

Appendix 13 – Cost Range

Cost: Costs marked * are likely to be split between the HRA and the General Fund in the ratio 84.6% HRA: 15.4% General Fund. This is based on the area of land held within the general fund, that is the 39 freeholder properties, 70 Lillie Road, Gibbs Green School and Farm Lane	Illustrative costs at current values if all Leaseholders / Freeholders are bought back £	Illustrative costs at current values if only non resident leaseholders / Freeholders are bought back £	Potentially funded on an interim basis by CapCo if the Council took up their offer (section 12.10)	Indicative Capital ¹ / Revenue split ²	Period incurred over (estimated)
Buying back leaseholder and freeholder properties including homeloss and disturbance ³	58,639,257	17,940,357	X	Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Homeloss for tenants (includes 58 RSL tenants)	2,768,300	2,768,300		Capital	Trigger Date through to date of last land transfer
Disturbance for tenants	1,313,446	1,313,446		Capital	Trigger Date through to date of last land transfer
Interest Costs	19,977,156	3,507,410		Revenue	2012 to when net cash flow becomes positive
SDLT on leasehold properties (buybacks and new properties)	19,160,296	18,115,127		Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Adaptations ⁴	160,190	217,520		Capital	Trigger Date through to date of last land transfer
Tenants Improvements	265,500	324,000		Capital	Trigger Date through to date of last land transfer
Loss of Garden	510,000	510,000		Capital	Trigger Date through to date of last land transfer
Loss of Parking and garages ⁵	370,000	545,000		Capital	Trigger Date through to date of

¹ Capital includes items that can be offset as a cost of disposal, capital revenue split is subject to final review.

² The precise split will depend on the detailed nature of the expenditure and the detailed regulations in place at the time it is incurred

³ Cash payments only, for leaseholders who opt to remain their homeloss payment is made via additional equity in their replacement property

⁴ Net of £100k contribution from CapCo

⁵ Net of £140k contribution from CapCo

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					last land transfer
Security	3,510,000	3,510,000		Revenue	2012 through to date of last land transfer to CapCo.
Early Redemption Costs	171,000	54,000	X	Capital	2012 through to date of last land transfer to CapCo, likely to be front loaded
Project Team Costs to 2030 as per section 9 of report (assumes half of the team for the last 4 years) *	10,042,368	10,042,368		Capital	2012 through to date of last land transfer to CapCo, will be subject to a biannual review,
Estimated costs of cap on service charges for leaseholders	N/A, all bought out	368,900		Revenue	5 years from land transfer for Leaseholders,
Estimated costs to signing the CLSA (excludes officer time) *	1,801,710	1,801,710		Capital: currently deferred cost of disposal (subject to auditor confirmation)	2009-2012
Costs of project administration and offices for duration of project	2,698,290	2,698,290		Capital or Revenue depending on the nature of the work	2012 through to date of last land transfer to CapCo, will be subject to a biannual review,

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Ongoing Legal work on managing CLSA	2,123,222	2,123,222		Capital or Revenue depending on the nature of the work	2012-2030
Legal challenges	4,000,000	4,000,000		Capital or revenue depending on nature of challenge	2012-2015
CPO Inquiries	500,000	500,000		Capital	2012-2015
CPO Referencer	150,000	150,000		Capital	2012-2015
CPO Lawyer	100,000	100,000		Capital	2012-2015
Third Party Rights	2,000,000	2,000,000		Capital	2012-2015
Consents Legal advice	50,000	50,000		Capital	2012-2015
Stopping Up Inquiries	200,000	200,000		Capital	2012-2015
Damages	10,000,000	10,000,000		Revenue	2015-2030
Certifying assets in Guarantor	250,000	250,000		Capital	2012 through to date of last land transfer to CapCo.
Decent Homes Compensation (all leaseholder buybacks)	238,896	238,896		Capital or revenue depending on nature of challenge	2012-2030

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School Re-provision	12,000,000	12,000,000		Capital	2012-2014
Contingency	9,183,176	9,025,958		Capital or Revenue depending on the nature of the work	2012-2035
Total	162,182,807	104,354,504			

Note the income to fund these costs comes from both the £105m received and from the sale of properties that replace the buy backs. If all leaseholders were bought back the Council would have 171 new higher value properties available to sell, if only the non residents were bought back the Council would have 54 new higher value properties available to sell. None of these sales would reduce the number of social for rent properties on the estates. The sensitivity of cash flows to house price inflation is shown in paragraph 12.11 of the main report.