London Borough of Hammersmith & Fulham **CABINET** **4 FEBRUARY 2019**	h&f hammersmith & fulham
FINANCIAL PLAN FOR COUNCIL HOMES: THE HOUSING REVENUE ACCOUNT FINANCIAL STRATEGY, 2019/20 HOUSING REVENUE ACCOUNT BUDGET AND 2019/20 RENT REDUCTION	
Report of the Cabinet Member for Housing – Councillor Lisa Homand and the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid	
Open Report	
Classification - For Decision **Key Decision: Yes**	
Wards Affected: All	
Accountable Director: Jo Rowlands, Strategic Director for Growth & Place Hitesh Jolapara, Strategic Director for Finance & Governance	
Report Author: Danny Rochford, Head of Finance for Growth & Place, Finance & Governance	**Contact Details:** Tel: 020 8753 4023 E-mail: danny.rochford@lbhf.gov.uk

1. EXECUTIVE SUMMARY

1.1 This report covers the 2019/20 budget for the Council's homes (also known as the annual Housing Revenue Account (HRA) budget).

1.2 The HRA budget enables the Council to deliver services to residents, maintain safe and secure homes, invest in its stock, and develop new affordable homes.

1.3 In the next 12 months the Council will:

- Create a new repairs delivery model that provides better services for residents
- Continue delivering the Fire Safety Plus Programme
- Launch a new asset management strategy and create a long-term investment plan for residents' homes

- Reform the Growth and Place directorate so that it better delivers for residents
- Develop new affordable homes directly and in partnership on HRA land

1.4 The report notes that the Chancellor of the Exchequer confirmed in his Budget speech of 29th October that the HRA borrowing (debt) cap has been abolished. The Council is now able to borrow for housebuilding in accordance with the Prudential Code. The Council will exploit this opportunity to develop new homes in the HRA.

2. RECOMMENDATIONS

That Cabinet Agrees:

2.1. To approve the Housing Revenue Account 2019/20 budget for Council homes as set out in Table 1.

2.2. To approve a rent reduction of 1% from April 1st 2019 which equates to an average weekly decrease of £1.16 in 2018/19 (as required under the Welfare Reform and Work Act 2016).

2.3. To approve 2018/19 capital programme slippage of £1.4m

2.4. To recommend that Full Council approves the HRA capital programme for 2018/19 to 2022/23 for a total of £255m including additions of £41.9m in 2022/23 which are presented in Table 4 (with individual schemes subject to Cabinet approval where appropriate).

2.5. To note the 5-year revenue budgets for 2019/20 to 2023/24 (Table 1).

2.6. To note the 40 Year Financial Plan for Council Homes for 2019/20 to 2058/59 as set out in section 5 of this report.

2.7. To note the HRA Medium Term Financial Strategy (MTFS) which includes revenue growth relating to the restructure of the Growth & Place department of £1.94m (see Appendix 2) and also plans to deliver on-going annual revenue savings of £0.1million per annum from 2019/20 rising to £0.8million per annum from 2020/21 and £0.9million per annum from 2021/22 onwards with savings coming principally from better stock condition and housing management (see Appendix 1).

2.8. To approve a change in rent policy to CPI[1] + 1% from 2020/21 plus use of the rent flexibility level (where rents for new lets are set at 5% above the formula rent subject to the rent cap).

[1] The Council uses CPI as at August for all non-housing rent-related annual charge increases. However, the Council's rent increases are based on the September CPI as this is consistent with other local housing authorities.

2.9. To approve an increase to equity share rents, which fall outside the Government's requirement to reduce social housing rents by 1% each year, of CPI (2.4% as at September 2018).

2.10. To approve an increase in tenant service charges of CPI (2.4% as at September 2018).

2.11. To note that Thames Water Authority is not due to confirm the increase in tenants' water charges until the end of January 2019, and therefore to delegate authority to the Strategic Director Growth and Place in conjunction with the Cabinet Member for Housing to agree the average increase in water charges.

2.12. To approve a freeze in the communal heating charges.

2.13. To increase parking and garage charges by CPI (2.7% as at August 2018).

2.14. To note the risks outlined in Appendix 3: Key Risks, of this report.

3. REASONS FOR DECISION

3.1. Section 76 (1)-(4) of the Local Government & Housing Act 1989 requires that local authorities with a Housing Revenue Account set a budget that avoids a deficit, using the best assumptions available. The Council must also keep the HRA under regular review.

3.2. This budget has been built from existing base budgets, responding to rent regulations, and developed so that the Council can meet its Business Plan and Housing Strategy objectives.

3.3. The HRA plays a key role in delivering across a range of Business Plan and Housing Strategy objectives including:

- Delivering genuinely affordable housing
- Protecting the future of existing housing
- Being Ruthlessly Financially Efficient and delivering value for money in services
- Delivering public service reform, by finding new ways of working
- Doing things with residents, through their role in service design and co-production
- Providing excellent housing services for all

3.4. A number of key reforms to the service will take place in 2019/20 in order to achieve these objectives, and these have been included within the revised budget.

3.5. The Fire Safety Plus Programme will continue to make sure that the Council's homes and property meet high standards. This programme will move into the delivery phase.

3.6. This will be supported by a new HRA Asset Management Strategy, which was approved at Cabinet on 3rd December 2018. This sets out the priorities for investment in the Council's stock, with fire safety and health and safety compliance of primary importance. The strategy will enable the Council to plan long term investment in its stock.

3.7. The repairs and maintenance contract with MITIE is being terminated, and a transition programme is underway and a new, residents focused and designed repairs delivery model is being developed. This is anticipated to be funded from the existing revenue budget for housing repairs.

3.8. To enable the successful delivery of the capital programme, fire safety plus, and improved services to residents, restructures to Growth and Place directorate are being completed. This has resulted in budget growth of £1.94m in these areas of operations, which will enable on going revenue savings of £0.7m per annum from 2020/21 rising to £0.8m per annum from 2021/22. These savings will be the result of better stock condition following investment and savings from improved customer service.

3.9 The strategic financial objectives for the HRA support the delivery of the above housing strategic objectives and are as follows:

- to enable the financing of a viable on-going repairs programme that focusses on ensuring that all health and safety requirements are met and on maintaining the basic fabric of the Council's homes. The repairs programme will be prioritised to provide safe and weather-proof homes.

- to fund this by undertaking a programme of prudential borrowing whilst financing both the annual interest of new and existing debt and repayments of the principal debt on maturity (£180.3m as at 1st April 2018);

- to be ruthlessly financially efficient, continue to seek opportunities to raise additional income and to find further efficiencies which do not impact on service delivery;

- to ensure tenants only receive affordable increases in rent and other charges that are lower than those included in the February 2014 HRA Business Plan;

- to continue to endeavour to free resources for investment in new initiatives including new housing supply whilst improving service standards.

4. BACKGROUND

Purpose of Housing Revenue Account

4.1 The Housing Revenue Account (HRA) contains solely the costs arising from the management and maintenance of the Council's housing stock, funded by income from tenant rents and service charges, leaseholder service charges, commercial property rents and other housing-related activities. It is a ringfenced account and is required under statute to account separately for local authority housing provision.

4.2 The ring-fence was introduced in Part IV of the Local Government and Housing Act 1989, and was designed to ensure that rents paid by local authority tenants accurately reflected the cost of associated services as well as exclusively funding those services. The ring-fence also requires that rents cannot be used to subsidise Council Tax. The items that can be credited and debited to the HRA are prescribed by statute, and the Council has no general discretion to transfer items into and out of the HRA.

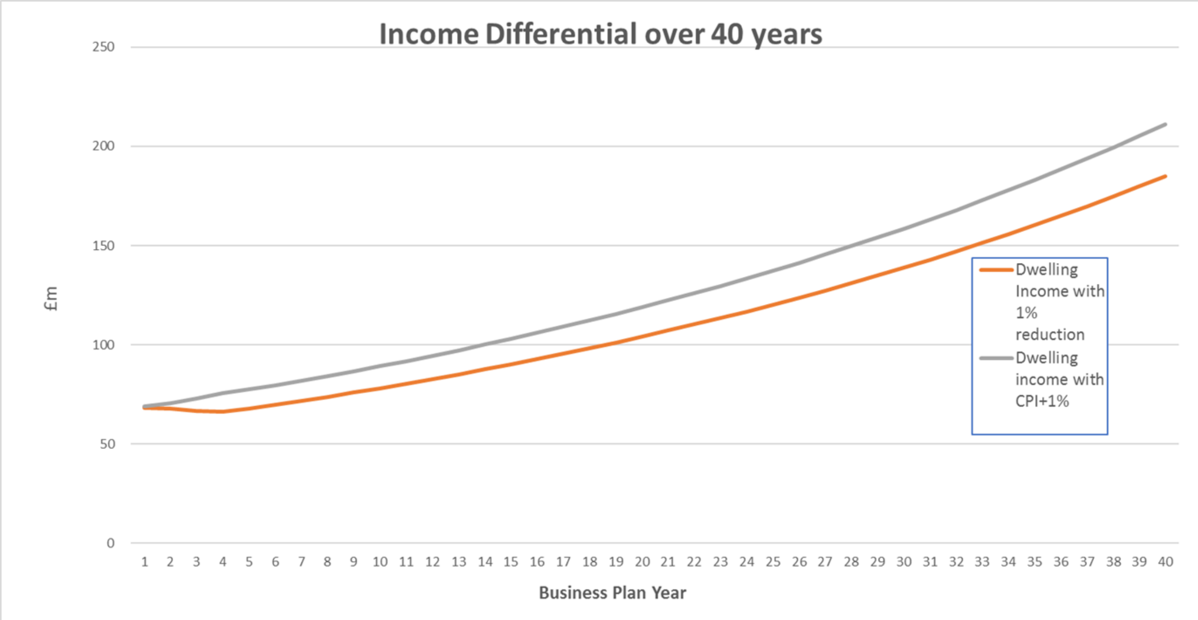
Rent Regulations

4.3 The draft budget for Council homes for 2019/20 assumes that tenant rents reduce in line with the enforced rent reduction of 1%, required under the Welfare and Reform Act 2016. This will be the final year of the decision by the Chancellor of the Exchequer to reduce social housing rents by 1% each year for four years from April 2016.

4.4 Tenant service charges will increase by CPI (2.4% as at September 2018) as most of our contract costs increase each year by CPI. The combined effect will be a decrease in average tenants rent and service charges of 0.8%. Together with a few adjustments, this will reduce gross rental income in the HRA by £0.3m in 2019/20.

4.5 The rent reduction will result in average rents being nearly £17.67 less per week after four years (from 2019/20) than the average rent predicted in the financial plan approved in January 2015. The average rent for our Council Homes of £106.93 per week is already lower than that of most other central London boroughs (see Appendix 4 for a comparison of average rents in other central London boroughs).

4.6 The overall impact of the 1% cut over the four year period for Hammersmith and Fulham is at least £19m. This has an effect on the funding available from rental income to invest in stock, new housing and service provision. The graph below shows the difference between the rental income generated as a result of the rent reduction compared with a scenario where rents would have increased by CPI + 1% during those four years:



4.7 In October 2017 the Government announced its intention to permit local authority social housing rents to be increased annually by up to CPI + 1% for at least five years from April 2020. More recently, the Government consulted with local authorities on this although the Government is yet to confirm the final decision so there is a small risk that a different rent policy is announced.

4.8 The 40-year financial plan also includes an assumption that the Council will use the rent flexibility level. This is where current Government policy on social housing rents gives landlords flexibility to set rents up to 5% above the formula rent for newly let homes. This new policy will be further developed in the coming months and will ensure that the average rent does not exceed the limit rent for the Council as this could result in a loss of Housing Benefit to the HRA.

4.9 This will increase the rental income available to fund new housing, investment and service provision. This is reflected in the rental income projections in the MTFS and 40-year business plan.

Other Charges Inflation

4.10 The changes to charges for communal heating schemes, garage and parking space rents, water and sewerage charges, home buy and income from advertising hoardings and commercial properties are set out in Appendix 5.

HRA debt cap changes

4.11 The Chancellor of the Exchequer confirmed in his Budget speech of 29th October that the HRA borrowing (debt) cap has been abolished. The Council is now able to borrow for housebuilding in accordance with the Prudential Code. Borrowing can only be used for capital purposes and cannot be used to fund revenue costs (i.e. operations). Any additional borrowing will need to be affordable within the context of the overall business plan.

5. HRA REVENUE BUDGET AND MTFS

5.1 The decision by the Chancellor of the Exchequer to reduce social housing rents by 1% each year for four years from April 2016, without any accompanying compensation to the HRA, means that while lower rents may appear to benefit tenants in the short term, there is a lot less money available to pay for the maintenance of Council homes.

5.2 The Council's Fire Safety Plus Programme to make sure the Council's homes and other properties meet higher standards has an estimated cost in the region of £20m. Although these are mainly capital costs, Cabinet approved in July 2018 that the HRA set aside £12.8m in the Fire Safety Plus earmarked reserve as a contribution to these costs. It is expected that £3.6m of fire safety expenditure will be funded from this reserve in 2018/19.

5.3 The updated Asset Management Strategy will establish how the Council will prioritise investment in housing over the course of the next five years. It will make clear the Council's commitment to achieve a compliance based asset management approach to its housing stock. Much of the housing stock and associated assets are reaching or have exceeded their operational life expectancy. Significant future investment to maintain and replace these assets will be required.

5.4 In the coming months, officers will set out the detailed investment plans informed by the Asset Management Strategy and the associated financial implications. There is a risk that the revised capital investment plans may exceed the available funding and this could result in the need to delay or change the specification of other works and projects within the capital programme.

5.5 The Council has looked for other ways to offset the impact of the 1% rent cut on repairs, the increase in the costs of providing the Operations and Direct Delivery service and the additional costs of the Fire Safety Plus Programme to help safeguard Council homes for the future and ensure the long term financial sustainability of the HRA.

5.6 Although the opportunity to get more money in is restricted as most of the income received in the HRA is from tenants' rents and rent reductions for next year is set by legislation, a detailed review of the budgets has resulted in the identification of savings in the form of additional income in the HRA for 2019/20. The budgeted income for 2019/20 from parking on housing estates in the borough is currently forecast at £0.25m. This is £82,000 higher than for 2018/19 and is mostly due to the introduction of enforceable parking controls. In addition, improved management of the HRA commercial property portfolio has resulted in additional income of £42,000. These savings are shown in Appendix 1 and also Appendix 6 sets out the major movements in housing income.

5.7 The table below sets out the proposed budget for 19/20 together with projections for income and expenditure in the HRA for the following four years taken from the HRA 40-year business planning model:

Table 1: Housing Revenue Account Income & Expenditure Account: Budget 19/20 and Projection 2020/21-2023/24

	2019-20 Budget £,000	2020-21 Business Plan £,000	2021-22 Business Plan £,000	2022-23 Business Plan £,000	2023-24 Business Plan £,000
Income					
Net rental & service charge Income	(72,913)	(74,429)	(76,678)	(79,101)	(81,602)
Other income	(5,053)	(4,535)	(4,623)	(4,716)	(4,810)
Total Income	(77,966)	(78,964)	(81,302)	(83,817)	(86,412)
Expenditure					
Management Overheads	38,357	39,057	39,811	40,596	41,397
Depreciation	16,405	16,415	17,234	17,546	17,891
Responsive & Cyclical Repairs	14,928	15,530	15,025	15,294	15,582
MTFS Savings	(0)	(730)	(850)	(867)	(885)
Total operating expenses	69,690	70,272	71,220	72,568	73,986
Interest Charges & Debt Management Expenses	8,545	8,775	9,551	10,411	10,963
(Net Operating Surplus) / Expenditure	**270**	**83**	**(530)**	**(838)**	**(1,463)**
Repayment of loans	(0)	(0)	(0)	(0)	(0)
Transfer to MRR	(0)	(0)	(0)	(0)	(0)
Revenue Contributions to Capital Outlay	(0)	(0)	(0)	(0)	4,530
Interest Income	(48)	(127)	(252)	(266)	(253)
(Contribution to) / Appropriation from HRA General Reserve	**222**	**(44)**	**(782)**	**(1,104)**	**2,814**
Opening Balance on HRA General Reserves	**(12,500)**	**(12,278)**	**(12,322)**	**(13,104)**	**(14,208)**
Closing Balance on HRA General Reserves	**(12,278)**	**(12,322)**	**(13,104)**	**(14,208)**	**(11,394)**

**Surplus (Deficit) b/fwd excludes certain earmarked reserves*

5.8 The 40 year HRA business plan has been reviewed as part of the budgeting process for 2019/20. It is also planned to carry out an external review of the HRA including the business planning model in order to ensure that the assumptions and approach to the financial model are robust and reasonable.

5.9 There will be annual revenue growth from 2019/20 of £2.1m. This arises primarily from divisional restructures with the Growth & Place department and further detail is provided at Appendix 2. Annual savings of £0.7m will be delivered from 2020/21 onwards (these are set out in more detail at Appendix 1).

Interest payments, borrowing and depreciation

5.10 The two main components of capital charges are the cost to the HRA of borrowing that has taken place to fund the capital programme, including the Decent Homes Programme, and the cost to the HRA of depreciation charges.

5.11 In line with the latest revised 40-year HRA business plan, it is planned to use cash balances to repay £8.0m of external debt due to mature in 2019/20. This reduction in external debt means that the annual interest cost in 2019/20 will reduce to £8.5m (from £8.7m in 2018/19). No assumption is made on further uses of cash to repay external debt as this will be subject to the Council's overall treasury management strategy, changes to the wider capital programme and the level of cashable reserves available.

Borrowing projections 2019/20 – 2033/24

5.12 The Capital Financing Requirement (CFR) is the non-funded element of capital spend which is in respect of borrowing or credit arrangements used to finance capital expenditure on assets. This is not restricted to external borrowing as the Council may elect to internally borrow against cash balances.

5.13 The table below shows the forecast CFR within which there will be a split between internal and external borrowing. An assumption is made that the Council can internally borrow in the short term to repay the debt principal at maturity. The level of borrowing proposed within the Financial Plan for Council Homes is predicted to increase over the next decade and a half and then reduce over the longer term of the business plan as operating surpluses become available to pay off debt principal rather than internally borrow or refinance. The plan for the next 40 years' borrowing and interest payments is set out below. This will be subject to the Council's overall treasury management strategy, changes to the wider capital programme and the level of cashable reserves available.

Table 3: The HRA Capital Financing Requirement 2018/19 - 2057/58

Year	Opening HRA CFR	Capital Expenditure Financed by Increase in CFR	HRA Provision for Debt Repayments	Other Movements in CFR*	Closing HRA CFR	Interest Payments
	£,000	£,000	£,000	£,000	£,000	£,000
2018-19	210,263	0	0	602	210,865	8,729
2019-20	210,865	10,653	0	814	222,332	8,572
2020-21	222,332	16,039	0	990	239,361	8,646
2021-22	239,361	14,550	0	2,136	256,047	9,414
2022-23	256,047	16,335	0	(12,255)	260,127	10,263
2023-24	260,127	5,685	0	(1,844)	263,969	10,836
2024-25	263,969	7,351	0	(21,861)	249,458	11,179
2025-26	249,458	4,025	0	2,146	255,630	10,863
2026-27	255,630	14,093	0	2,574	272,297	11,257
2027-28	272,297	4,325	(0)	(6,529)	270,093	11,425
2028-29	270,093	2,554	0	1,898	274,545	11,434
2029-30	274,545	8,012	0	(8,067)	274,490	11,293
2030-31	274,490	314	0	1,650	276,453	11,534
2031-32	276,453	2,500	0	(16,448)	262,505	11,377
2032-33	262,505	0	0	815	263,319	11,103
2033-34	263,319	0	0	832	264,151	10,284
2034-35	264,151	0	(20,169)	850	244,833	9,408
2035-36	244,833	0	(16,178)	0	228,655	8,442
2036-37	228,655	0	(16,044)	0	212,610	7,611
2037-38	212,610	0	(18,326)	0	194,285	6,611
2038-39	194,285	0	(11,422)	0	182,863	5,782
2039-40	182,863	0	(11,458)	0	171,405	5,152
2040-41	171,405	0	(3,305)	0	168,100	4,746
2041-42	168,100	0	0	0	168,100	4,656
2042-43	168,100	0	0	0	168,100	4,656
2043-44	168,100	0	0	0	168,100	4,656
2044-45	168,100	0	0	0	168,100	4,656
2045-46	168,100	0	0	0	168,100	4,656
2046-47	168,100	0	0	0	168,100	4,656
2047-48	168,100	0	0	0	168,100	4,656
2048-49	168,100	0	0	0	168,100	4,656
2049-50	168,100	0	0	0	168,100	4,656
2050-51	168,100	0	(4,731)	0	163,369	4,544
2051-52	163,369	0	(9,461)	0	153,908	4,344
2052-53	153,908	0	(7,096)	0	146,812	4,020
2053-54	146,812	0	(14,192)	0	132,620	3,382
2054-55	132,620	0	(16,557)	0	116,063	2,715
2055-56	116,063	0	(9,461)	0	106,602	2,207
2056-57	106,602	0	(12,330)	0	94,272	1,692
2057-58	94,272	0	(4,731)	0	89,541	1,532

*Other Movements in CFR: Increases/(decreases) in internal borrowing such as using cash balances to repay debts at maturity/ (realisable capital receipts being applied to internal borrowing)

5.14 The charge for depreciation in the HRA for housing properties for 2019/20 will be confirmed following the valuation of the Council's housing stock as at 31st March 2019. The budgeted charge for 2018/19 is £16.4m and the budget for 2019/20 is set at this level pending the result of the asset valuation for March 2019.

5.15 There is a risk that the depreciation charge in the HRA could increase as a result of changes in property market values, restricting flexibility over use of funds, and this is included in the risks schedule in Appendix 3.

6. HRA Capital Budget

6.1 Housing Capital expenditure for 2018/19 is forecast to outturn at £31.2m and for the four-year programme to 2021/22 spend is to be £213.1m. In addition, a budget envelope of £41.9m for 2022/23 has been added in Quarter-3. The expenditure and resource analysis of the Housing Programme is summarised in Table 4 below:

Table 4 – Housing Capital Programme 2018-23 with proposed 2018/19 Q3 Variations

	2018/19 Revised Budget (Q2) £'000	Total Variations (Q3) £'000	**2018/19 Revised Budget (Q3) £'000**	**Indicative 2019/20 Budget £'000**	**Indicative 2020/21 Budget £'000**	**Indicative 2021/22 Budget £'000**	**Indicative 2022/23 Budget £'000**
Approved Expenditure							
Decent Neighbourhood Schemes	14,734	(475)	**14,258**	24,701	25,670	18,499	13,897
HRA Schemes	17,843	(896)	**16,947**	42,011	36,825	34,206	28,000
Total Housing Programme - Approved Expenditure	**32,576**	**(1,371)**	**31,205**	**66,712**	**62,495**	**52,705**	**41,897**
Available and Approved Resource							
Capital Receipts - Unrestricted	7,559	325	**7,884**	3,099	5,817	3,978	4,001
Capital Receipts - RTB (141)	6,292	(168)	**6,124**	10,526	8,807	6,515	0
Housing Revenue Account (revenue funding)	-	-	**-**	-	-	-	-
Major Repairs Reserve (MRR)	10,172	(736)	**9,435**	23,354	16,415	17,234	17,546
Contributions Developers (S106)	614	103	**716**	7,860	11,304	5,896	-
Repayment of NHHT loan	270	-	**270**	270	-	290	0
Contributions from leaseholders	4,645	(395)	**4,250**	4,507	3,871	4,240	4,014
Insurance claims		-	**-**				
Use of reserves (Fire Safety EMR)	3,025	(500)	**2,525**	6,443	242	0	0
Increase in HRA CFR	0	-	**-**	10,653	16,039	14,551	16,336
Total Funding	**32,576**	**(1,371)**	**31,205**	**66,712**	**62,495**	**52,705**	**41,897**

6.2 The Decent Neighbourhoods Fund contains the Council's Housing Capital Receipts which in accordance with the change in capital regulations, effective from 1 April 2013 must be used for Housing or Regeneration purposes and shows how the Council plans to reinvest those receipts in Housing and Regeneration.

6.3 The 2018/19 – 2022/23 Housing Capital Programmes are fully funded however the capital financing requirement (CFR) is expected to rise to £260m.

6.4 Forecast spend for 2018/19 Housing HRA Schemes is £16.9m, £0.9m below the Quarter 2 revised budget of £17.8m. This is due to slippage to future years because of delays in work starting while ongoing compliance check happen on the planned programme.

6.5 The forecasts will be refined as the precise specification of building regulations required for fire safety emerge. Presently these are unclear and will remain so until the public enquiry over Grenfell Tower is concluded. The Council is working on a procurement framework that will enable delivery of the revised programme. An Asset Management Strategy was presented to Cabinet in December, which will help clarify the direction of a compliance based capital programme going forward.

6.6 The Decent Neighbourhood Schemes forecast spend for 2018/19 is £0.5m less than the revised approved budget. £0.4m of this relates to slippage on the Housing Development Project as the contract award requires cabinet approval rather than a cabinet member decision due to required additions to the budget. The other £0.1m is due to actual Earls Court buybacks costing less than the average price as informed from the valuer's desktop valuation from December 2015.

7. RESERVES

7.1 Two types of reserves are held within the HRA: **General reserves** and **Earmarked reserves.**

7.2 **HRA General reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in conjunction with the level of HRA general reserves held. A prudent level of reserves is important to support long term investment planning in the context of a property portfolio of 17,000 properties with an existing use value of £1.3 billion.

7.3 HRA reserves had fallen to £3.1m as at 31st March 2011, but following the implementation of the HRA financial strategy in January 2012, significant progress has been made with HRA reserves as at 31st March 2017 having increased to £20.1m.

7.4 Ideally, this level of reserves would be maintained to provide sufficient cover against unanticipated events such as those that might arise from the risks noted in Appendix 3. However, sometimes it's necessary to draw on reserves for specific programmes; the Fire Safety Plus Programme resulted in a draw down from General Reserves of £10.1m during 2018/19, reducing the General Reserve balance to £10m.

7.5 It's currently expected that HRA General Reserves will increase to £12.5m by 2019/20 though it is likely that a further contribution may be needed to support the Fire Safety Plus Programme and the updated Asset Management Strategy.

7.6 The projected HRA General Reserve balance as at 31st March 2019 of £12.5m is equivalent to 10 weeks rent from the Council's homes. Appendix 8 shows how the Council's reserve levels relative to turnover compare to other local housing authorities.

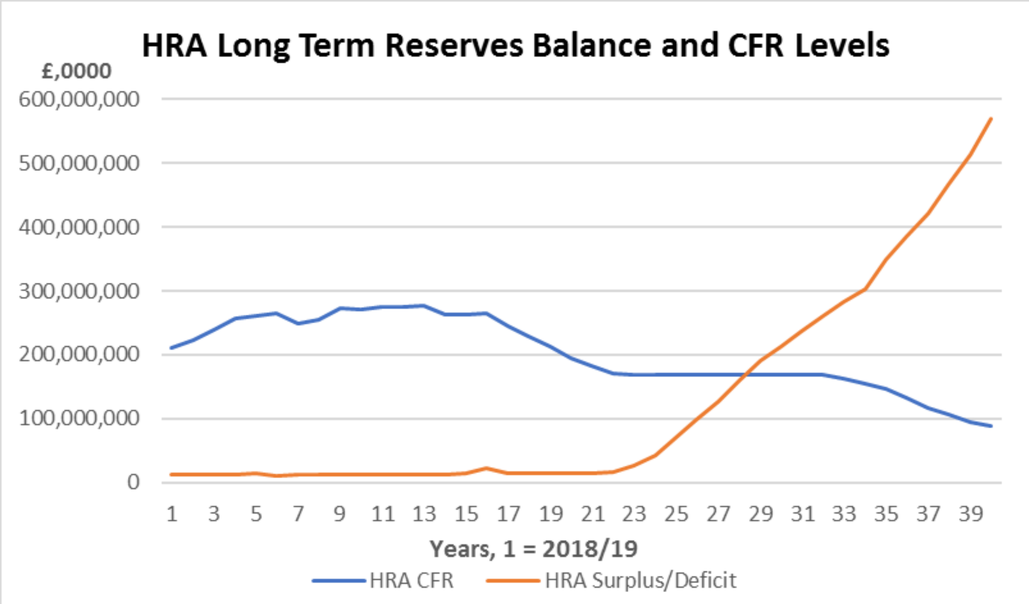
7.6 **HRA Earmarked reserves** are funds set aside to cover specific future plans that are not covered by normal budgets (such as the investment in fire safety plus and Hampshire IBC) and risks that are considered highly likely to happen (such as welfare reform and the regeneration reserve).

7.8 The table below sets out the reserves available for HRA purposes:

Reserve	Balance as at 30th November 2018 £000s
Transformation Reserve	(1,292)
IT Recharges	(250)
Regeneration Reserve	(6,413)
Utilities	(10,750)
Sheltered Housing Enhanced Service	(227)
Parking Charges Review	(606)
Community Pot	(60)
HRA Council Tax	(54)
HRA Office Reorganisations	(150)
Hampshire IBC	(300)
Recycling hub loop extension	(77)
Protecting the future of Council Homes	(215)
Welfare Reform	(1,500)
Fire Safety Plus	(12,845)
Earmarked Reserves	**(34,739)**
HRA General Reserve	(9,946)
General Reserve	**(9,946)**
Total Reserves	**(44,685)**

7.9 The Fire Safety Plus reserve is incorporated into the funding for the HRA capital programme.

7.10 The long term forecasted movements in reserves (and CFR) is below:



8. RISKS

8.1 The Government's programme of Welfare Reform is expected to have a significant impact on the Council's ability to collect rental income and will result in increased bad debt charges to the HRA. All new benefit claims are subject to Universal Credit and it is anticipated that from mid-2019 the Government will begin migrating all remaining existing benefit claimants to the Universal Credit. Due to the difficulty in estimating the financial impact, both an allowance for an additional bad debt provision and a risk is included in the 2019/20 budget. A bad debt charge of £1.0m has been included for 2019/20 plus an additional allowance of £1.2m to provide for the financial impact of the Government's plans under Welfare Reform as outlined above. This gives a total budgetary provision for bad debt of £2.2m. There is a small risk that the migration of tenants to Universal Credit moves at a faster pace than initially expected.

8.2 In addition to this, there are several other financial risks and these are set out in detail in Appendix 3.

9. ASSET MANAGEMENT

9.1 The £20m Fire Safety Plus programme has been incorporated within the HRA capital programme for the four years from 2018/19 to 2021/22 inclusive. It's been possible to do this and still produce a balanced financial plan mainly because the Council has allocated funding from HRA reserves.

9.2 However, the HRA Asset Management Strategy is being updated to ensure the emerging fire safety and compliance priorities are incorporated into the HRA capital programme to protect tenants' and residents' homes. Although it is expected that where possible, existing capital investment plans can be delivered to a higher safety standard, there is a risk that any additional works or requirements arising from ongoing fire risk assessments and the recommendations of the Hackitt report following the Grenfell Public Enquiry may not be absorbed within the existing planned budget envelope. This could result in the need to delay or change the specification of other works and projects within the capital programme.

9.3 In addition, as set out in the Asset Management Strategy, the housing stock and associated assets (communal boilers, lifts etc) are aging and require significant investment to maintain compliancy. The extent of investment is unknown at this stage as officers will need to work through the detailed programme of works arising from the updated Asset Management Strategy. However, the value and extent of works will be significant to enable the provision of safe homes for the next 30 to 40 years.

9.4 The financial plan includes funding to enable the delivery of new affordable housing. This will allow the Council to house more people and contribute to keeping people out of temporary accommodation where possible and contribute to the much-needed containment of costs in the Council's General Fund.

10. CONSULTATION

10.1 Tenants and residents were consulted on the plans at the Housing Representatives Forum on 15th January 2019 and at the Economy, Housing and the Arts Policy & Accountability Committee on 28th January 2019 in order to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 4th February 2019.

11. EQUALITY IMPLICATIONS

11.1 An earlier Equalities Impact Assessment (EIA) shows that the rent reduction is expected to be positive or neutral for protected groups. But some groups are over represented in Council homes so proportionately they will be more impacted. However, the Council considers that the main driver of the change in the plan for major works is due to the reduction in rents and the Fire Safety Plus programme. The former is largely outside of the Council's control. The latter will benefit all groups of tenants.

11.2 Further consultation is now informing an update of the EIA which will be presented with this report to Cabinet in February.

11.3 It is not possible for the Council to fully mitigate the effects by funding the shortfall in rental income from other resources as the Council needs to maintain a viable financial plan. However, the Council plans to take into account the views expressed by tenants on detailed estate plans of major works for their area. Officers will also be on hand to help tenants and their households in ensuring that tenants' homes are safe, warm and weather-proof.

11.4 Implications verified by Joanna McCormick, Strategic Lead, tel. 020 8753 2486.

12. LEGAL IMPLICATIONS

12.1 The HRA was established by statute to ensure that council tax payers cannot subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the council's annual report and accounts subject to challenge and/ or qualification by the District Auditor.

12.2 The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989 ("the Act"), and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. This act specifies that expenditure and income relating to property listed in section 74 of the Act (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 further specifies more detail on the welfare services which must be accounted for outside the HRA.

12.3 The Act also specified that it is unlawful to approve a budget which will result in a debit position on HRA reserves. It is not possible for a local housing authority to subsidise rents from its General Fund.

12.4 As set out in the report the Welfare Reform and Work Bill requires that registered providers of social housing must reduce the amount of rent payable by a tenant of social housing by at least 1% per annum over 4 years, commencing in 2016. This statutory provision restricts the ability of the Council to set rents.

12.5 Implications completed by: Janette Mullins, Acting Chief Solicitor (Litigation and social care), 020 8753 2744

13. FINANCIAL IMPLICATIONS

13.1 Comments are contained within the body of the report.

13.2 Implications completed by: Danny Rochford, Head of Finance (Growth & Place), tel. 020 8753 4023.

13.3 Implications verified by: Hitesh Jolapara, Strategic Finance Director, tel. 020 8753 2501.

14. COMMERCIAL IMPLICATIONS

14.1 This report formulates the annual budget for the Housing Revenue Account (HRA) which includes a reduction in rents for Council homes of 1% for 2019/20.

14.2. The 1% rent reduction is a statutory requirement. While this leads to less money available for the maintenance of Council homes, it is not commercially feasible to fund the loss in rent by additional borrowing.

14.3. The report highlights the increase in the income from parking on housing estates. This could be used to offset the reduction in Council homes rents.

14.4. It is recommended that the Council continues to create opportunities to generate additional income and savings on both revenue and capital budget.

14.5. Any new procurement necessary (as a result of the transition to a new repairs delivery model) will need to comply with legislative requirements and the Council's Contract Standing Orders.

14.6. Implications completed by: Joanna Angelides, Procurement Consultant, tel. 020 8753 2586 on behalf of Simon Davis,

15. **RISK MANAGEMENT**

15.1 The principal risks are detailed in section 8 of this report and in appendix 3. These are included in the departmental risk register.

15.2 Implications completed by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587.

16. IMPLICATIONS FOR LOCAL BUSINESS

16.1. The move to a new in-house repairs delivery model should include opportunities to tender for local businesses. Close links to the Council's supply chain initiative, H&F Brill 4 Biz should be established.

16.2. Implications verified/completed by: Billy Seago, Work Matters manager, tel. 020 8753 5242.

17. IT IMPLICATIONS

17.1. IT Implications: We note that savings of £800K in the three years from 2020/21 to 2022/23 are expected to be delivered through reductions in premises and IT overheads.

17.2. Through the new desktop strategy (Tech-tonic), IT will be contributing to the council's overall MTFS savings target. The HRA will benefit from a proportion of that saving.

17.3. Information Management Implications: any new activities/projects or changes to existing processes arising as a result of this Financial Plan will need to have up to date Privacy Impact Assessments (PIA) in place to ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented. If PIAs are not yet in place, they will need to be completed as part of the overall risk management process.

17.4. Any contracts arising from implementing this Financial Plan will need to include H&F's data protection and processing schedule if this is not yet the case. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.

17.5. *Implications completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748.*

17.6. *Implications verified by Veronica Barella, Chief Information Officer, tel 020 8753 2927.*

16. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	HRA Financial Plan for Council Homes, Economy, Housing & The Arts Public Accountability Committee, 28th January 2019 – *published*	Danny Rochford Ext 4023	Finance (Growth & Place), 4th Floor Town Hall Extension, King Street, W6 9JU

LIST OF APPENDICES:

Appendix 1 4 Year Savings Plan
Appendix 2 Schedule of Growth
Appendix 3 Key Risks
Appendix 4 Local Housing Authorities Weekly Rents
Appendix 5 Fees, Charges & Other Income
Appendix 6 Income Movements
Appendix 7 Business Plan Assumptions
Appendix 8 General Reserves as a % of Turnover
Appendix 9 Long Term Capital Programme Indicative Costs and Financing

Appendix 1

Housing Revenue Account 5 Year Savings Plan	Risk to Delivery	19/20	20/21	21/22	22/23
		£000s	£000s	£000s	£000s
Additional savings programme focused primarily on reducing corporate overheads for IT and premises		0	200	300	300
Additional savings on core costs resulting from better stock condition and better customer service		0	500	500	500
Improved management of commercial properties		42	42	42	42
Improvement in Estate Parking Management		82	82	82	82
Base savings programme		**124**	**824**	**924**	**924**

Appendix 2

Growth

Service	Description	Amount £000s
Direct Delivery	The division has been restructured in order to deliver the Fire Safety Plus and other capital programmes. Additional resources including technical resources are required.	751
		751
Operations	The division has been restructured and additional resources are required to ensure compliance and programme management of capital programmes, successful transition to a new repairs delivery model, and improved services.	618
		618
Other divisions	This relates to other divisional restructures and a realignment of costs attributable between the General Fund and Housing Revenue Account.	621
		621
Corporate service level agreement recharges	This mainly relates to an increase in the number of FTEs in the Housing Revenue Account mainly due to the restructure of the Direct Delivery and Operations divisions.	82
		82
Total Growth		**2,072**

Appendix 3: Key Risks 2019/20	Lower Limit £000s	Upper Limit £000s	Worst Case £000s	Future Risk £000s
Quantifiable Risks				
Welfare Reform - the budgeted bad debt provision provides some protection against the impact on rent collection rates as a result of the various strands of the Government's Welfare Reform programme. However, there remains some risk. Though the Council has made provision for the inevitability that arrears will increase, it is very difficult to quantify the level of risk for direct payments. Given that the households involved are on very low income levels it is likely that the majority of this increase in arrears would be uncollectable and the annual exposure is estimated in the region of between £1.7m and £5.8m per annum for 2019/20, assuming mitigating actions are in place. The maximum level of exposure is far higher; the total annual rent paid directly to the Council for HRA properties by Housing Benefit is approximately £27.4m. In terms of mitigation the Council continues to actively promote payment by direct debit/ standing order to tenants and has achieved "trusted partner" status with the Department of Work & Pensions (DWP) as part of a detailed rent collection strategy, as well as having in place arrangements to support tenants in managing their money. Under the "trusted partner" scheme, the Council can apply directly to the DWP for "alternative payment arrangements" (APAs) for individual tenants before they fall into significant arrears. The APA means that benefits for housing costs can be paid directly to the Council.	0	5,800	27,400	?
Right to Buy Disposals - a level of Right to Buy disposals (20 per annum from 2019/20 onwards) has been assumed within the business plan. There is a risk that unbudgeted levels beyond the Council's control could impact on the net income due to the HRA. The upper limit and worst case risks set out here are based on an assumption that the level of applications currently projected (80) all progress to RTB sales. The future risk assumes that there are 30 or more additional RTB sales each year.	0	442	442	166
Total Quantifiable Risks	**0**	**6,242**	**27,842**	**?**

Appendix 3: Key Risks 2019/20
Unquantifiable Risks
Accounting for impairment and revaluation losses / gains - changes in accounting rules following self-financing regarding impairment and revaluation losses / gains mean that any adverse movements resulting from changes in the property market that cannot be funded by revaluation reserves will be an actual charge to the HRA bottom line. The current level of revaluation reserves of £256m represents 20.1% of the current stock valuation of £1,272m, so an impairment / revaluation loss of 20.1% would have to be suffered on an individual asset before the HRA would be affected. The Government is currently consulting on implementing changes that may remove this risk.
Housing Repairs - unpredicted events may result in some additional expenditure (for example, following new health and safety directives, legislation, potential insurance claims from storm damage) on housing repairs. The HRA general reserves provide a financial provision that mitigate against this risk.
Risk to recruitment – given the shortage of appropriately qualified technical staff available on the market required to develop, scope, specify and procure fire safety plus capital works due to high demand in a post-Grenfell environment, there is a risk that the delivery of the Council's Fire Safety Plus programme and Hackitt recommendations on health & safety may be significantly delayed.
Continuation of social housing rent reductions beyond 2025 – There is a risk that the Government will set requirements for rent levels that are different from those assumed in the HRA 40-year financial plan.
Service Level Agreements - any review of corporate SLA costs may impact adversely on the HRA, particularly if contracts are retained in-house resulting in higher than expected FTE[2] numbers. There is a risk that corporate services may not pass on savings as the proportion charged to the HRA changes because of changes elsewhere in the Council. For example: increases in FTEs in the HRA and decreases in General Fund FTEs would mean the HRA attracts a higher portion of central costs; or legislative burdens could increase costs.
Market Risk on Re-Procurement and Recruitment – There is a risk especially under better economic conditions that it will become harder to re-procure contracts or recruit staff at the predicted rates
Other changes in central Government policy towards social housing

[2] Full time equivalents

Appendix 3: Key Risks 2019/20
Brexit and the state of the UK economy - this includes the impact on the housing sector on costs of a weakening currency, loss of grants funding opportunities, potential inflationary pressures on new contracts
Land Sale Agreement for the West Kensington and Gibbs Green Estates - the current HRA business plan is very sensitive to fluctuations in the income and costs associated with the Land Sale Agreement for the West Kensington and Gibbs Green Estates. This includes the timing of land transfers as income cannot be realised in accounting terms until land is transferred.
Additional Fire Safety Costs - following the fire at the Grenfell housing tower block in Kensington and Chelsea, the Council has put in place the Fire Safety Plus Programme to make fire safety improvements to the housing stock above and beyond the current legal minimum standards. There remains a risk that more work may be needed following the outcome of the Grenfell Public Enquiry.
Asbestos management: As fire safety works are undertaken, asbestos will be encountered and require removal. The costs are unknown as the presence in many circumstances is unforeseeable.
Additional compliance costs and other repairs risks such as uninsured events
Aging housing and asset stock condition maintenance: The aging housing stock requires significant investment to maintain structural safety and upgrade assets including communal boilers, lifts etc to meet current standards and ensure the future safety of residents. Historic construction methods reveal deficiencies such as structural weaknesses (current building regulations address these weaknesses for new build), which significant numbers of our buildings exhibit. Immediate risks can be addressed but investment is required to halt deterioration to ensure the longevity of the stock. This will be addressed via the Asset Management Strategy but there is a risk that the investment required will exceed the approved resources.
The implementation of the new Integrated Business Centre and its impact on service delivery - most notably in terms of risks to income collection, arrears management and the associated bad debt risk, financial and management reporting, systems assurance and reconciliation reporting, the time taken to resolve payment issues, the opportunity cost of officer time in managing issues arising and other factors
Medium Term Financial Strategy - a risk to future savings expected to be delivered in accordance with the HRA five-year savings plan, especially in relation to savings focussed on reducing corporate overheads for IT and premises.

Appendix 3: Key Risks 2019/20

Depreciation - a risk that the depreciation charge could change as a result of changes in housing stock valuations or from changes in the regulations governing HRA assets. While any increase in the depreciation charge would provide more ringfenced funding for the capital programme it would result in lower revenue reserves. Revenue reserves can be used to cover revenue or capital risks so any movement in funds from revenue to capital restricts flexibility.

Leasehold Major Works charges - Issues with the quality of major works and the council's ability therefore to recover costs from leaseholders: **Confidential legally privileged information**

The joint pre-invoicing inspections are identifying issues with the quality/quantity of work (the idea of the joint inspections is to prevent disputes later in the process).

This has resulted in circa 30% of the final account recharges not being billed to leaseholders as works are found not to be carried out or carried out to a low standard.

In addition, the Council believes MITIE has invoiced for some items on inappropriate composite rate although leaseholders are being billed against corrected rates.

These issues have been picked up on the Planned Property Maintenance Contract (PPM) and planned works done under the Term Partnership Contract are now also being checked to see if the same issues apply.

To mitigate for the impact of this risk more prudent/ less optimistic assumptions have been made in modelling the recovery of these costs from leaseholders than the assumptions made around the collection for future works.

Appendix 4:
Central London Local Housing Authorities
Weekly Rents: 2018/19

Local Housing Authority	Weekly Rent 2018/19
Lewisham	95.72
Southwark	98.54
Hackney	99.53
Greenwich	101.74
Hammersmith & Fulham	**106.93**
Lambeth	106.93
Hillingdon	108.00
Islington	108.80
Tower Hamlets	109.12
Camden	111.75
Brent	112.41
Kensington & Chelsea	120.92
Westminster	121.94
Wandsworth	125.90
Average	**109.16**

Appendix 5 – Fees, Charges & Other Income

Heating Charges

Tenants and leaseholders who receive communal heating (around 2,025 properties in total) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

As the new energy contract rates are not expected to be received until after this report is published, an estimate has been prepared in consultation with the Council's Utilities management function who have provided an indication of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, no increase in charges is proposed for 2018/19.

Garage Rents

Garages are currently let on a weekly basis at a flat rate of £23.08 for a car garage and £17.31 for a motorcycle garage to customers who are tenants or residential leaseholders. Other customers living in the borough pay £23.08 per week if their letting commenced prior to July 2017. Those other customers whose letting commenced from July 2017 onwards pay £35 per week if living in the borough, with those outside of Hammersmith and Fulham paying £50 per week. Residents in Council blocks with secure underground parking spaces pay £3.07 per week, where these are let to customers who do not live in the block the charge is £23.08 per week. There are a number of concessionary charges available to local residents.

It is proposed to freeze garage charges for council tenants and resident leaseholders and for other customers taking out new lettings from July 2017 onwards. It is proposed to increase garage charges for those other non-tenant and non-resident leaseholder customers whose lettings started prior to July 2017 in line with inflation (3.3% as per September 2018 retail price index).

The level of charges among other neighbouring London Councils vary. For example, equivalent weekly charges for garages are between £19 and £57 in Kensington and Chelsea, £12 and £36 in Camden, £22 in Wandsworth. Prices for garages rented privately within Hammersmith & Fulham range from £1,800 to £2,500 per annum.

Parking Permits

Parking permits are issued at a flat rate of £119 per year. There are also concessionary rates for second or low emission cars.

Following changes in law that limit the Council's powers to enforce parking on housing estates by private contractors, the Council is undertaking a review of parking on all housing estates in the borough with a view to introducing enforceable parking controls. Following a consultation process with estate residents, Traffic Management Orders have been implemented on a number of estates. This process is ongoing and is expected to conclude in 2019/20. The level of income assumed for parking charges for 2019/20 takes account of the changes in law and on-going review of parking.

It is proposed to freeze this £119 flat rate for vehicles on council estates that opt for a Traffic Management Order. Any concessions that reduce this rate on streets outside council estates for low emission cars will also be applied in estates covered by Traffic Management Orders. No fees or surcharges above this flat rate are proposed for vehicles in estates.

Water Charges

The Council collects income from tenants on behalf of Thames Water.

The annual review of charges involves comparing the amount paid to the Council by tenants for water and sewerage during the previous financial year with the amount the Council paid to Thames Water. For communally metered homes this involves working closely with Thames Water to ensure that the charges are in line with the actual water used.

The increase advised by Thames Water for 2019/20 will need to be overlaid on top of the adjusted charges. It is expected that Thames Water will confirm the agreed changes to water and sewerage service charges for 2019/20 in January 2019. It is therefore proposed that any change to the water charges be agreed following Thames Water's confirmation in January 2019 and it is recommended that, as in previous years, authority be delegated to the Director of Finance & Resources to approve the increase in water charges. This will ensure that the Council fulfils its legal obligation to recover the water charges.

Next year will be the last year that the Council charges tenants and leaseholders because from April 2020, Thames Water will be billing tenants and leaseholders directly for water and sewerage. Further guidance will be issued in the coming months.

Leasehold After Sale – Home Buy Fees

The fee has remained unchanged for several years so in recognition of increases in the Council's cost of providing the service, the fee will be increased from £150 to £155.

Advertising Income

The budget for income generated from advertising hoardings located on Housing land has been reduced by £30k to £490k. This is due to contracts not yielding the expected returns during 2018/19 partly due to lower demand and the current economic climate. Opportunities for identifying new hoardings sites are being investigated on an on-going phased basis.

Legal and accounting advice previously has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA.

Rents on Shops

The budget for commercial property rents for 2019/20 has been increased to £1.515m, an increase of £42k. The increase in income is due to better management of the property portfolio. The budget set for HRA commercial property incorporates a forecast void rate of 5%, an increase from last year of 2%, based on informed assumptions from the Council’s Valuation & Property Services team to allow for economic conditions. Additionally, the budgeted charge for the bad debt provision has been set at £92k for 2019/20.

Appendix 6: Income Movements

Item	Housing Income £
2018/19 Base Budget	(76,862)
Other Adjustments	
Decrease in dwelling rents	327
Decrease in Garage Income	26
Additional in Commercial Rent	(42)
Additional Income from Estate Parking (Pay & Park)	(82)
Additional Tenants Service Charges	(35)
Decrease in Leaseholders Service Charges	117
Other Adjustments	45
2019/20 Base Budget	**(76,506)**

NB: Leaseholders can only be charged for costs actually incurred.

Appendix 7
Business Plan Assumptions

The 40-year time span is used because the Council borrows from the Public Works Loans Board for up to 50 years and a substantial proportion (44%) of the Council's current housing debt is not due for repayment until after 30 years with 3% of the Council's current housing debt not being due for repayment for over 40 years.

The business plan is sensitive to both the differential between CPI and RPI and to increases in both indices and to fluctuations in the income and costs associated with the Land Sale Agreement for the West Kensington and Gibbs Green Estates.

Assumption	Long Term Assumption	2019-20	2020-21	2021-22	2022-23	2023-24
Right to Buy Disposals	20	20	20	20	20	20
CPI	2.0%	2.4%	1.8%	1.9%	2.0%	2.0%
RPI	3.0%	3.3%	3.0%	2.9%	2.9%	3.0%
Voids	1.8%	1.3%	1.4%	1.4%	1.4%	1.4%
Bad debt provision	4.0%	3.9%	3.9%	4.0%	4.0%	4.0%
Interest rates on borrowing	5.5%	3.5%	4.5%	5.5%	5.5%	5.5%
Interest rates on balances	1.5%	0.0%	0.5%	1.5%	1.5%	1.5%

Appendix 8

Local Housing Authorities: General Reserves as a % of Turnover

Local Housing Authority	Turnover 2017/18	General Reserve at 31st March 2018	General Reserve as a % of Turnover
	£m	£m	%
H&F	87.3	9.9	11%
London Local Housing Authorities			
RBKC	54.9	20.9	38%
Westminster	103.5	34.5	33%
Brent	55.7	3.7	7%
Ealing	66.3	4.9	7%
Harrow	32.4	7.5	23%
Hounslow	84.8	29.5	35%
Hillingdon	60.8	37.1	61%
Wandsworth	139.5	132.8	95%
Barking & Dagenham	105.6	10.7	10%
Camden	184.2	31.1	17%
Croydon	92.3	14.5	16%
Enfield	68.5	7	10%
Greenwich	119.6	18.6	16%
Hackney	140.9	10.2	7%
Haringey	109.5	30.6	28%
Islington	192.8	17.5	9%
Lambeth	177.5	10.8	6%
Lewisham	90.2	70.2	78%
Newham	101.8	64	63%
Redbridge	28.2	13.4	48%
Southwark	254.5	20	8%
Waltham Forest	61.9	4.5	7%
Barnet	62	15	24%
Kingston upon Thames	32.2	6.2	19%
Sutton	38.2	3.1	8%
Tower Hamlets	91	47.6	52%
Major Metropolitan Housing Authorities			
Manchester	63.7	99.9	157%
Birmingham	286.7	4.8	2%
Sheffield	155.1	9.3	6%
Newcastle Upon Tyne	111.8	9.3	8%
Leeds	224.3	24.1	11%
Average Neighbouring Authorities			35%
Average of all 27 London Local Housing Authorities			27%
Average of all 27 London Local Housing Authorities and all Major Metropolitan Housing Authorities			29%

Appendix 9 Long Term Capital Programme Indicative Costs and Financing

(expressed in monetary terms)

	Expenditure				Financing							
Year	Major Works & Improvements	Leaseholder Works	Earls Court Buybacks	Total Expenditure	Increase in HRA CFR	RTB 141 Receipts	Other RTB Receipts	Other Capital Receipts & Funding	Leaseholder Contributions	Major Repairs Reserve	Revenue Contributions	Total Financing
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2023-24	19,867	7,949	8,960	36,776	5,685	-	1,025	3,060	4,584	17,891	4,530	36,776
2024-25	20,427	8,223	9,638	38,288	7,351	-	1,050	3,121	5,022	18,236	3,508	38,288
2025-26	21,003	8,505	3,095	32,603	4,025	-	1,076	3,184	5,732	18,585	2	32,603
2026-27	29,442	11,994	2,377	43,814	14,093	-	1,102	3,247	6,696	18,676	-	43,814
2027-28	22,541	9,237	4,335	36,113	4,325	-	1,128	3,312	6,933	19,541	874	36,113
2028-29	23,176	9,554	3,111	35,842	2,554	-	1,156	3,378	7,101	19,647	2,005	35,842
2029-30	23,830	9,882	8,700	42,412	8,012	-	1,184	3,446	6,660	20,014	3,096	42,412
2030-31	24,502	10,221	3,889	38,611	314	-	1,212	3,515	6,888	20,396	6,286	38,611
2031-32	25,192	10,571	4,943	40,706	2,500	-	1,242	3,585	7,125	20,779	5,477	40,706
2032-33	28,388	11,982	-	40,370	-	-	1,272	3,657	7,620	21,168	6,652	40,370
2033-34	29,542	12,456	-	41,998	-	-	283	26,050	8,149	7,516	-	41,998
2034-35	30,370	12,882	-	43,252	-	-	295	26,571	8,669	7,717	-	43,252
2035-36	31,226	13,322	-	44,549	-	-	1,366	3,881	8,980	30,322	-	44,549
2036-37	32,107	13,777	-	45,884	-	-	1,399	3,958	9,286	31,240	-	45,884
2037-38	33,882	14,626	-	48,507	-	-	1,433	4,038	9,694	33,342	-	48,507
2038-39	34,846	15,127	-	49,972	-	-	1,468	4,118	10,116	24,898	9,371	49,972
2039-40	35,828	15,643	-	51,470	-	-	1,504	4,201	10,544	23,964	11,258	51,470
2040-41	36,838	16,176	-	53,013	-	-	1,540	4,285	10,904	24,403	11,882	53,013
2041-42	37,876	16,727	-	54,603	-	-	1,577	4,370	11,275	24,849	12,530	54,603
2042-43	30,340	13,448	-	43,788	-	-	1,607	4,458	10,736	25,304	1,683	43,788
2043-44	31,605	13,981	-	45,586	-	-	1,646	4,547	10,196	25,767	3,430	45,586
2044-45	32,496	14,457	-	46,952	-	-	1,677	4,638	9,730	26,238	4,669	46,952
2045-46	33,412	14,948	-	48,360	-	-	1,710	4,731	10,077	26,718	5,125	48,360
2046-47	34,354	15,456	-	49,810	-	-	1,743	4,825	10,419	27,206	5,616	49,810
2047-48	46,731	21,232	-	67,963	-	-	1,776	4,922	12,034	27,704	21,527	67,963
2048-49	47,996	21,943	-	69,939	-	-	1,811	5,020	13,700	28,210	21,197	69,939
2049-50	49,348	22,688	-	72,036	-	-	1,847	5,121	15,297	28,726	21,045	72,036
2050-51	50,738	23,457	-	74,195	-	-	1,883	5,223	15,815	29,251	22,024	74,195
2051-52	52,167	24,253	-	76,419	-	-	1,920	5,328	16,351	29,785	23,035	76,419
2052-53	38,466	17,893	-	56,359	-	-	1,959	5,434	15,182	30,329	3,455	56,359
2053-54	41,510	18,857	-	60,368	-	-	1,998	5,543	14,059	30,883	7,885	60,368
2054-55	42,683	19,494	-	62,177	-	-	2,038	5,654	13,069	31,447	9,969	62,177
2055-56	43,889	20,152	-	64,041	-	-	2,080	5,767	13,588	32,021	10,586	64,041
2056-57	45,129	20,833	-	65,961	-	-	2,122	5,882	14,047	32,606	11,305	65,961
2057-58	46,403	21,535	-	67,939	-	-	2,165	6,000	14,521	33,201	12,052	67,939