme.

4.3 On 23 July 2013 Cabinet Member for Housing and Property and Cabinet Member for Finance and Customer Services approved the Housing Revenue Account (HRA) Business Plan and Asset Management Strategy, which presented a thirty-year financial plan and detailed specific proposals for use of HRA resources in delivering the programmes outlined in the Investment Strategy.

4.4 On 24 February 2014 Cabinet approved an update to the Housing Investment Strategy and 30-year HRA Business Plan beginning in 2014/15.

4.5 This report presents the 2015/16 update to the previously agreed Housing Investment Strategy and HRA Business Plan. It has been updated this year to take account of the following:

- removal of the Westbourne Green renewal scheme investment from the plan;
- an increase in the Council's limit on indebtedness, following a successful bid to government; and
- greater certainty of cost and income expectations of the Housing Renewal Programme, changes in scope, as well as timing of key phases of investment.

4.6 The HRA Business Plan is the key tool for financial management of the HRA. It is a 30-year model that shows how rental and other income will fund the investment needs of the stock, the day to day management and repair requirements, the servicing of debt, new service initiatives, and new asset management programmes. It is central to effective financial business planning, in monitoring progress and in managing risk. In common with many other local authorities, Westminster uses a business plan model developed by Capita who are specialists in local authority finance and HRA self-financing

4.7 In April 2012 the funding regime for local authority housing changed, with the abolition of the national subsidy system and the introduction of self-financing at the local level. Local authorities now retain the rental income from their housing assets and have sole responsibility for managing, maintaining and improving their housing assets, while ensuring that the HRA remains viable. This has provided local authorities with much greater freedom to determine how housing resources are utilised, and an ability to plan for the long term.

5. Housing Investment Strategy priorities

5.1 The Housing Investment Programme is designed around five priorities that support the Better City Better Lives programme. These are summarised in the table below.

Better Homes	• Providing more homes to meet local housing need through a range of social, intermediate and private solutions. • Reshaping the existing portfolio to better meet need and strategic objectives (increasing family homes)
Better Places	• Making improvements to estate environments that lift the whole places and better integrate housing estates into their wider Westminster neighbourhoods. • Improvements to infrastructure (i.e. heating, drainage, waste, broadband). • Improvements to the public realm (i.e. the street environment, lighting, parks and play spaces, parking, vehicular and pedestrian movement). • Investing in safety and tacking anti-social behaviour.
Better local Economies	• Using our asset base to enable support for training, employment and enterprise. • Providing new premises for business startups • Rolling out broadband.
Better Services	• Underpinning sector leading housing customer service – enabled by excellent repairs and local customer centred service model. • Providing new facilities for a range of other public services.
Better Communities	• Fully involving residents in designing renewed neighbourhoods. • Supporting volunteering and a vibrant voluntary sector.

5.2 The programme will help to transform many of our neighbourhoods. The benefits of planned investment are wide, impacting: housing; health and care; jobs, business and enterprise; place-making and the built environment; assets for the community; and bringing about greater community involvement.

5.3 This year, achievements have included:

- Securing planning permissions for renewal schemes at Ebury Bridge, Lisson Arches and Lilestone Street; and for re-provision of children's services at Tresham Crescent and Orange Park.
- Development or acquisition of over 100 new affordable homes (67 by Registered Provider partners and 40 by the City Council).
- Securing 100 jobs for residents of housing renewal areas.
- Identified opportunities to develop circa 80 new homes on estates.
- Delivered improvements to 800 homes, maintaining them at the Decent Homes Standard, and brought a further 600 homes up to the higher CityWest Homes standard.

5.4 Proposals for the five years beginning 2015/16 are outlined in the following section.

6. Key investment programmes

HRA capital programme – capital spend on our existing homes

6.1 The Business Plan includes £1.43 billion expenditure on investment works to existing stock over the 30 year period. That is split between £876m capital expenditure and £554m revenue expenditure. Total expenditure for the first five years of the programme amounts to £224m, broken down as shown below.

Year	Investment Need
2015/16	£46.6m
2016/17	£46.5m
2017/18	£45.5m
2018/19	£44.0m
2019/20	£41.5m
Total	**£224.1m**

6.2 This programme not only enables the stock to be maintained at the decent homes standard, but will ensure that 100% of the stock is brought up to the more ambitious CityWest standard. This allows for investment in the wider estate environment, security works, playgrounds, and energy efficiency works, attention to which is key to improving residents' satisfaction and wellbeing.

6.3 Traditionally, the 5-year HRA capital programme is approved by Cabinet as part of the annual budget report. As with last year, we are seeking budget approval for this programme through this comprehensive housing investment report. Individual schemes estimated to cost above £250k are subject to Scheme and Estimate approvals by Cabinet Member for Housing and Property on a six-monthly basis, while contract awards over £1.5m are also approved by Cabinet Member for Housing and Property.

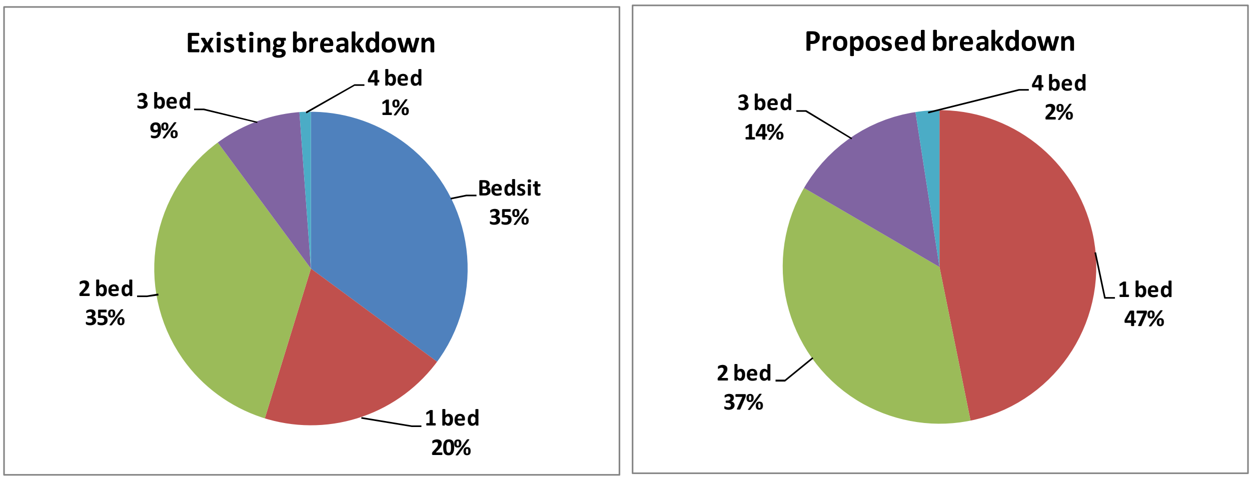
Housing estate renewal – improving neighbourhoods and adding to housing supply

6.4 Westminster's housing renewal programme represents a gross investment by the City Council of £135m in the Housing Renewal areas, and the first significant re-provisioning of Westminster council housing in over 30 years. The first phase of housing renewal is well advanced with four positive votes from residents. The first planning approvals have been secured and a number of projects are in the process of being put to the market. A summary of the current status of the renewal schemes is provided at Appendix B.

6.5 Expenditure and income associated with the four estate renewal schemes (Tollgate Gardens, Ebury Bridge, Church St and Paddington Green) have been included in the base business plan. Gross HRA costs are estimated to be £135m, with anticipated receipts of £106m leaving a net cost of £29m to be funded from the HRA. The Housing Renewal Programme will deliver in the region of 160 additional affordable homes, and significantly improved homes to replace the 320 social and private homes that will be demolished, plus refurbishment of many hundreds of homes that will be retained. Capital budgets for the next five years of the programme are set out at Appendix C.

6.6 One of the aims of the renewal programme is to provide new homes that better meet residents' needs. Through our investment, we will be providing larger homes, particularly to address overcrowding. The following charts illustrate the impact of our investment in two example renewal areas: Tollgate Gardens and Ebury Bridge. On these two estates, the profile of social housing changes significantly; with the removal of bedsit flats and the increase in family-sized units from 45% to 53% of homes.

Tollgate and Ebury unit sizes, pre and post redevelopment



6.7 In addition, HRA investment brings in circa £370m of private investment through which over 400 new private homes will be built plus other local commercial and community facilities; levering additional investment of approximately £18m for public realm, infrastructure and community development programmes across the renewal areas.

6.8 The programme aims to deliver wider benefits beyond new and improved homes. These are summarised in the table below. Delivery against the programmes will be subject to further resident consultation, planning and the necessary Council approvals.

Area wide Employment offer	• 1,000 employment opportunities to residents in renewal areas • Community assets – additional enterprise / employment space • Lasting legacy: addressing needs of long term unemployed
Church St	• Health & Well Being hub – up to 6,000 sq m – one stop for health, well being, housing, training and advice with enhanced range of health services • Public Realm – landscaping improvements throughout the neighbourhood, green corridor, area wide Increased park and playspace across the neighbourhood. Luton St, Broadley Gardens • District heating system to supply hot water and heat to new homes where possible more sustainably and cheaply. • Improving the market – series of physical and management improvements to make the street a London destination. • Older People's housing – 45 new replacement high quality one bedroom sheltered homes with some market housing for older people.

	• Enterprise centres • Relocation of Luton St Children's services to improved facilities at Tresham and Orange Park
Tollgate	• New community centre, accessible to all • Public realm – improved landscaping, increased greening of the estate.
Ebury	• New retail units facing onto Ebury Bridge Rd. • New playground • Provision of new community centre with good light and modern facilities, accessible • Retaining community gardens, new enlarged green spaces new and improved landscaping

6.9 At the centre of the renewal strategy is a commitment to provide a range of lasting benefits to Westminster, beyond housing delivering some of the key ambitions of Better City Better Lives. Investment in some of the most deprived areas of the city is driving growth creating ladders of opportunity through new housing, expanded employment programmes and a range of new enterprise opportunities to stimulate and promote local entrepreneurs. Capturing the benefits of this growth for residents by addressing the needs of the long term unemployed is key to delivering a lasting legacy.

6.10 We have made an area wide employment offer of 1,000 opportunities to residents in renewal areas. Two employment programmes, Westminster Works & Recruit London are focusing on renewal areas, supporting residents into employment and liaising with employers to recruit local people. A range of wider employment programmes commissioned by the City Council are aligned to achieving this target including the FACES team and the new programme designed with central government focusing on ESA claimants.

6.11 Central to achieving our ambition will be our work with contractors to capture opportunities through the developments for local residents.

6.12 To support local enterprise, construction to begin on 14,000 sq ft enterprise space at Lisson Arches early in 2015, with completion estimated early 2017. The aspiration is to secure a very high quality enterprise space delivery partner capable of running an intensively used space to support start-ups and business innovation, with complementary local benefit programmes to engage local residents of all ages.

6.13 A series of events to support enterprise and trial different ideas that can inform development of a long term strategy / delivery framework for enterprise projects in renewal areas is underway, including a food enterprise event on the Church Street 'triangle space'; a Maker Enterprise Event on the same space; a Youth Startup Weekend in partnership with Google; and a 'Be Your Own Boss' event planned for December.

6.14 The Council has also made a successful application to the Mayor's Local Enterprise Partnership for substantial funding to support local enterprise and spaces.

New affordable housing supply schemes

6.15 With the advent of HRA self-financing, the HRA is now a vehicle for delivering new affordable housing, supplementing the Registered Provider programme which has traditionally been supported by the council's Affordable Housing Fund. Over the next five years, through a combination of the two funding sources, existing and anticipated commitments are expected to deliver circa 677 new affordable housing units (including the renewal areas). This is summarised in the table below.

Affordable Housing Delivery, 2015-2020

Scheme	Units	HRA Funding	AHF funding*
New HRA acquisitions	47	£8.1m	£3.1m
Registered Provider schemes	175		£20.6m
Other council schemes	296	£7.1m	£26.4m
Sub-total new housing	**518**	**£15.2m**	**£50.1m**
Housing renewal	159	£29.0m	£17.4m
Total	***677***	***£44.2m***	***£67.5m***

* Either contractually committed or awaiting formal approval

6.16 We have set a strategic target in our HRA Asset Strategy to increase council housing stock by 100 units (net of disposals and housing renewal supply), by 2017 and to re-shape the portfolio to better meet customer and business needs. In the 2013/14 HRA Business Plan, £14m was set aside over the first two years of the plan as seed funding for this programme and we anticipate that this will have secured circa 40 new homes by the end of this financial year. In last year's plan an allocation of £8.1m was set aside for the purchase of the affordable housing component of a new private development on Edgware Road which will deliver 47 additional affordable homes (approved by Cabinet Member on 4 September 2014).

6.17 To release funding for the remainder of the HRA new supply programme, CityWest Homes have instituted an innovative and cutting edge active asset management approach to stock management. Whereby non-performing assets (for example those where the future value of the income is less than the future level of costs) are subjected to an options appraisal. Stock identified as surplus to needs is disposed of (subject to approval of the Strategic Director for Housing, Regeneration and Property). The proceeds from these sales fund investment in new acquisitions or redevelopment opportunities that deliver a net addition to the affordable housing stock and significantly better homes that meet the needs of residents. CityWest Homes are actively reviewing the housing portfolio to identify opportunities for redevelopment and infill developments, and opportunities to partner with other developers.

Affordable Housing Fund

6.18 The Affordable Housing Fund is our traditional source of funding for new housing supply. Since 2007 developers have contributed £158.5m to the fund, of which £89m has been expended delivering 1,450 affordable homes. Including interest earnt of £8m, the Fund has balances of £78m. Of this £49m is for existing commitments with a further £16m set aside for anticipated commitments. This means that currently the fund has £13m of uncommitted headroom.

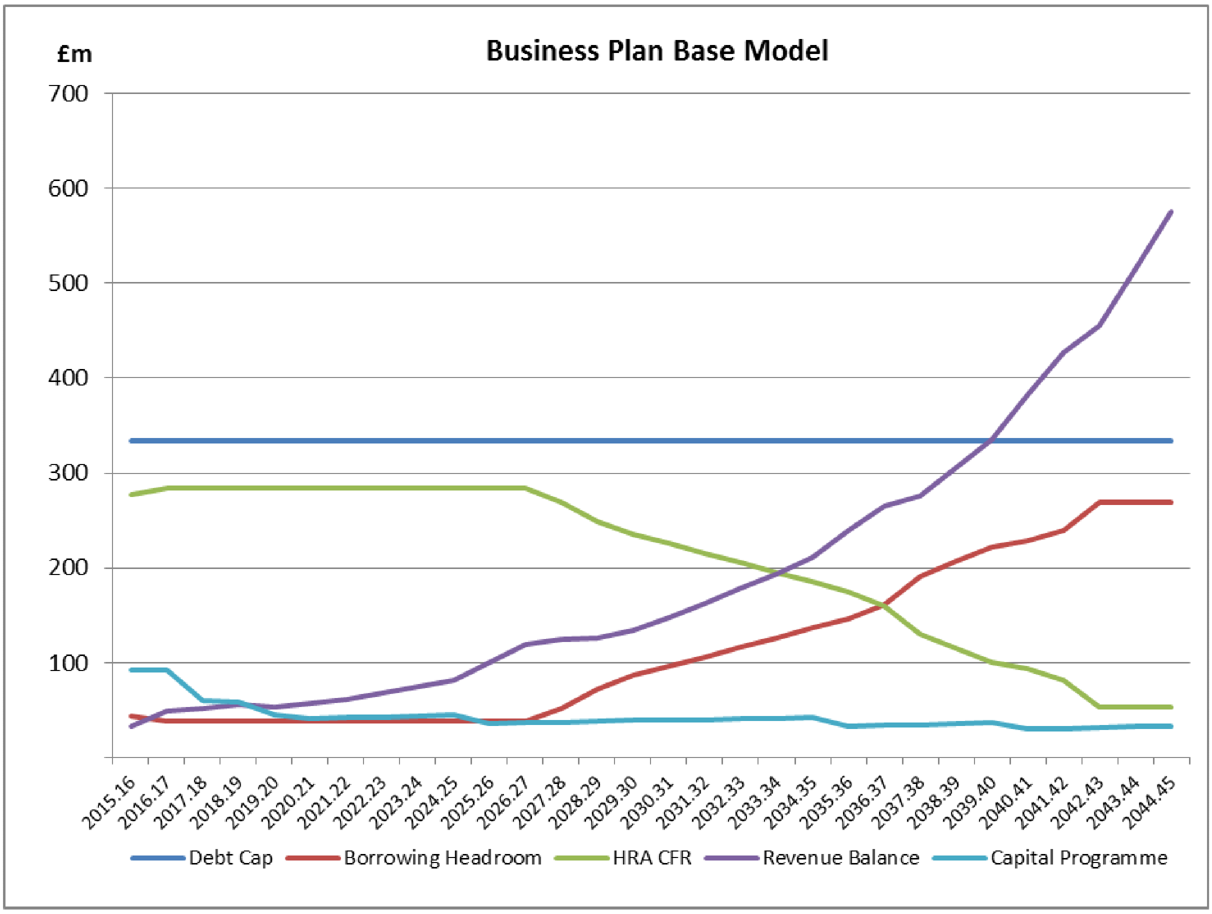
6.19 As noted in the table in paragraph 6.9, £50m has been allocated toward new schemes outside the renewal areas which will support delivery of 518 affordable homes (at an average cost to the AHF of £97k). To date, £45m has been formally committed (i.e. agreed by Cabinet Member), while £5m remains to be approved. In support of housing renewal, £6m has been agreed, with a further £11m requiring approval. These allocations will be approved by Cabinet Member as schemes move closer to delivery.

7. Overview of the Business Plan financial position

7.1 Each local authority HRA has a debt cap, imposed by government as part of the 2012 self-financing settlement. This limits the amount of borrowing that the HRA can undertake. Westminster's cap was £325m. In last year's business plan borrowing was projected to reach the cap in year 10 in order to fund planned investment programmes, which gave us limited flexibility in terms of meeting additional investment needs. In 2014 Westminster were successful in bidding for an increase in our debt cap, and now have access to an additional £8.6m that has to be drawn down in 2015/16 and 2016/17. This has effectively increased the Council's debt ceiling to £333m.

7.2 This year, having adjusted for changes in a number of the plan's building blocks, the situation is quite different. The major change has been the removal of the investment required to cash flow the Westbourne Green renewal scheme (following a no vote from residents), which has removed £40m of capital expenditure (£20m net) from the plan over years 1 to 10. Other significant changes which have improved the plan include a reduction in HRA major works capital spend as a result of slippage of £26m (£16m net); higher rental income one year down the line; better than forecast projected HRA balances; and a reduction in the impact of right to buy.

7.3 The chart below shows the main outputs that describe the HRA Business Plan base position: the debt cap; the HRA borrowing requirement); the available borrowing headroom; capital programme expenditure; and the reserves balance.



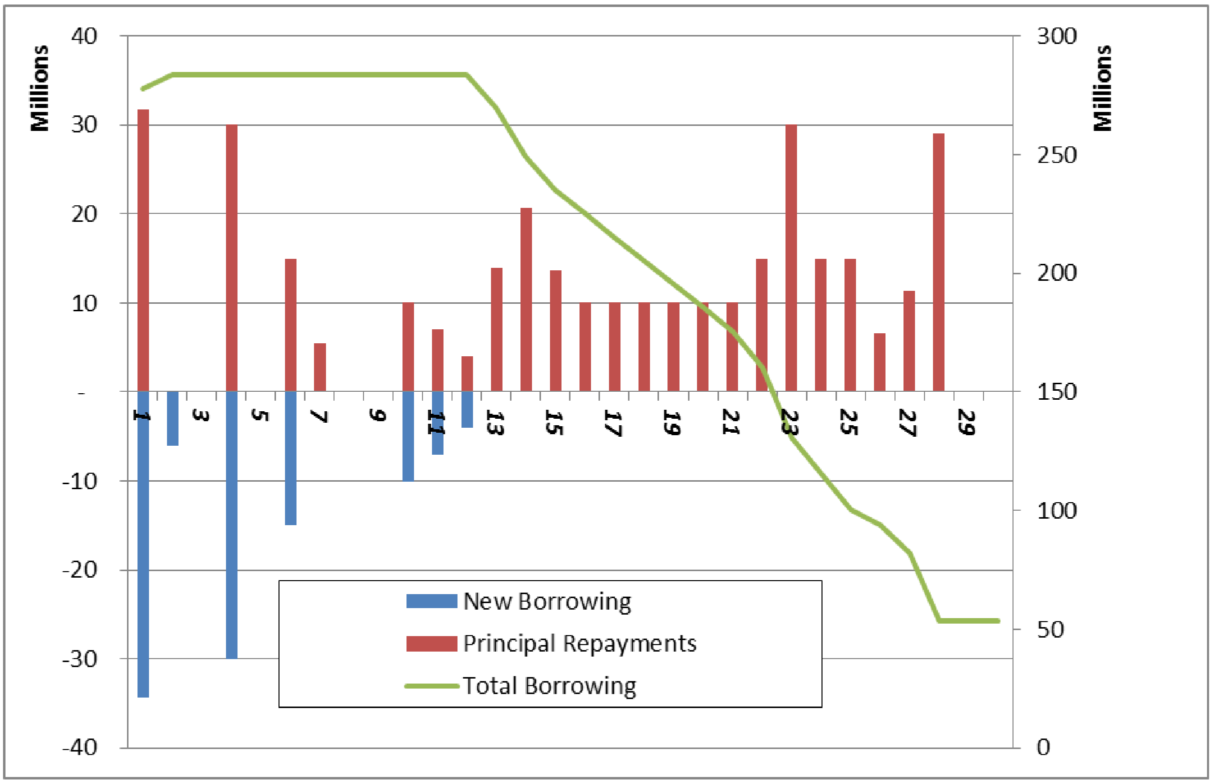
7.4 We begin 2015/16 with £278m of debt and borrowing headroom of £55m. Over 30 years we plan to repay all loans that fall to be repaid. The level of outstanding debt at year 30 will have been reduced to £53m. The peak level of debt is £284m in years 2-13.

7.5 The successful bid under the government's Growth Fund programme will allow the Council to draw down additional borrowing of £8.6m towards delivery of the Tollgate Gardens renewal scheme. This will enable an increase in the capacity of the plan to fund additional investment in more affordable housing.

7.6 The reason that we are refinancing loans in the early period of the plan is to create headroom to allow investment in regeneration and new affordable housing that will both result in a future revenue stream and result in capital value being created. The business case for this is that the cost of existing debt is eroded by inflation over time whilst house price inflation results in the creation of additional capital appreciation and value in the future.

7.7 The chart below demonstrates the profile of proposed new borrowing and repayments, and the impact on levels of debt within the HRA over the 30 years as a result of this plan.

Profile of proposed new borrowing, repayments and overall debts year 1-30



7.8 Non-regeneration capital receipts of £36m are assumed in the plan to come from properties that are scheduled for disposal over the next few years, including: Luxborough Street; Cleveland Street; Macintosh House and Dudley House. These receipts are crucial to funding the cash flow of investment programmes.

7.9 The funding of the anticipated gross investment of £135m (see Appendix C) in regeneration activities is also highly dependent upon £106m of capital receipts from developers over the next 5 years.

7.10 At present we are experiencing an increase in the initial uptake of tenants exercising the RTB. However as this is likely to be irregular and has significant distortions on the business plan. To minimise risk, we have assumed in the Plan that we will not have access to this additional source of capital funding. Any income we do receive will therefore improve the plan position.

7.11 Capital expenditure is high in the first four years of the Plan, due to front-funding of the renewal schemes, and does not fall consistently below £45m per annum until 2025/26. However, unlike in last year's plan the debt ceiling is not reached. **There is now borrowing headroom of £50m which combined with reserves of £34m creates additional capital investment capacity of £84m over the first five years.** Initial proposals within this plan will apply £10m of this capacity.

7.12 In addition to capital expenditure, the business plan allows for revenue expenditure of approximately £28m per annum on housing management services, and £19m per annum on responsive repairs and planned maintenance. This enables the continued delivery of a high standard of core services, which residents have consistently rated very highly in annual customer surveys and which compare more than favourably with other social housing providers. In the 2014 Housing Management Survey, CWH received a very high satisfaction rating – 90% of tenants were satisfied with services provided by their landlord, and 88% were satisfied with their neighbourhood. Although lower than tenants' satisfaction, lessees' satisfaction has increased from 55% in 2010 to 70% in 2014.

7.13 The service delivery model was reformed in 2011 (a reduction to two housing management providers, and establishment of a network of area service centres supporting local estate office) and has clearly delivered results; but we must ensure its continued effectiveness and carefully manage costs going forward.

7.14 The business plan remains viable over the 30 year period and the investment programmes are deliverable within our new borrowing cap of £333m. Appendix E presents the 30 year Operating Account, while Appendix F shows capital expenditure and financing over the 30 year period.

8. Opportunities for additional investment

8.1 As noted above, there is capacity within the business plan to finance £84m of additional investment. Through the process of developing the Housing Strategy, officers will be working up options for use of this funding, and will make specific recommendations for inclusion in the 2016/17 HRA Business Plan once detailed financial appraisals have been undertaken.

8.2 However, we have undertaken a review of the HRA portfolio and identified opportunities to deliver circa 70-80 new homes on small scale infill sites such as disused garages, basements, or adding to the ends of buildings. Such a programme would contribute to the objective of growing the HRA portfolio, providing homes for a range of households in need including social renters and intermediate households.

8.3 Work on bringing forward this programme is well underway and it will be important not to lose momentum. The active asset management programme has created a resource of £4m from disposals of non-performing assets that can be put towards delivering the first few opportunities, but it is recommended that this be topped up by a specific allocation within the business plan so that some of these schemes can be progressed. An earmarked fund of £10m is recommended, to be drawn upon as schemes are developed.

8.4 The proposed HRA business plan contains £5.1m of funding for future Business transformation schemes, in addition to the £2m funding in 2014-15. It is proposed that an earmarked reserve be created to ensure that any of this funding that is unapplied or under spent is carried forward and earmarked for investment to improve services and efficiency. The ALMO has a 1% annual savings target on controllable expenditure for the next 4 years.

9. Risk management

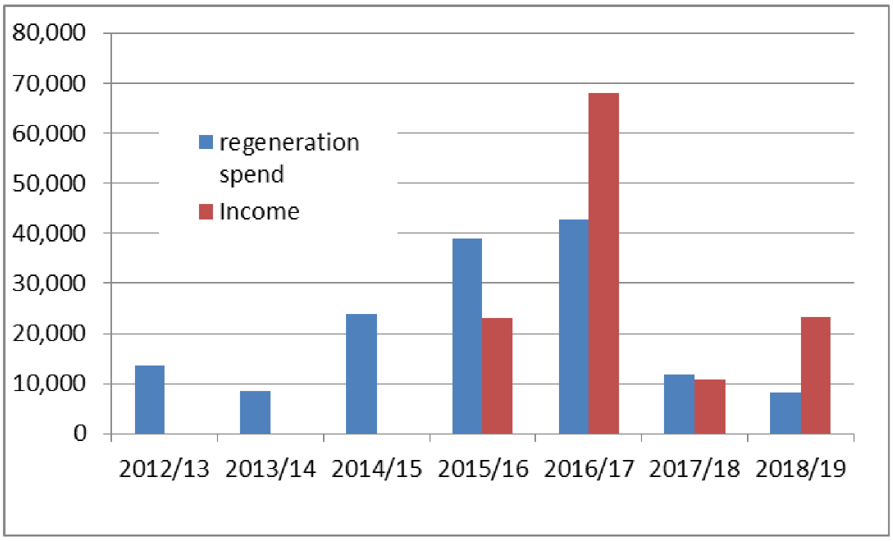
9.1 Being a 30-year plan, the HRA Business Plan is based on a number of assumptions about the future. We have been prudent in setting these assumptions so that risk is minimised. The key assumptions used in the plan are shown below. Risks are monitored via a Risk Register. This is reviewed quarterly at the Senior Management Team meetings.

Risk area	Assumption	Comment
Inflation	2.5% on major works 2% on all other costs	This has been applied to all expenditure items and is considered to be a realistic expectation of inflation over the long term.
Rent policy	Rent restructuring formula is applied throughout the plan period.	While local authorities have the flexibility to set rents that they consider “reasonable”, we are constrained by the Limit Rent which controls the total amount of rent due that can be funded through Housing Benefit. Until further guidance is issued by Government, it is assumed that current policy will be continued.
Void rates	Increases from 2% to 3% in 2017/18 to allow for the impact of the regeneration schemes and welfare reform. It is assumed to return to 2% in 2022/23.	In order to reflect the requirements of the regeneration programme and its impact on lettings, the presumed void rate for the stock has been adjusted during this period. Void rate returns to the assumed long term rate of 2% after this programme.
Bad debt provision	The allowance for bad debts is currently 0.5% and this has been increased annually from 2.14% in 2015/16 to 2.74% in 2019/20, remaining at this higher rate throughout the remainder of the planning period.	This is considered prudent in light of the uncertainty of rent collection under welfare reform and the experience of the demonstration projects. We currently assume that 55% of the amount collected through Housing Benefit will be eligible to be paid directly to clients and will be paid a month in arrears.
Interest on debt/balances	0.5% on balances; 4.5% on rescheduled and new debt during 2015/16 to 2018/19; thereafter at 6%.	Considered reasonable in light of current rates available and historic evidence.
RTB receipts	30 in 2015/16, then 25 in 2016/17 and continuing at 15 per annum from 2017/18 onwards.	Minimum level assumed, based on recent experience. While there has been a high number of applications, very few are moving through to completion. By assuming the minimum level, the plan can only improve should sales pick up.
Minimum cash balances	£10m	Considered reasonable in light of the risks identified in scenario and sensitivity testing. It is a cash balance, and elsewhere it is assumed that there is £20m of long term lessee debt thus the HRA balances are actually £30m.

9.2 The main risks associated with the HRA are:

- Under self-financing, the HRA has to bear the impact of interest rate risk.
- The HRA income stream is largely based upon assumptions about tenants' rents and rent collection, which could be adversely affected by welfare reform.
- The scale of the regeneration programme creates risks around containing expenditure and the timing of income receipts from developers.(see chart below)

9.3 The biggest risk to the delivery of the programme is the reliance upon asset disposals that underpins the regeneration programme and in particular their timing - see chart below.



9.4 Risk Management processes currently in place include:

- Robust Governance arrangements
- Schemes must be both viable and funded
- A gate zero strategic procurement process to ensure that the most effective procurement processes are in place
- Peer group challenge and review for the award of all contracts
- Clear lines of responsibility and named responsible project officers for all schemes
- Clear agreed arrangements with CWH over project management of investment opportunities and work not going through the developer panel
- No purchase No pay for all regeneration expenditure
- Monthly challenge and monitoring sessions for all capital project expenditure
- Monthly reporting of actual and forecast spend to cabinet member and other stakeholders
- Quarterly reporting to key stakeholders on an exception basis.

Risk Management Mitigation

9.5 There are a number of approaches open to Westminster to mitigate any potential impacts caused by the main risks identified above that take advantage of its unique market positioning, these include:

- The adoption of prudent assumptions about rent collection and voids
- Close monitoring and governance arrangements underlying the regeneration programme
- The ability to target the disposal of high value vacant properties in the short term to provide capital resources for reinvestment
- The ability to implement a reduction target for future controllable HRA revenue spend
- Reviewing and reducing the scope and cost of the HRA asset management plan
- Slowing down the implementation of the regeneration programme spend
- Varying the balance of tenures within a housing regeneration scheme to ensure the scheme remains viable
- Developing a diverse portfolio of housing offerings to different segments of the market
- Developing an active asset management strategy to ensure that future assets are fit for purpose, sustainable and that running costs are consistently targeted and lowered
- Using the long-term certainty of the HRA core business and investment needs to develop a more economical and strategic procurement strategy

10. Compliance with recommended best practice on HRA business planning and governance

10.1 The Business Plan conforms to the Chartered Institute of Housing (CIH) and CIPFA voluntary code on self-financing HRAs. This includes compliance with CIPFA's Code of Practice on Local Authority Accounting in the UK including depreciation of assets on a componential basis.

10.2 The Council complies with the both the principles of co-regulation as set out in "The Regulatory Framework for Social Housing in England from 2012." and also the requirements of the CIPFA/CIH "Voluntary code of practice on self-financing HRA's".

10.3 Under the Regulatory Framework code, governance arrangements should be fit for purpose, and reflect the complexity and risk-profile of the organisation. Boards and Councillors need to set clear objectives and develop forward looking strategy that enables their organisation to make the most of future opportunities and mitigate risks. There should be a continuous focus on effective financial management and improving value for money.

10.4 The self financing code of practice is a voluntary framework of best practise for Local Authority governance of the HRA aimed at promoting effective governance, finance and business planning and aimed at providing transparency to stakeholders on how the housing business is being managed. Its key principles are

- **Financial viability.** The housing authority has put in place arrangements to monitor the viability of the housing business and takes appropriate actions to maintain viability.

- **Communications and governance**. The housing authority keeps under review the communications and governance arrangements with regards to the new operating environment and adopts governance arrangements appropriate to supporting viability and accountability of the housing business.

- **Risk management**. The housing authority has in place an effective system for the on-going management, monitoring and reporting of risks to the HRA.

- **Asset management**. The housing authority has in place arrangements to maintain its assets to maximise their value into the future. The authority complies with the principles of good asset management as they apply to HRA assets.

- **Financial and treasury management**. The housing authority complies with proper accounting practices including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom2 and CIPFA's Treasury Management in the Public Services Code of Practice3

11. Financial Implications

11.1 This report relates to the Housing Revenue Account (HRA) Business Plan and Housing Investment Strategy. It is based on 30-year period. It has been updated to reflect the current position including Government policies, funding arrangements and risk factors. All expenditure and income is included in Council budgets. It is considered that the report reflects an accurate position on which to adopt the Plan.

11.2 In undertaking the HRA business planning process all regeneration programmes have been subjected to continued robust scrutiny and challenge. In addition, prudent assumptions about the impact of RTB disposals, bad debts and inflation on major works have been applied. These ensure for instance that forecast RTB receipts have been kept to a minimum; in reality the projected disposals would generate significant additional capital resources for reinvestment.

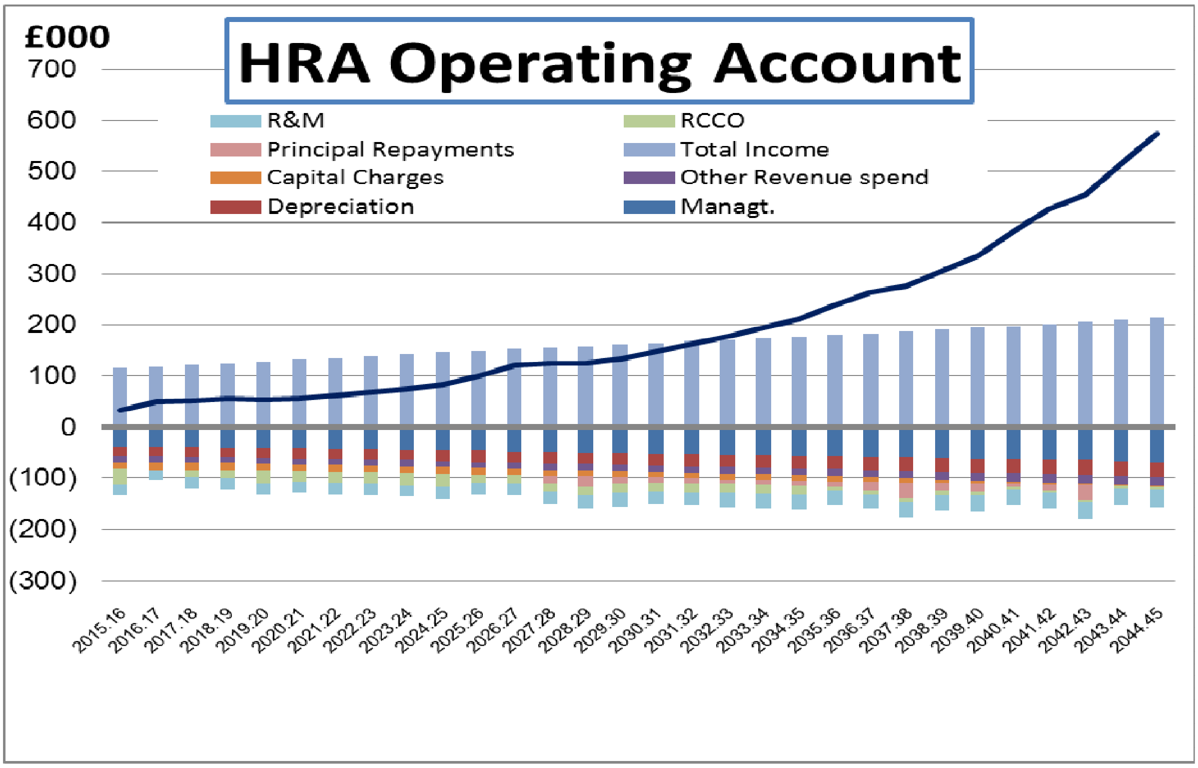
11.3 The funding of the increase in the expected capital programme over the next five years is largely dependent upon the timing of asset disposals that underpin the regeneration programme. If these are delayed or fail to materialise, then there are in place management strategies that will mitigate any adverse impact on the HRA. The HRA is legally not allowed to run a deficit account if it has not suffici8ent resources in terms of HRA balances.

11.4 Lastly, the internal governance processes within housing have been rigorously reviewed and focus now upon key project management skills and tolerance reporting. These changes will ensure that regeneration scheme budgets and outcomes are managed within agreed exception reporting tolerances.

11.5 A summary of the Aggregate Expenditure and Income proposals contained within the HRA Business Plan is shown in the table overleaf, and in more detail in Appendices D and E.

	As %age	£m's
Cash Balance Bfwd		**(50,800)**
Management	35%	1,559,016
Maintenance	18%	791,880
depreciation	16%	694,221
Other spend	9%	399,097
Debt Financing	7%	307,512
repayment of Debt	5%	230,380
RCCO	10%	430,871
Total Expenditure	100%	**4,412,977**
Net Rent Income	76%	(3,731,467)
Other Income	24%	(1,177,368)
Interest on Balances	1%	(28,018)
Total Income	100%	**(4,936,853)**
Cash Balance Cfwd		**(574,677)**

11.6 The detailed annual expenditure and income streams over the 30 year period are shown graphically below.



12. Legal Implications

12.1 Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989. The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.

12.2 The Localism Act contains provisions relating to housing finance in Sections 167 to 175 these provisions introduced a new system of council housing finance that will end the current Housing Revenue Account subsidy system in England and replace it with self financing arrangements.

12.3 This report includes references to rental income in relation to the charges made by the Council in respect of its HRA residential accommodation. Under Section 24 of the Housing Act 1985, local housing authorities have the power to “make such reasonable charges as they may determine for the tenancy or occupation of their houses”. Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. The section confers a broad discretion as to rents and charges made to occupiers, however it should be noted that there is a limitation on discretion arising from the self-financing determinations.

12.4 Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) as currently in force, local authorities are required to use RTB capital receipts to pay the "poolable amount" to the Secretary of State, on a quarterly basis: Reg.12 ('the pooling requirement').

12.5 The Equality Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:

a) Eliminate discrimination, harassment, victimisation or other prohibited conduct;
b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it; and
c) Foster good relations between those who share a relevant characteristic and those that do not share it.

12.6 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.

12.7 The Council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new Strategy. An Equalities Impact Assessment and or consultation maybe necessary if significant changes are envisaged to Housing Management.

12.8 Although it is intended that all leasehold interests in the Regeneration areas will be acquired by agreement and that all tenants be decanted by agreement, this may not be possible. In such circumstances, the City Council would need to rely on its powers of compulsory purchase to acquire any outstanding interests. Even if the CPO process proceeds without objection or challenge the use of such powers could add up to two years to projected timescales. If objections or challenges, whether a statutory High Court challenge or Judicial Review, are made this delay could extend to four years presenting a significant delay to the implementation of renewal proposals.

12.9 In summary, the process required to be gone through in order to obtain a CPO would be as follows:

- negotiations outside of CPO process begin, and continue throughout the process described below (up to Notice to Treat/General Vesting Declaration);
- a CPO must be a compelling case in the Public Interest;
- the project must have a business case, be viable and have finance available to ensure the redevelopment can take place and that properties can be acquired;
- Cabinet Decision to make a CPO is obtained;
- CPO is made and advertised in accordance with the statutory requirements;
- Notice of the making of the CPO is served on all relevant parties specifying the period within which an objection to the CPO may be made;
- CPO, and supporting documentation, is submitted to the Secretary of State (SoS);
- SoS will hold an inquiry into the CPO, if outstanding objections remain;
- CPO will be confirmed by SoS (and if CPO is not confirmed, the City Council will need to successfully challenge non-confirmation or go back to the drawing board);
- Confirmed CPO will be published;
- Any challenges to the confirmed CPO will need to be resisted;
- Notice to Treat/General Vesting Declaration procedure followed;
- Council will take possession.

12.10 Accordingly, in order to guard against having to initiate the lengthy CPO process described above late in the day, it is proposed that the process of obtaining a CPO will be initiated in parallel with the City Council’s continuing attempts (in its own right or through WCH acquire properties by agreement). Any powers obtained under a confirmed CPO would, of course, only be exercised where the City Council had no other option, i.e. where attempts to acquire by agreement had been exhausted.

13. Consultation

13.1 Development of the Business Plan and Housing Investment Strategy has involved officers from within the Housing Commissioning Team, Corporate Finance, and CityWest Homes and we have had regard to national and local housing policies and objectives that have informed the priorities for investment.

13.2 A key component of the housing renewal programme is community engagement: officers and consultants have worked with local communities to develop plans for their areas and residents have been enfranchised through renewal area votes. Community engagement teams work on the ground with residents, visiting residents in their homes, staffing drop-in sessions and holding open days. Resident expectations are high, and the City Council is committed to an ongoing programme of resident involvement as these schemes develop further.

13.3 Many of the schemes included in the early years of the 5-year capital programme are also being worked up in consultation with residents. Once approved, it will be necessary to communicate the aspirations and proposals contained within overall Business Plan and Investment Strategy to resident groups more widely.

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

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Jenny Cockburn, jcockburn@westminster.gov.uk

BACKGROUND PAPERS:

None.

Appendix A

Other Implications

1. Resources Implications

Organisational restructures have taken place within the Housing & Property Division, and at CityWest Homes to enable both organisations to deliver the programmes outlined within the Business Plan and Investment Strategy. See section 11 for implications for financial resources.

2. Business Plan Implications

Approval of the HRA Business Plan is critical to delivery of key components of the Housing Business Plan, such as the estate renewal programme and reducing homelessness pressures.

3. Risk Management Implications

See section 9 of the report.

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4. Health and Wellbeing Impact Assessment including Health and Safety Implications

Programmes delivered within this strategy are aimed at addressing health and wellbeing issues, through improvements to housing and the public realm, and through related programmes addressing employment and skills and provision of community facilities.

5. Crime and Disorder Implications

Safety and security measures form a component of the programme of works to existing stock, and the estate renewal schemes, both of which are factored into the HRA Business Plan.

6. Impact on the Environment

New homes are built to Code 4 as a minimum and environmental and energy efficiency works are key considerations in the works to existing housing stock and the housing renewal schemes.

7. Equalities Implications

Each of the estate renewal schemes has been subject to an Equalities Impact Assessment to ensure any arising issues are addressed. DDA works and disabled adaptations are included as essential works within the capital programme

8. Human Rights Implications

None.

9. Energy Measure Implications

See environmental implications above.

10. Communications Implications

See section 13 on consultation.

Appendix B

Renewal schemes current status

Tollgate Gardens

The planning application was approved on 19th November 2013. CPO notices were served on residents in November 2014, with the inquiry due to take place by Summer 2015. A developer is expected to be appointed in early 2015.

Ebury Bridge

The planning application was approved in June 2014. Subject to CPO and vacant possession, work will start on site late 2015.

Church Street

- The planning applications for Lisson Arches, Penn House and Lilestone Street were granted consent at the April Planning Committee.
- Planning permission has been achieved for the re-provision sites (Orange Park & Tresham House) for the 3 children's services at Luton Street. Work is due to start at Tresham Crescent in January 2015, with completion expected October 2015. The developer competition for Luton Street has been run, with Cabinet Member decision awaited.
- The Cosway Street development can now progress, having received confirmation that Secretary of State consent is not required for disposal.
- A Cabinet Member has been submitted for the delivery of the first phase of the public realm and infrastructure plan, including District Energy. Local residents and wider stakeholders are engaged through the Futures Steering Group which will work with the City Council to advise on the range of developments and packages.

Lisson Arches

Lilestone Street

Parsons North

A successful resident vote campaign was run in November 2013, during which a 64% majority of voters supported a 45 unit development scheme on the Parsons House North podium, improvements to Parsons House common areas and a package of local public realm benefits. Procurement of a development partner was begun in October 2014.

Anticipated Project Timeline

	Planning Approval	Procurement	Developer Appointed	Start on site	Practical Completion
Lisson Arches	Apr-14	Apr-15	Jun-15	Nov-15	Nov-17
Penn & Lilestone	Apr-14	Jan-17	Jun-17	Jun-17	Jul-19
Cosway Street		Mar-15			Mar-18
Luton St	Jun-15	Dec-13	Nov-14	Oct-15	Aug-17
Tollgate Gardens	Nov-13	Sep-14	Jan-15	Sep-15	Sep-18
Ebury Bridge	Jun-14	Jan-15	Apr-15	Apr-16	Jan-22
Parsons North	Aug-15	Sep-14	Jun-15	Nov-15	Nov-17

Appendix C

HRA Five year capital expenditure (£m)

Major Works	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**Total**
Catch up Works	2.5	2.5	2.5	2.5		10.0
Future Major Repairs	39.4	38.1	37.2	34.6	34.7	183.9
Estate Works	1.0	2.0	2.0	2.0	2.0	9.0
Related Assets		0.2	0.2	0.2	0.2	0.9
Disabled Adaptations	0.9	0.9	0.9	0.9	0.9	4.3
Exceptional Extensive	2.8	2.8	2.8	2.8	2.8	14.0
Environmental Improvements		0.0		1.0	1.0	2.0
	46.5	46.5	45.6	44.0	41.6	224.1
Regeneration						
Lisson Arches	9.7	8.6	4.6	0.0	0.0	22.9
Penn & Lilestone	0.3	0.4	0.4	2.7	0.0	3.8
Luton St	6.1					6.1
Tollgate Gardens	1.2	8.1				9.3
Ebury Bridge	17.1	17.2	5.4	5.6	0.0	45.3
Parsons North	0.6	0.1	1.4	0.0	0.0	2.1
	35.1	34.4	11.8	8.3	0.0	89.5
Non Delegated						
Dudley House	2.5					2.5
Ashridge	7.1					7.1
Edgware Road Development	2.2	2.4	3.0	3.6		11.2
	46.9	36.8	14.8	11.9	0.0	110.3
Total	93.4	83.3	60.3	55.8	41.5	334.4
Proposed Funding						
MRA	17.2	17.2	17.2	17.2	17.2	86.2
Lessee Contributions	9.1	9.2	9.4	9.6	9.8	47.2
Capital Receipts	39.8	50.6	32.4	23.3	0.0	152.2
New Borrowing	2.3	6.2				
HRA Reserves	25.0	0.0	0.0	0.7	14.5	48.8
	93.4	83.3	60.3	55.8	41.6	334.3
Projected Capital Receipts						
Regeneration Capital Receipts						
Lisson Arches		2.2	1.5	0.0		3.6
Penn & Lilestone				18.2		18.2
Cosway	12.1					12.1
Luton St	1.0	8.6				9.6
Tollgate Gardens	1.0		8.6			9.6
Ebury Bridge		45.8		5.1		50.8
Parsons North	2.4					2.4
	16.4	56.6	10.1	23.3	0.0	106.4
Other Capital Receipts						
Luxborough	9.6					9.6
Cleaveland Street	6.7					6.7
Mackintosh	2.4	2.4				4.7
Dudley House		15.0				15.0
	18.6	17.4	0.0	0.0	0.0	36.0

Appendix D- Regeneration Profiled spend and income

	Costs to date	**Budget**		**HRA BUSINESS PLAN 2015-16 to 2018-19**			
		2014/15	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**Total**
Expenditure	***£'000***	***£'000***	***£'000***	***£'000***	***£'000***	***£'000***	***£'000***
Cosway Street	*11,085*	379					**11,464**
Parsons North	*205*	188	644	104	1,400		**2,541**
Lisson Arches	*583*	2,433	9,735	8,592	4,567		**25,911**
Tollgate Gardens	*4,995*	8,415	1,229	8,081			**22,721**
Ebury	*857*	11,725	17,094	17,218	5,397	5,555	**57,847**
Penn & Lilestone	*800*	31	318	398	388	2,697	**4,633**
Luton Street	*3,594*	613	6,052				**10,260**
	22,119	**23,786**	**35,074**	**34,394**	**11,752**	**8,252**	**135,376**
Capital Reciept Income							
Cosway Street			-12,100				-12,100
Parsons North			-2,429				-2,429
Lisson Arches				-2,163	-1,477		-3,640
Ebury				-45,762		-5,085	-50,846
Tollgte Gardens			-956		-8,602		-9,558
Penn & Lilestone						-18,200	-18,200
Luton Street			-959	-8,627			-9,585
			-16,443	**-56,552**	**-10,079**	**-23,285**	**-106,358**
Net Impact on HRA	***22,119***	***23,786***	***18,630***	***-22,158***	***1,673***	***-15,033***	***29,018***

Appendix E - Operating Account (30 Years)

WESTMINSTER CITY COUNCIL
HRA Business Plan
Operating Account
(expressed in money terms)

		Income					**Expenditure**															
Year	Year	Net rent Income	Other income	Misc Income	RTB Admin	Total Income	Managt.	Depreciation	Responsive & Cyclical	Other Revenue spend	HRA Cost of Rent Rebates	Misc expenses	Total expenses	Capital Charges	**Net Operating (Expenditure)**	Provision for repayment of loans	Transfer from / (to) MRR	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**	**£,000**	**£,000**	**£,000**
1	2015.16	87,345	9,060	19,850	86	116,341	(38,962)	(17,319)	(19,590)	(11,779)	0	0	(87,650)	(13,120)	**15,571**	(0)	0	(32,745)	**(17,174)**	**50,800**	**211**	**33,837**
2	2016.17	89,045	9,241	20,329	71	118,686	(39,458)	(17,522)	(20,097)	(12,015)	0	0	(89,092)	(14,026)	**15,569**	0	0	0	**15,569**	**33,837**	**249**	**49,655**
3	2017.18	90,989	9,426	20,736	43	121,194	(39,961)	(17,941)	(20,496)	(11,142)	0	0	(89,539)	(14,128)	**17,527**	0	0	(15,388)	**2,139**	**49,655**	**295**	**52,088**
4	2018.19	94,338	9,615	21,151	43	125,146	(40,760)	(18,432)	(21,000)	(10,303)	0	0	(90,495)	(13,547)	**21,104**	0	0	(17,103)	**4,001**	**52,088**	**270**	**56,360**
5	2019.20	97,298	9,807	21,574	43	128,721	(41,575)	(18,938)	(21,570)	(10,509)	0	0	(92,593)	(13,153)	**22,976**	0	0	(26,445)	**(3,469)**	**56,360**	**273**	**53,164**
6	2020.21	100,093	10,003	22,005	43	132,144	(42,407)	(19,313)	(21,192)	(10,720)	0	0	(93,631)	(13,182)	**25,330**	0	0	(21,827)	**3,503**	**53,164**	**275**	**56,942**
7	2021.22	102,719	10,203	22,445	43	135,410	(43,255)	(19,675)	(21,658)	(10,934)	0	0	(95,522)	(13,432)	**26,456**	0	0	(22,316)	**4,140**	**56,942**	**295**	**61,377**
8	2022.23	106,388	10,407	22,894	43	139,732	(44,120)	(19,978)	(22,135)	(11,153)	0	0	(97,386)	(13,440)	**28,906**	0	0	(23,012)	**5,894**	**61,377**	**322**	**67,593**
9	2023.24	109,342	10,615	23,352	43	143,352	(45,002)	(20,353)	(22,660)	(11,376)	0	0	(99,391)	(13,440)	**30,522**	0	0	(23,901)	**6,621**	**67,593**	**355**	**74,568**
10	2024.25	112,379	10,828	23,819	43	147,068	(45,902)	(20,734)	(23,197)	(11,603)	0	0	(101,437)	(13,554)	**32,077**	0	0	(24,698)	**7,379**	**74,568**	**391**	**82,339**
11	2025.26	114,517	11,044	24,295	43	149,899	(46,820)	(21,123)	(23,373)	(11,835)	0	0	(103,152)	(13,611)	**33,137**	0	0	(14,872)	**18,265**	**82,339**	**457**	**101,061**
12	2026.27	116,696	11,265	24,781	43	152,785	(47,757)	(21,518)	(23,928)	(12,072)	0	0	(105,275)	(13,674)	**33,836**	0	0	(15,367)	**18,469**	**101,061**	**551**	**120,082**
13	2027.28	118,915	11,490	25,277	43	155,725	(48,712)	(21,921)	(24,495)	(12,313)	0	0	(107,442)	(13,669)	**34,614**	(14,000)	0	(15,841)	**4,774**	**120,082**	**612**	**125,468**
14	2028.29	121,177	11,720	25,782	43	158,723	(49,686)	(22,332)	(25,076)	(12,560)	0	0	(109,653)	(12,300)	**36,769**	(20,735)	0	(16,328)	**(295)**	**125,468**	**627**	**125,800**
15	2029.30	123,482	11,954	26,298	43	161,778	(50,680)	(22,750)	(25,670)	(12,811)	0	0	(111,911)	(11,569)	**38,297**	(13,700)	0	(16,829)	**7,768**	**125,800**	**648**	**134,216**
16	2030.31	125,831	12,194	26,824	43	164,891	(51,694)	(23,176)	(26,279)	(13,067)	0	0	(114,216)	(11,170)	**39,506**	(10,000)	0	(16,082)	**13,423**	**134,216**	**705**	**148,344**
17	2031.32	127,777	12,437	27,361	43	167,618	(52,727)	(23,610)	(26,796)	(13,328)	0	0	(116,462)	(10,834)	**40,321**	(10,000)	0	(16,433)	**13,888**	**148,344**	**776**	**163,009**
18	2032.33	129,751	12,686	27,908	43	170,388	(53,782)	(23,866)	(27,323)	(13,595)	0	0	(118,566)	(10,495)	**41,327**	(10,000)	0	(16,978)	**14,349**	**163,009**	**851**	**178,209**
19	2033.34	132,218	12,940	28,466	43	173,666	(54,858)	(24,312)	(27,970)	(13,867)	0	0	(121,007)	(10,151)	**42,508**	(10,000)	0	(17,502)	**15,006**	**178,209**	**929**	**194,143**
20	2034.35	134,731	13,199	29,035	43	177,008	(55,955)	(24,767)	(28,633)	(14,144)	0	0	(123,499)	(9,805)	**43,704**	(10,000)	0	(18,041)	**15,663**	**194,143**	**1,010**	**210,816**
21	2035.36	137,292	13,463	29,616	43	180,413	(57,074)	(25,231)	(28,623)	(14,427)	0	0	(125,355)	(9,432)	**45,626**	(10,000)	0	(8,119)	**27,507**	**210,816**	**1,123**	**239,445**
22	2036.37	139,902	13,732	30,208	43	183,885	(58,215)	(25,703)	(29,301)	(14,716)	0	0	(127,935)	(8,872)	**47,078**	(14,945)	0	(8,441)	**23,692**	**239,445**	**1,256**	**264,394**
23	2037.38	142,561	14,007	30,812	43	187,422	(59,380)	(26,184)	(29,995)	(15,010)	0	0	(130,568)	(7,394)	**49,460**	(30,000)	0	(8,773)	**10,687**	**264,394**	**1,349**	**276,429**
24	2038.39	145,270	14,287	31,429	43	191,028	(60,567)	(26,673)	(30,705)	(15,310)	0	0	(133,256)	(6,652)	**51,120**	(15,000)	0	(9,115)	**27,005**	**276,429**	**1,450**	**304,885**
25	2039.40	148,031	14,572	32,057	43	194,703	(61,779)	(27,172)	(31,432)	(15,616)	0	0	(136,000)	(5,737)	**52,967**	(15,000)	0	(9,467)	**28,499**	**304,885**	**1,596**	**334,980**
26	2040.41	150,844	14,864	32,698	43	198,449	(63,014)	(27,680)	(32,177)	(15,929)	0	0	(138,800)	(4,817)	**54,833**	(6,600)	0	(2,626)	**45,607**	**334,980**	**1,789**	**382,376**
27	2041.42	153,711	15,161	33,352	43	202,267	(64,274)	(28,198)	(32,939)	(16,247)	0	0	(141,658)	(3,996)	**56,613**	(11,400)	0	(2,830)	**42,383**	**382,376**	**2,018**	**426,776**
28	2042.43	156,631	15,464	34,019	43	206,158	(65,560)	(28,725)	(33,719)	(16,572)	0	0	(144,576)	(2,962)	**58,620**	(29,000)	0	(3,042)	**26,578**	**426,776**	**2,200**	**455,555**
29	2043.44	159,603	15,774	34,700	43	210,119	(66,871)	(29,262)	(34,517)	(16,904)	0	0	(147,554)	(2,674)	**59,891**	0	0	(3,262)	**56,629**	**455,555**	**2,419**	**514,603**
30	2044.45	162,589	16,089	35,394	43	214,114	(68,209)	(29,810)	(35,334)	(17,242)	0	0	(150,594)	(2,674)	**60,846**	0	0	(3,489)	**57,357**	**514,603**	**2,716**	**574,677**

Appendix F – Capital Programme (30 Years)

WESTMINSTER CITY COUNCIL
HRA Business Plan
Major Repairs and Improvements Financing
(expressed in money terms)

		Expenditure								Financing					
Year	Year	Catch up Works	Future Major Repairs	Estate Works	Disabled Adaptations	Exceptional Extensive	New Build Development Costs	Other	Total Expenditure	Borrowing	RTB Receipts	Other	MRR	RCCO	Total Financing
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2015.16	2,500	39,350	1,000	850	2,800	46,055	600	93,155	2,600	256	40,234	17,319	32,745	93,155
2	2016.17	2,525	38,927	2,050	871	2,842	42,880	2,448	92,544	6,000	129	85,413	1,002	0	92,544
3	2017.18	2,562	38,701	2,101	893	2,897	11,752	1,561	60,467	0	(134)	10,754	34,460	15,388	60,467
4	2018.19	2,612	36,895	3,214	915	2,969	8,252	3,820	58,678	0	(142)	23,285	18,432	17,103	58,678
5	2019.20	0	37,954	3,295	938	3,045	0	0	45,232	0	(150)	0	18,938	26,445	45,232
6	2020.21	0	35,012	3,323	962	1,781	0	0	41,079	0	(62)	0	19,313	21,827	41,079
7	2021.22	0	35,782	3,404	986	1,820	0	0	41,991	0	0	0	19,675	22,316	41,991
8	2022.23	0	36,634	3,486	1,010	1,860	0	0	42,990	0	0	0	19,978	23,012	42,990
9	2023.24	0	37,742	3,572	1,036	1,904	0	0	44,254	0	0	0	20,353	23,901	44,254
10	2024.25	0	38,761	3,660	1,062	1,950	0	0	45,432	0	0	0	20,734	24,698	45,432
11	2025.26	0	31,535	2,124	1,088	1,247	0	0	35,995	0	0	0	21,123	14,872	35,995
12	2026.27	0	32,317	2,176	1,115	1,277	0	0	36,885	0	0	0	21,518	15,367	36,885
13	2027.28	0	33,083	2,229	1,143	1,307	0	0	37,762	0	0	0	21,921	15,841	37,762
14	2028.29	0	33,867	2,284	1,172	1,338	0	0	38,660	0	0	0	22,332	16,328	38,660
15	2029.30	0	34,669	2,339	1,201	1,370	0	0	39,579	0	0	0	22,750	16,829	39,579
16	2030.31	0	35,351	1,275	1,231	1,402	0	0	39,259	0	0	0	23,176	16,082	39,259
17	2031.32	0	36,046	1,306	1,262	1,430	0	0	40,044	0	0	0	23,610	16,433	40,044
18	2032.33	0	36,754	1,339	1,293	1,458	0	0	40,844	0	0	0	23,866	16,978	40,844
19	2033.34	0	37,624	1,372	1,326	1,492	0	0	41,815	0	0	0	24,312	17,502	41,815
20	2034.35	0	38,515	1,407	1,359	1,527	0	0	42,808	0	0	0	24,767	18,041	42,808
21	2035.36	0	28,952	1,442	1,393	1,564	0	0	33,350	0	0	0	25,231	8,119	33,350
22	2036.37	0	29,638	1,478	1,428	1,601	0	0	34,144	0	0	0	25,703	8,441	34,144
23	2037.38	0	30,340	1,515	1,463	1,638	0	0	34,956	0	0	0	26,184	8,773	34,956
24	2038.39	0	31,058	1,553	1,500	1,677	0	0	35,788	0	0	0	26,673	9,115	35,788
25	2039.40	0	31,794	1,592	1,537	1,717	0	0	36,640	0	0	0	27,172	9,467	36,640
26	2040.41	0	25,341	1,631	1,576	1,757	0	0	30,306	0	0	0	27,680	2,626	30,306
27	2041.42	0	25,942	1,672	1,615	1,799	0	0	31,028	0	0	0	28,198	2,830	31,028
28	2042.43	0	26,556	1,714	1,656	1,841	0	0	31,767	0	0	0	28,725	3,042	31,767
29	2043.44	0	27,185	1,757	1,697	1,885	0	0	32,524	0	0	0	29,262	3,262	32,524
30	2044.45	0	27,829	1,801	1,739	1,930	0	0	33,299	0	0	0	29,810	3,489	33,299