City of Westminster

Meeting or Decision Maker:	Cabinet
Date:	30 October 2017
Classification:	General Release
Title:	Housing Investment Strategy and Housing Revenue Account Business Plan 2018/19
Wards Affected:	All
City for All:	This report addresses the investment in the Council's current housing stock and the investment in new housing, non-residential buildings and public realm in regeneration areas and as such has a major impact upon all three aspects of Choice, Heritage and Aspiration in the City for All policy.
Financial Summary:	This report presents a 30 year Business Plan for the HRA and investment related activity. The capital investment budget and its funding are presented in detail for the five years 2018/19 to 2022/23 and in summary for the 30 year period, for noting. The plan sets out gross capital expenditure of £794m over the next five years and nearly £1.9bn over 30 years. The Business Plan demonstrates that the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains sustainable and viable over the thirty year period. The investment over the next 10 years has been maximised within the available

borrowing headroom, to within circa £1m by 2025/26. Headroom eases after that year.

The funding of the programme over the next five years is highly dependent upon the timing and value of asset disposals that underpin the regeneration programme, along with substantial contributions from the Affordable Housing Fund.

The utilisation of the full funding capacity of the HRA over the next 10 years means that the affordability will be sensitive to changes in legislation or the assumptions used in the plan. The options available to mitigate risk are outlined in detail in Section 11.

Report of:	Barbara Brownlee, 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. 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 'City for All' ambitions of aspiration and choice; delivering new homes and leveraging the value of our land assets to bring forward investment in some of Westminster's poorer neighbourhoods.

1.2 Since last year the 30 year plan for capital investment in the Council's existing stock and regeneration schemes has increased from approximately £1.64bn over thirty years to approximately £1.86bn. This increase of c. £220m is significantly driven by increases in Church Street (Phase 2) at £100m, Infill schemes increasing by £124m, Section 106 acquisitions of £24.9m and refinements on other schemes. This is offset by an apparent £109m reduction in capex for major works; however, £46m of this is driven by expenditure being moved from capital to responsive and cyclical repairs in the Income and Expenditure account (I&E), recognising that a significant proportion of the work undertaken under major works is ultimately treated as revenue. Section 7.5 clarifies that a further £60m is explained as being driven by savings made through reprocurements.

1.3 The financing of this increase in expenditure has been achieved through an increased use of the Affordable Housing Fund (up £223m), including future expected contributions to the fund and not solely the existing fund held. Funding through Capital receipts and Right to Buy (RTB) receipts increase by a net £120m, although RTB receipts are expected to fall. A reduction in the anticipated use of reserves (£121m) offsets these increases.

1.4 Key elements of the HRA investment programmes included are:

- Continued investment in existing housing stock (£925.0m);
- Investment in the housing estate regeneration programme and other new supply schemes (£938.7m)
- Affordable Housing Fund (AHF) expenditure on new HRA supply over the 5 year period 2018/19 to 2022/23 (£176.7.m)

1.5 The operation of the 'higher value void' levy is still being considered by central government with a pilot scheme in the West Midlands being analysed over the forthcoming years. The impact of such a levy was modelled in the corresponding report last year and this has been omitted this year given the uncertainty as to the implementation of this policy.

1.6 Despite the uncertainties and pressure on resources the Council remains committed to improving or renewing as appropriate our older stock and increasing housing supply. The Leader re-emphasised this through her commitment to deliver at least 1,850 affordable homes by 2023 in the 2017/18 refresh of 'City for All' and the Council remains on target to deliver its contribution. Between 2018/19 and 2022/23 it is anticipated that 2,026 new affordable homes will be delivered. 529 of these homes are currently under construction, with the remaining homes due to start and complete by March 2023. Of this pipeline of 2,026 units, the HRA is anticipated to deliver 968 affordable units. 199 of the HRA affordable homes will be delivered on 'infill' sites and an additional 183 homes on 'section 106' sites. 690 of the HRA units are to be delivered on either Housing Regeneration sites or in the Housing Zone. These HRA programmes will be delivered from a combination of HRA funding and the Affordable Housing Fund (AHF). In addition a further 240 affordable homes will be delivered on General Fund sites, of which 212 homes are partially funded by the AHF. The remaining 818 affordable homes are anticipated to be delivered by Registered Provider (RP) partners mainly from 'section 106' opportunities in the City and through spot purchases of existing housing then converted to affordable housing use. This RP supply will be delivered using a combination of direct investment from RPs and the AHF.

1.7 The scale of the Council's regeneration plans has increased both within and outside of the HRA. Funding of regeneration in the HRA has increased over 30 years from £440m to £603m. The notable increase involves an expansion and acceleration of the 'infill' programme which involves new supply on our existing estates on unused or underused areas of land including basements; undercrofts; garages and sheds.

1.8 The Council's HRA supply plans are dependent on historic levels of receipts into the AHF continuing into the future. Should this not occur the Council will need to look at other mitigations such as scaling back activity or using an alternative to the HRA such as a wholly-owned housing company to deliver some projects.

1.9 The Grenfell fire has had a significant impact on the housing sector in terms of the fire safety arrangements and cladding and other materials used in tower blocks maintained by all local authorities. The council has made an assessment of its own tower blocks which would require remedial works to meet latest expectations and a cost estimate of £25.5m has been factored into the business plan.

2. Recommendations

2.1 To note the indicative HRA capital programme budgets for 2018/19 to 2022/23 (**Appendix B**).

2.2 To note the proposed allocations from the Council's Affordable Housing Fund to new supply programmes.

3. Reasons for decision

3.1 The plans outlined in this report will enable the Council to invest in maintaining and improving the existing stock of homes and neighbourhoods within its management, 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 the city is faced; and ensure the HRA remains sustainable and viable over the long term. Further modelling of a proposal to set up a wholly owned company to enable housing delivery, which may involve delivery of some of the schemes in this plan, together with a reference in the recent prime minister's party conference speech to an additional £2bn to be invested in affordable housing mean that the plan will continue to be assessed in the coming months.

4. Background

4.1 The Council's *Housing Investment Strategy*, approved by Cabinet in 2012, centres on delivering three key programmes:

- Investment to maintain and improve existing council-owned homes;
- Delivery of new affordable homes; and
- Implementation of the initial phases of the housing regeneration programme.

4.2 Annually, the Council reviews and updates its 30 year business plan in line with best practice. This report summarises the latest 30-year HRA Business Plan, and seeks approval from Cabinet for updated and re-profiled capital expenditure proposals. The annual update also outlines how the Council plans to utilise resources from the Affordable Housing Fund (AHF) to deliver new affordable housing supply initiatives.

4.3 The charts in paragraph 10.2 show the key business plan metrics for both last year's and this year's plans. The significant differences between the two years are:

- Fire safety interventions following the Grenfell Tower fire have increased as a proportion of the assumed budget by c.£25.5m (see section 7 for more detail);

- A re-profiling of repairs (revenue) expenditure has resulted in a transfer of funds from capital expenditure (c.£46m);

- An anticipated decrease in the cost of undertaking void refurbishment works following the introduction of CityWest Homes' new 10-year Term Partnering Contracts (c.£15m);

- A general re-profiling of capital expenditure and potential savings taking into account the CityWest Homes' new 10-year Term Partnering Contracts (c.£46m).

4.4 The key achievements made in maintaining, improving and renewing the stock in the last 12 months are listed in **Appendix D**.

5. Government policy announcements and recent legislative changes

5.1 This section provides a summary of the legislative changes and government policy announcements in recent years and the implications for the Council's housing investment plans.

Housing White Paper 2017 "Fixing our broken housing market"

5.2 The paper covered all aspects of housing delivery:

Planning for the right homes in the right places – the White Paper included a range of proposals to ensure local authorities have up to date plans to reflect their housing need and that sites are allocated for new housing development. Proposals also included amending the National Planning Policy Framework (NPPF) to encourage local authorities to consider the social and economic benefits of estate regeneration and use planning powers to deliver this to a high standard.

Building homes faster – the White Paper included a range of proposals to speed up housing delivery by addressing skills shortages and blockages in the planning system; and by holding both developers and local authorities to account for non-delivery.

Diversifying the market – proposals included: entering into bespoke housing deals with local authorities who have a genuine ambition to build; to address issues that are holding them back; supporting local authorities to create innovative ways of developing new homes i.e. by setting up local housing companies or joint venture vehicles.

Helping people now – The White Paper set out that Starter Homes would not be a mandatory requirement, but the NPPF will be revised to introduce a clear policy expectation that housing sites deliver a minimum of 10% affordable home ownership units. NPPF will also clarify that Starter Homes should be available to households with an income of less than £80k (£90k in London), and that mortgages will be required to stop cash buyers. Where sold within the fifteen years, some (or all) of the discount will be repaid.

Welfare Reform and Work Act 2016

Social rent reduction

5.3 Section 23 of the Act provides for a 1% social rent reduction for 4 years from 1 April 2016. The Housing White Paper 2017 "Fixing our broken housing market" confirmed that the 1% per annum social rent reduction would remain in place until 2020, and said that a new rent policy post-2020 would be set out in due course. This has since been confirmed in a statement from DCLG which clarified that increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for five years from 2020. The business plan set out in this report is in line with this, with the assumption reverting to CPI increases beyond the confirmed period.

Universal Credit

5.4 Full roll out in Westminster will be phased between October 2017 and March 2022. Currently only 71 council tenants receive Universal Credit (UC). Direct payments are a key feature of Universal Credit. The experiences of other social landlords indicate an impact on their HRA but it is anticipated that Government will take account of the experiences of pilot authorities in the final design of the system and that the impact on rent collection will be minimal but this remains a risk.

5.6 Government is proposing to introduce Trusted Partner Status for social landlords, whereby they will be able to identify vulnerable claimants and apply to have the housing element of their Universal Credit paid directly to the landlord before the tenant falls into arrears.

5.7 In modelling the impact on the rent roll it has been assumed that bad debts will rise from 1% to 1.5% until 2020 and then return to 1%. However, there remains uncertainty and this assumption will need to be reviewed annually in future business plans.

The withdrawal of the housing cost element of Universal Credit for 18 – 21 year olds.

5.8 This applies to new claims after 1st April 2017 and there are a number of exemptions relating to vulnerability. The impact of this on the HRA is not expected to be great as there were only 3 lets to under 22 year olds in 2016/17 and many young people applying for, and in social housing, are likely to be exempt from the policy change.

Local Housing Allowance (LHA) changes

Application of the shared accommodation rate to the under 35's to social sector tenancies.

5.9 Currently single under 35's in the private rented sector have their Housing Benefit restricted to the shared accommodation rate. From 1st April 2018 this will also apply to social sector tenants with some exemptions. For those currently receiving Housing Benefit it will apply for all new tenancies signed from 1st April 2016.

The impact is not expected to be significant as council rents are generally within the LHA shared accommodation rate (which is £140.62 in central London) and there are relatively few lettings to the under 35's (29 in 2016/17). However some young people in council tenancies might be affected. Young people signing for a council tenancy are told about the policy and CityWest Homes is intending to identify anyone affected by the policy prior to it taking effect and will be proactively contacting people and working with them.

Housing & Planning Act 2016

Disposal of high value voids

5.10 This policy requires local authorities that maintain a HRA to make an annual financial contribution to government equivalent to the estimated revenue from disposal of properties that become void in that year, and which are considered to be 'higher value'. It is being introduced in order to fund an extension of the Right to Buy policy to tenants in the housing association sector. The secondary legislation that will provide for the details of this contribution is not yet made. In May 2017, the Government announced a regional pilot for the housing association right to buy extension (to be funded from the high value void policy) that will continue until 2022. It is not expected that a decision on this policy will be made until the results of the pilot is known. Given the uncertainty over whether this policy will be now be pursued by central government and if so its exact form and impact on the HRA it has not been included in the business plan.

Rents for high income social tenants

5.11 The Act provides the enabling legislation to require stock retaining housing authorities to charge a market rent to households with incomes of £40k or above in London (£30k elsewhere), and that the extra income generated will be paid to government (less an amount to cover administrative costs). However government subsequently announced that the policy will not be mandatory. The council already has a pay to stay policy for flexible tenancies (most tenancies issued after September 2013 are on a fixed term or flexible basis). The council will be reviewing its Tenancy Policy in 2018 and as part of this will review whether to adopt this type of approach for secure tenants.

Phasing out of tenancies for life

5.12 The Act includes a requirement that most new council tenants are offered tenancies for between two and ten years. Existing tenants that are forced to move due to regeneration, for example, can retain their security and local authorities will have some discretion as to when to grant a further secure tenancy e.g. when tenants are transferring. Government has advised that statutory guidance will be introduced to assist local authorities with the implementation of the policy. The date for publication of this guidance or implementation of the policy is unknown.

Housing Strategic Options Study

5.13 During the last year the work commissioned from Deloitte Real Estate (DRE) has been completed. This work responded to the fact that the HRA Business Plan utilises all of the foreseeable headroom and financial capacity within the HRA.

The study considered how the Council can best provide more social, affordable and intermediate housing both in and out of Borough to:

1. provide temporary and permanent accommodation to fulfill the Council’s duties under homelessness legislation;
2. provide affordable housing for those working in Westminster;
3. contribute to a built environment which promotes health and wellbeing, and;
4. increase the capacity for regeneration within the Borough.

DRE provided a long-list and short-list of options for the Council to consider with the latter involving the intensification of estate regeneration; the establishment of joint ventures on council-owned land; joint ventures with other public sector bodies; and, the bulk purchase of completed housing units. DRE recommended that the Council consider the delivery options for the above with the creation of a wholly-owned housing company and/or a London-wide housing vehicle being the most obvious options. Officers have been considering the merits of establishing a wholly-owned housing company and will be bringing forth a separate report in the next few months. This will complement the activity of the HRA by developing or acquiring intermediate and market housing, alongside the new social and affordable housing provided within the HRA.

The idea is not new; more than a third of local housing authorities have or are considering setting up such subsidiary companies. They aim to deliver a range of housing provision, often responding to market failure such as where the private market is slow to respond to general housing need or needs ‘kick- starting’ or to supply a particular tenure and/or quality of housing. The key advantage over other options (for example, partnership with Registered Providers or developers) is that the Council retains 100% control and ownership of the company, its activities and the assets created.

The proposal will not involve additional staffing as management and operational activity can be delivered with a Board of Directors comprising Council directors and using agency arrangements with the Council and contracts with external advisors/ and construction/development companies. Funding will be provided by a mix of loans and equity investment from the General Fund at commercial rates and the Company must be able meet interest payments, repay its borrowings and provide a financial return to the Council.

To accompany the recommendation to create such a company a business case is being prepared based on a joint development with the HRA in relation to redevelopment proposals involving a mix of market sale, intermediate rent and new social/affordable housing, the latter being delivered for the HRA. This includes financial modelling to establish the viability of the proposal and ensure they can offer value for money to both the Council’s HRA and General Fund.

Community Supported Housing (CSH)

5.14 The council recently received a draft report from the consultants it commissioned to assess if it is making the best use of its CSH (also known as sheltered housing) asset and to provide recommendations for change. The study asked three main questions:

1. How well is CSH meeting current demand and how well will it meet future demand?
2. How well does it contribute to meeting the Council’s key priorities and objectives?
3. What changes are needed and how can they be made?

5.15 The draft report highlights that:

- Demand is predicted to outstrip supply in future years with much of it coming from older tenants from the private rented sector. A minimum of an additional 225 units by 2030 is required.
- Existing residents are generally satisfied with their housing and associated services.
- Potential future residents, such as ‘downsizers’, need to see that a move to sheltered housing can be an attractive offer.

- The use of CSH in complementing other policy objectives of the Council could be improved and become part of a wider ‘offer’ to older people.

- The design of most of the existing stock presents constraints in adapting it to meet modern expectations, but its geographical location is good.

- There is scope to increase the use of smart technology in the stock.

- To make the best use of the stock, it could be more differentiated to reflect different customer requirements.

5.16 The draft report also includes a framework for making future strategic decisions about the stock and options and recommendations will be presented for members in due course.

City for All

5.17 In December 2015 the Council published its ‘Westminster Housing Strategy – Direction of travel statement’ in response to the *City for All* vision. Investment in existing and new homes, and in our communities, is central to achieving this vision of Westminster being a City of Aspiration, Choice and Heritage. Specific *City for All* commitments supported by the housing investment outlined in this report includes:

- Maximising the delivery of new affordable homes in Westminster;
- Working with others to support new supply within London;
- Delivering the housing renewal programme at Tollgate Gardens and Church Street and moving towards regeneration becoming ‘business as usual’;
- Developing new types of intermediate housing and increasing the supply of intermediate housing;
- Implementing the change programme at CityWest Homes to improve customer service and ensure value for money and improve resident engagement in the scrutiny of services;
- Improving energy efficiency in our stock and investing £12m to tackle cold and damp housing conditions and target action at the 450 tenants most at risk of ill-health from their home; and
- Reviewing the role of our community supported housing;

5.18 Despite the uncertainties and pressure on resources the Council remains committed to improving or renewing as appropriate our older stock and increasing housing supply. The Leader re-emphasised this through her commitment to deliver at least 1,850 affordable homes by 2023 in the 2017/18 refresh of ‘City for All’ and the Council remains on target to deliver its contribution. The housing renewal plans are now gaining momentum and the volume of improvement work planned for the stock over the next five years is ambitious.

5.19 Plans for each of the Council's housing investment programmes are set out in the following sections.

6. Housing Regeneration

6.1 The HRA development programme will see £594.6m of capital expenditure committed over the next five years (2018/19 – 2022/23) on the development of new build housing, regeneration of existing estates and acquisition of affordable homes across Westminster. Within this total funding envelope, the Affordable Housing Fund (AHF) will invest £176.7m to support the delivery of the HRA development programme in addition to other funding sources, including external grant, capital receipts (derived from development agreements, open market sales, and disposals), and capital loans. Table 1 below sets out the detail of each scheme.

Table 1 - Regeneration schemes

Description	Forecast to 31 March 2018	5yr Plan	30yr Plan
	£m	£m	£m
Cosway Street	0.4	32.5	32.9
Lisson Arches	4.1	24.9	29.2
Luton Street	0.2	14.2	14.4
Parsons North	1.2	26.7	27.9
Ashbridge	0.7	13.0	13.7
Church Street Phase Two	0.8	200.8	309.7
Tollgate Gardens	7.3	9.9	17.2
Other Estates Regeneration	17.9	99.9	157.8
Total Regeneration	32.7	421.9	602.8
Other Schemes			
District Heating Network Scheme	1.9	8.2	17.0
Edgware Rd	2.0	6.9	8.9
Infill Schemes	3.0	64.5	143.4
Self Financing	14.4	50.0	115.0
Section 106 Acquisitions	-	24.9	24.9
Kemp House/Berwick Street	-	0.8	0.8
Central Contingency	-	17.4	26.0
Total Other Schemes	21.3	172.7	335.9
Total	**54.0**	**594.6**	**938.7**

6.2 Investment in the regeneration programme has again been protected in this year's business plan and has increased from the £440m gross investment reported last year. The following schemes are illustrative of those that will progress over the next 5 years.

6.3 Cosway Street

In 2013/14 the council acquired the long leasehold and freehold interests for Cosway Street from the City of Westminster College. Since acquisition of the site the proposed delivery model has progressed from being developer led to a self-delivery solution in order to combine and maximise the Council's development opportunities in the immediate area.

The current proposal involves the provision of 57 new residential units offered to the market as private sale. The surplus generated from the open market sales will be wholly used to subsidise other projects in the wider HRA regeneration portfolio. Cosway Street will be linked to Ashbridge Street via a dual-planning submission in order to meet planning policy compliance.

6.4 **Lisson Arches**

Lisson Arches is sited adjacent to disused railway arches within the Church Street ward. This development will provide 44 sheltered accommodation flats, 1 scheme manager's flat, and 14 private sale flats for adults aged 55 and over. The scheme is based on a two-stage tender process, with continuing negotiations taking place with the preferred main contractor (United Living). The on-going enabling works are being undertaken by FM Conway. The latter consists of several major service diversions that pose numerous logistical and technical difficulties that are having a detrimental impact upon the progress in delivering the programme.

The 45 social housing units provide replacement stock for the 45 units earmarked for demolition in Penn House, a nearby sheltered accommodation block.

6.5 **Luton Street**

The developer, LinkCity, was selected by tender process via the Development Framework Panel in April 2014 as the preferred delivery partner. The terms of the development agreement have been re-negotiated due to a change in the design and movement on the anticipated sales values. The development will deliver 171 new residential units comprising of 62 affordable units and 109 private sector units.

The commercial negotiations were concluded in July 2017 and the developer has recently submitted a planning application and both parties can work towards agreeing an unconditional development agreement and a start on site date.

Under the structure of the Development Agreement, the council will receive a receipt for the land from the developer (surplus) in addition to other benefits, including a public realm improvement fund (£3m), a contribution to off-site works improvements to surrounding blocks (£2.4m) and a WCC management fee (£1.8m). The Council will not enter into a direct build contract or take the risk on sale of the market units; however an overage agreement is in place that will benefit the council should market sale proceeds exceed a specified threshold.

6.6 Parsons North

Parsons North was initially tendered on a developer- led delivery model. However, the preferred developer withdrew and the project has since been redesigned to increase density under a self-delivery strategy. It is proposed the scheme will deliver 60 new homes, of which 19 are affordable and 41 are private sale. It is intended that the surplus generated from the development will be used to fund enhanced landscaping and biodiversity upgrade works in the immediate vicinity.

6.7 Ashbridge Street

Ashbridge Street is the site of a former BT station that was acquired using AHF funding in 2014/15. An existing BT service core within the site is required to be retained and made accessible within the development. The current proposal is for the development of circa 28 affordable homes to provide decant facility for the wider Church Street regeneration. In addition, wider public realm improvements to the immediate surrounding area facilitated by the relocation of a vehicular ramp that accesses the existing underground car parking will benefit the council-owned properties located within Alpha House and Earl House.

6.8 Church Street Phase 2

The second stage of the Church Street proposals have been subject to a masterplanning exercise in recent months and local residents and stakeholders are being consulted on the proposals.

6.9 **Tollgate Gardens**

Tollgate Gardens is a developer led regeneration in the Maida Vale ward. The regeneration includes the demolition of 5 blocks previously comprising of 59 tenanted units and 30 private units. The scheme is being delivered by Clarion Group and will deliver 195 new residential units comprising of 86 affordable units, which the Council will purchase from the developer, and 109 private units. The existing Tollgate House tower block will be retained and improved. The project has commenced on site. This project is due to deliver a surplus to the HRA through the consideration paid for the long-lease on the land.

6.10 **Infill Programme**

The Infill Programme identifies development opportunities within the existing estate that can be brought forward for new housing. These include conversion of disused space such as basements, drying rooms and storage sheds and new build opportunities on underutilised garage sites, car parks and vacant land adjacent to estates.

A decision making framework is used to guide assessment of the optimum unit size mix, tenure and potential use of each site. The presumption is for family sized accommodation wherever possible and that new homes will be retained within the HRA. Sites that are unable to yield family homes are typically disposed on the open market, with the sales receipts reinvested back into the programme. It is proposed that the majority of funding is provided by the AHF and the HRA. The programme is structured to be continuously rolling which will result in new sites being brought forward for assessment and delivery. The programme is on track to achieve 25 new units between 2017/18 and 2018/19 with a further 40 units anticipated to be ready for start on site between 2018/19 and 2019/20. Schemes that are due to start on site in 2017/18 include a package of conversions (10 units) and a package of new builds (15 units).

General Fund Projects

The following projects are funded by the General Fund five year capital programme set in February 2017 which included a gross capital budget of approximately £1bn, with projected income of approximately £500m. As well as producing capital receipts that can go back into funding future capital programmes, many of these projects will also generate an on-going revenue stream that is expected to contribute towards funding the delivery of front line services.

6.11 **Dudley House (GF)**

This site has been assembled utilising a former social housing block and a number of private street properties and will provide 197 intermediate rented residential units, the Marylebone Boys school, church and a retail unit.

Demolition began in October 2016 and works will complete in the Summer of 2019. The Dudley House scheme is currently on site and the images below provide an update of progress on site.

6.12 Farm Street (GF)

Redevelopment of the entire site will consist of demolishing an existing four storey building with the basement level to be retained. Construction incorporates a new four storey building comprising of ground/first floor street cleansing depot and 14 intermediate rent units at first, second and third floor levels. Demolition was due to commence in its entirety in June 2017, however this has been delayed due to a party wall issue with the existing neighbour and resulted in a more complicated demolition and construction methodologies. The new demolition completion date has been revised to October 2017, and works are due to be completed by August 2018.

6.13 Huguenot House (GF)

Huguenot House comprises of a cinema, two office floors, a 247 space car park, and 34 residential flats. Authority has been granted to progress the design for a mixed use scheme including a cinema, retail and office space, and incorporating 49 residential units with 35 being for private sale and 14 affordable units.

6.14 **Jubilee Leisure Centre Phase 1 (GF)**

A new community leisure facility and residential development across two sites undertaken with the first phase providing 28 homes, comprised of 12 affordable and 16 market homes. The affordable homes were completed in September 2017 and are contracted to Genesis Housing Association. The market homes will complete in October 2017.

The second phase of the redevelopment of Jubilee Sports Centre, will provide a further 56 market homes and a community leisure centre of approximately 772 sq m (8,310 sq ft). This is forecast to complete in June 2020.

6.15 **Luxborough Street (GF)**

The proposed development site offers an opportunity to provide a mix of uses. The new proposal includes ground floor use for community and/or affordable housing alongside private residential apartments above. This project is currently on-hold until a new budget can be agreed.

6.16 **SHSOP Programme**

The following three projects are combined into the SHSOP: Strategic Housing Strategy for Older People programme.

Beachcroft House (GF)

This site is a former pupil referral unit and will be redeveloped to provide an 84 unit sheltered scheme with a mixture of affordable and market sale units. Works will commence in the summer of 2017 and complete in the summer of 2019. The private units will be disposed on the open market via a sales agent.

Westmead (GF)

This property is owned by Westminster City Council and was built in the 1970's and currently consists of 42 bedroom care home which is at the end of its useable existence. It is proposed to redevelop this site to provide a mix of nursing care, extra care and supported housing for people with learning disabilities, and residential for private sale. Construction is expected to commence after the completion of Beachcroft care home early 2020.

Carlton Dene (GF)

This project is being progressed with Westmead as a joint scheme and consists of the redevelopment of an existing 42 bedroom care home, and it is proposed to redevelop this site to provide a mix of nursing care, extra care and supported housing for people with learning disabilities, and residential for private sale. Construction is expected to commence after the completion of Beachcroft care home early 2020.

7. HRA investment programme – expenditure on existing homes

7.1 The 2017/18 HRA Business Plan accepted that, because of the reduced income assumed as a result of Government rent changes, not all of the Council's housing stock would be able to be brought up to – or maintained at – the 'CityWest Standard'. Rather, a 30-year investment programme was set at £1.52 billion (£1,034m capital and £485m revenue), which would continue to enable the Council to meet the Government's Decent Homes standard.

7.2 Following further review of investment, and linked to the Council's desire to accelerate delivery of additional homes, a decrease in the 30 year budget has been budgeted as part of this year's Business Plan. Specifically, a reduction of c.£60m is assumed over the Plan period, leading to a total projected spend of c.£1.46 billion (£925m capital and £531m revenue). All of the stock will continue to be maintained at the Decent Homes Standard and at any one time the majority of the stock will also meet the higher CityWest standard.

7.3 Excluding an assumed £25.5m investment in fire-related works following the Grenfell tragedy, total expenditure on other major works programmes in the first five years of the programme amounts to c.£277m (capital and revenue). This is broken down as shown below (**Appendix B** shows the capital spend in more detail):

Table 2 – Expenditure on existing HRA stock

Description	5yr Plan	30yr Plan
	£m	**£m**
Mechanical & Electrical	30.4	291.2
External	105.7	382.2
Major Voids	12.5	76.0
Kitchen & Bathrooms	3.6	26.7
Lifts	10.7	51.1
General	0.7	6.1
Fire precautions	10.3	35.0
Adaptations	6.0	31.2
Grenfell-related Fire Works	20.0	25.5
Total Capital Works	**199.8**	**925.0**
Repairs & Maintenance	97.3	531.0
Total Investment	**297.1**	**1,456.0**

7.4 Following the tragic event of the fire at Grenfell Tower in June 2017, the Council has committed to undertaking a number of improvements to high-rise blocks within the housing stock. The cost of these works (c.£25.5m) includes re-cladding of the six tower blocks at the Warwick & Brindley estates, and retro-fitting sprinkler systems at a number of tower blocks across the Borough. This additional spend has placed pressure on the rest of the five year capital budget, meaning that certain other schemes will be carried out slightly later.

7.5 One of the key ways that CWH is seeking to continue to ensure better investment and budget control is through its current procurement exercise. This involves long term service agreements with a limited number of contractors. In late summer 2017, CWH entered into five new 10 year term contracts to provide services across their Property Services Directorate including: domestic heating; repairs and voids; mechanical services; electrical services; and lift services. In addition, in late autumn 2017, two further long term service agreements will also cover major works. These contracts will all provide better value for money, improved quality and drive a reduction in costs for the Council and leaseholders and assist in delivering savings of approximately £60m over 30 years.

Asset management

7.6 To supplement allocated funding for new supply CityWest Homes has instituted an active asset management approach, whereby non-performing assets (for example those where the net present value of the income is less than the net present value of costs) are subjected to an options appraisal. Stock deemed not to meet on-going needs is disposed of and the proceeds ring-fenced for investment in new homes that better meet the needs of residents.

7.7 To date, as part of this programme, the Council has disposed of 86 non-performing HRA void properties (mostly studios and 1-bedroom units) on the open market, with a further 8 agreed for disposal. Disposals have so far raised £46.2m, with a further £4.2m anticipated from already agreed disposals. Proceeds have so far been utilised to acquire 45 replacement family-sized homes at a cost of £22.2m.

8. New affordable housing supply schemes

8.1 The majority of new affordable supply currently being delivered in the City is linked to market housing led developments where a proportion of new housing is required to be provided on site as affordable housing linked to Section 106 (s106) planning obligations. These s106 affordable homes are generally transferred by private developers to the Council's Register Provider (RP) partners once built and the Council then nominates households in housing need from its waiting lists to these new affordable homes.

8.2 RPs have therefore been the Council's main historical source of new affordable housing supply in the City. However, RPs are unable to compete with the private sector in Westminster for development site opportunities due to the high cost of land. Also, RPs operating in the City have very limited development capacity within their own estates to deliver new affordable housing supply.

8.3 As new RP affordable housing supply is generally limited to s106 sites, the Council and its partners have sought to supplement this limited affordable housing supply by bringing forward spot purchase programmes of market homes that are then used for affordable housing.

8.4. However, in future years the HRA will play an increasingly important role in delivering new affordable housing. Between 2018/19 and 2022/23 it is anticipated that 2,026 new affordable homes will be delivered. 529 of these homes are currently under construction, with the remaining homes due to start and complete by March 2023. Of this pipeline of 2,026 units, the HRA is anticipated to deliver 968 affordable units. 199 of the HRA affordable homes will be delivered on 'infill' sites and an additional 183 homes on 'section 106' sites. 690 of the HRA units are to be delivered on either Housing Regeneration sites or in the Housing Zone (and some 'infill' and Section 106 units will be within these geographical areas). These HRA programmes will be delivered from a combination of HRA funding and the Affordable Housing Fund (AHF). In addition a further 240 affordable homes will be delivered on General Fund sites, of which 212 homes are partially funded by the AHF. The remaining 818 affordable homes are anticipated to be delivered by RP partners mainly from 'section 106' opportunities in the City and through spot purchases of existing housing then converted to affordable housing use. This RP supply will be delivered using a combination of direct investment from RPs and the AHF. Table 3 below provides further details of this supply.

Table 3 – New Affordable homes

	Number of units to complete	Tenure				Funding route		
	Total	Social	Intermediate	Specialist	Spots (Social and TA)	HRA	General Fund	Section 106 or funded directly by RP
2018-19	213	68	120	0	25	23	29	161
2019-20	679	235	280	139	25	174	197	308
2020-21	502	259	173	45	25	273	0	229
2021-22	253	188	40	0	25	157	14	82
2022-23	379	190	164	0	25	341	0	38
	2026	**940**	**777**	**184**	**125**	**968**	**240**	**818**
					2026			**2026**

Note- 'Spots' means spot acquisitions. 'TA' means temporary accommodation

Affordable Housing Fund

8.5 Payments received from developers on planning schemes in lieu of affordable housing obligations are held in the Council's AHF. These funds are then used by the Council to invest in the delivery of affordable housing elsewhere in the City, either through Council-led developments, such as estate regeneration, or alternately in schemes delivered by housing associations.

8.6 Current balances held in the AHF are £221m. A further £77m in payments are expected within the next 2 years from planning schemes that have been implemented. Future payments into the AHF will be dependent upon new planning applications being submitted and approved and where payments in lieu of on- site affordable housing are agreed instead of on site affordable housing. The Leader's commitment towards the more vigorous enforcement of planning policy compliant applications, including the requirement for on-site affordable housing, may impact upon the level of AHF receipts.

8.7 Of the current AHF balances of £221m, £108m of these funds are presently formally committed against on-going affordable housing projects. These AHF commitments are made up of £22m against HRA schemes, £73m against schemes in the General Fund and £12.9m against registered providers schemes.

However, going forward total funding of £461.1m will be required from the AHF by schemes in the HRA, General Fund and from the HA sector. This includes new schemes where funding from the AHF has yet to be approved by the Cabinet Member for Housing and also schemes with existing funding approvals requiring further top-up funding from the AHF.

Allowing for existing balances held in the Council's Affordable Housing Fund of £221m, plus £77m of additional payments expected to be deposited in the AHF within the next 2 years linked to implemented planning schemes means that further payments of c. £164m will be required from developers linked to new planning schemes over the next few years in order to meet the total AHF funding requirement of £461.1m.

Table 5 below summarises the levels of funding anticipated to be drawn down by HRA, GF and HA schemes during 2017/2018, during the period 2018/2019 – 2022/2023 and funding required beyond this period.

Table 5 – Existing and Predicted AHF requirements

Schemes	2017/18 £m	2018/19-2022/23 £m	Total funding required after 2022/23 £m	Total Funding Requirements £m
HRA	10.4	176.7	138.1	325.2
GF	36.7	51.4	-	88.2
HA	18.6	29.0	-	47.7
Total	**65.7**	**257.1**	**138.1**	**461.1**

Registered Provider Schemes

8.8 Registered Providers (RPs) including Westminster Community Homes and Dolphin Living Foundation are anticipated to deliver 300 new affordable homes over the next five years with the assistance of the AHF. These homes will be delivered as a mixture of spot purchases and new build developments. It is anticipated that c. £29m will be required from the AHF to support the delivery of these 300 new affordable homes, supplementing the funding provided by the RPs themselves. Additional affordable housing supply of over 650 units will also be delivered through RPs during this period mainly from private developer led 's.106' sites and where the delivery of this supply will not be dependent upon investment from the AHF.

8.9 The Council continues to explore, with other boroughs, opportunities to deliver new affordable housing, where joint working will help bring about regeneration activity creating new affordable supply and where access to these new affordable housing supply opportunities will be shared by Westminster and the host borough.

8.10 Westminster will look to use capital receipts from the sale of non-performing HRA housing assets to part fund new affordable supply outside the borough which may include regeneration opportunity sites or new build opportunities currently in private ownership.

9. Financial Implications

9.1 The HRA Business Plan is assessed across a 30-year period so as to understand the long term financial implications of changes in the capital programme, legislative change and other strategic decisions. It has been updated to reflect the latest balance sheet position as reported and audited at the year-end just gone, so as to begin with an accurate opening position for the plan, and the current year (2017/18) budget as approved. It is then constructed so as to include the impact of known Government policies, capital plans, funding arrangements and risk factors.

9.2 The result as shown in Chart 2 in section 10.2 is that the capital programme as set out in **Appendix B** is affordable and sustainable across the 30 years of the plan. The borrowing limit of £333.5m which is imposed on the council is not exceeded during the course of the plan and reserves of circa £11m are maintained throughout. The borrowing limit is approached to within circa £1m in 2025/26 which presents a risk should the assumptions not be accurate. However, as set out in section 11 below, there are options available to the council to mitigate and manage this risk.

9.3 The capital programme proposed sees a significant increase in capital spend over the coming 5-10 year period as the Council embarks on an ambitious plan of regeneration. The gross HRA capital expenditure required to deliver the plans within the investment strategy amounts to £794m over the next five years. This will rely upon funding of £153m of HRA revenue resources, £24m from a grant, £381m from RTB & Other capital receipts, £177m from the Affordable Housing Fund and £60m of new borrowing.

9.4 The funding of this programme is largely dependent upon the timing and value of asset disposals (i.e. capital receipts) that underpin the regeneration programme. These schemes are designed to increase the number of homes available for Westminster residents, in a mix of affordable and private sale units, with the private sale units generating a significant proportion of the overall capital receipts in the plan.

9.5 As funds are committed on the regeneration schemes, the borrowing headroom and hence financial capacity within the HRA reduces. In order to maintain a buffer, the plan aims to retain circa £11m in operating reserves. This also helps by enabling the repayment of debt and reducing interest charges on the debt. It is not until the last 3 years of the plan however that the debt has been substantially repaid and the operating reserves can begin to rise again. Borrowing is set to peak in 2025/26 at £332.4m before then gradually reducing over the remainder of the plan. This will limit the ability of the HRA to contribute major funds to any further housing development until year 10 and beyond. The Strategic Housing Options study is seeking alternative methods, such as a wholly owned subsidiary company, to increase capacity to build more homes on top of those schemes set out in this plan.

9.6 From year 10, the capital programme starts to reduce in size as the effects of the estates regeneration plan reduces. As it reduces, there is capacity for the HRA to start repaying the debt and it reduces from that point until the end of the plan.

9.7 The variables used in the assumptions can only be best estimates and any variation from these would have a significant impact over the full 30 year plan period. These assumptions and the associated impact/risk of change will require close monitoring and potentially the adoption of one or more of the range of management mitigations set out in section 11 if they have a material adverse impact upon the plan.

9.8 The reduction in the capacity of the HRA and the potential impact of risk factors requires a strong risk mitigation strategy that can be quickly adopted if any of adverse risks materialise. The range of management options available to mitigate risk are outlined in detail within section 11.

9.9 In undertaking the HRA business planning process, all regeneration programmes have been subjected to continued robust scrutiny and challenge and an appropriate level of contingency on capex schemes has been provided for within the scheme budgets as well as a central contingency in overall capital programme. **Appendix B** sets out the summary view of spend over both the coming 5 years and the totality of the 30 year period. This sets out the expenditure grouped into Major Works, which is the capital maintenance required for existing stock, Regeneration and Other Investments. There is a significant increase in the level of spend from 2017/18 to 2018/19 as the regeneration projects start to take off, and remedial works on existing stock take place in light of the Grenfell disaster.

9.10 The internal governance processes within Housing, involving CWH development and major projects teams have been rigorously reviewed and focus now upon key project management skills and tolerance reporting. These changes will help to ensure that regeneration scheme budgets and outcomes are managed within agreed exception reporting tolerances.

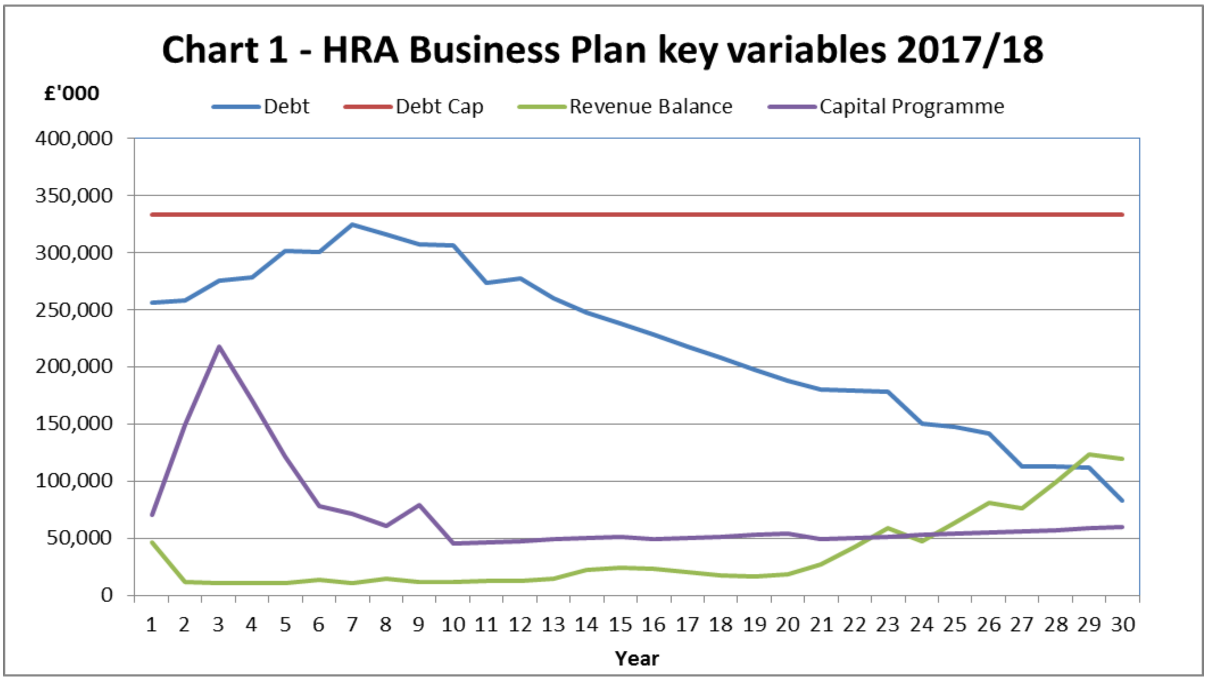
9.11 The business plan will be reviewed on a quarterly basis going forwards, feeding in changes from the annually agreed baseline to understand the impact of changes in the assumptions and capital expenditure on the affordability of the plans. This will enable management to identify any necessary mitigation required at an early stage.

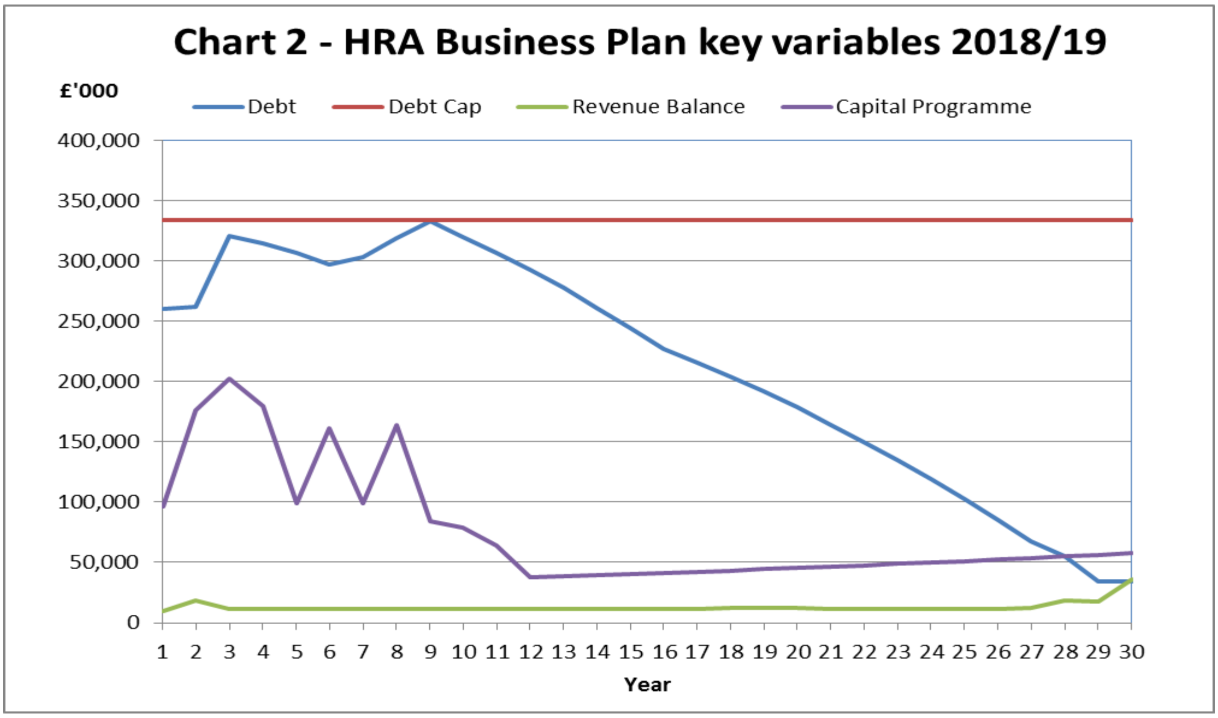
10. The HRA business plan base financial position

10.1 The base financial position will deliver the following:

- Investment in existing stock of £1.456bn, including major works capital expenditure of £0.925bn and revenue repairs and maintenance of £0.531bn.
- Investment in new affordable housing of £0.939bn generating 1,465 new HRA units, along with improved public realm and community facilities.
- Reduction in HRA debt in year 30 to £34m.
- HRA Revenue balances in year 30 of £36m.
- Efficiency savings of £5.2m delivered across 2016/17 to 2020/21 which are reinvested in service delivery.

10.2 The charts below show the key variables of last year's and the current year's Business Plans: the debt cap (set by government under the self-financing settlement); the debt (total borrowing requirement); capital programme expenditure; and the operating reserve balance. Each of these is explained further below. The chart for the current year plan (Chart 2) shows that the HRA can fund the regeneration schemes and other capital investment requirements, with support from the affordable housing fund, a capital grant and increased capital receipts.





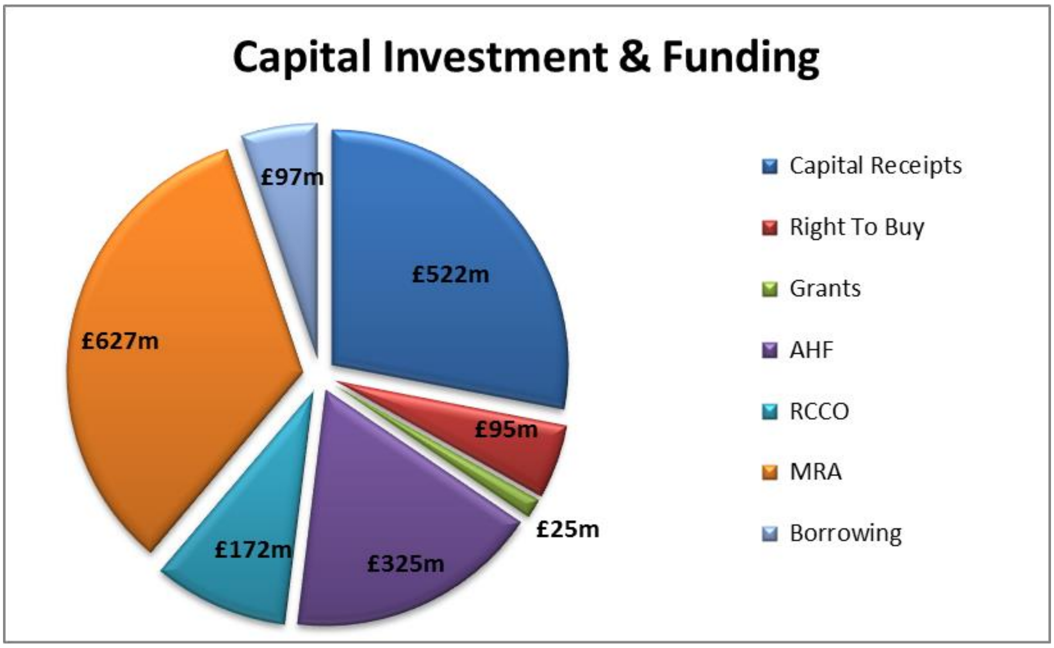
10.3 **Debt cap (red line)** - each local authority HRA has a debt cap, imposed by government as part of the 2012 self-financing settlement. This limits the amount of borrowing that the HRA can undertake. Westminster's cap was originally set at £325m in 2012, but was increased in 2014/15 to £334m. As the chart shows, the borrowing limit remains the same over the 30 year period so the maximum amount the HRA can borrow stays in line with government rules.

10.4 **Debt (blue line)** - As the chart shows, the Council is able to fund the investment programmes outlined in this report with an increase in the level of borrowing. Borrowing rises from the current £260m and peaks in Year 9 just short of the maximum allowed, reducing thereafter as most of the regeneration schemes are completed or near completion. The plan assumes that maturing debt will be re-financed as long term loans expire and when resources allow the principal sums are progressively repaid. Debt levels fall to levels lower than that presented last year because of the approach of repaying debt while operating reserves allow in order to minimise interest costs incurred. Borrowing is estimated to fall to £34m (£82m last year) over the life of the plan resulting in a net debt repayment of £226m (£174m last year) over the 30 year period. The borrowing headroom is estimated to improve from the current £73m (£78m last year) to £299m (£252m last year) at the end of the plan, providing future investment capacity in the later years of the programme. It can be seen from the graphs that the debt level rises more steeply and sooner than in the previous plan. This is driven by the increase in capital expenditure on regeneration schemes during the early years of the plan.

10.5 **Revenue balance (green line)** - A minimum reserves balance of £11m has been assumed as a key requirement in the plan as a contingency against unexpected expenditure, or shortfalls in income and to mitigate potential risk. The risks and other options for mitigation are set out in section 11 to this report, but one significant risk is the dependency upon capital receipts in the plan and whether these happen to the scale and timing projected. These receipts are dependent upon delivery of the regeneration programme and the continued buoyancy of the property development market by the time any private housing units produced are sold off. This minimum reserves level is not a scientific figure but is felt to be prudent in light of the future uncertainty around Brexit, Government housing policy, rent policy, inflation, interest rates and other cash flow dependencies. The chart shows the revenue balance is projected to rise to £35.8m at the tail end of the plan. It is assumed that any reserve levels achieved significantly in excess of this level are used to repay debt, enabling the plan to maximise investment during the early years of the plan on the regeneration schemes, then to repay and reduce the debt levels over the latter years.

10.6 **Capital programme (purple line)** - Total planned capital investment in the HRA totals £1.86bn (£1.64bn last year) over 30 years. This includes major works on existing stock of £925m (£1,034m last year), regeneration £603m (£440m last year) and Other Schemes £336m (£169m). The programme is projected to rise sharply and peak first in 2019/20 and then 2025/26 as a result of increased regeneration expenditure, then gradually reduce from 2026/27 (year 10) onwards as the regeneration projects are completed or near completion. The amount of expenditure on capital projects, in particular on regeneration schemes, has increased compared with last year and consequently the chart shows higher and more sustained levels of capital expenditure over the first 9 years of the plan than previously. This drives the ambitious growth in the number of new homes in the city as set out elsewhere in the report.

10.7 The capital programme will be funded mainly from: Reserves & Contributions of £172m; capital receipts of £522m generated from land and market sale of new homes; capital grants of £25m; drawdowns from the Affordable Housing Fund of £325m; Right To Buy sales receipts of £95m; MRA of £627m; and borrowing where appropriate. This is shown in the chart below.



10.8 The council's bid for housing zone status in respect of the Church Street regeneration area has been approved and both parties have entered into an Overarching Borough Agreement. The capital grants will provide £23m for site assembly on the western aspects of Church Street (primarily the acquisition costs of the residential leasehold interests in these blocks.) together with £2m for the Lisson Arches site.

Key Business Plan assumptions

10.9 The key assumptions that underpin the business plan are set out below.

10.10 **Housing stock** – the Plan is based on a forecast of increasing tenanted stock numbers from 11,753 at the beginning of year 1, to 12,207 in year 30. This includes a total 1,021 additional units (bought or built), offset by 509 RTB sales and 58 demolitions. The regeneration scheme will also lead to a further net increase in intermediate and leasehold stock, as set out in Table 6 below.

Table 6 – HRA stock movement

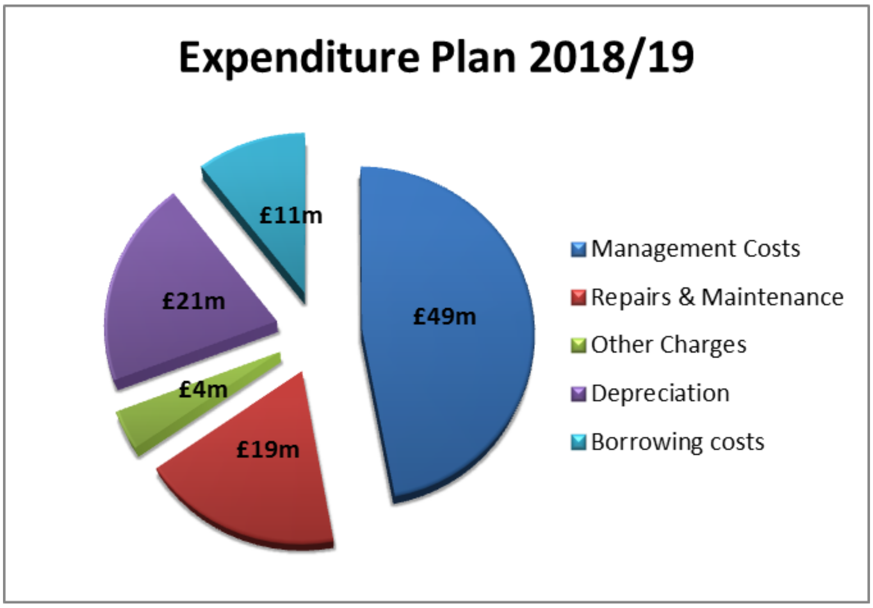
Tenure	Tenanted	Affordable / Intermediate	Leasehold	Total
Stock numbers at 01/04/2017	11,753	-	9,134	20,887
Additions	1,021	356	88	1,465
Demolitions	(58)	-	(272)	(330)
Disposals - RTB	(509)	-	509	-
Stock numbers at 31/3/2047	**12,207**	**356**	**9,459**	**22,022**

10.11 **Dwelling rents -** average weekly rent per property is estimated to increase from £123.14 to £220.29 in year 30 of the plan. This reflects the 1% rent reduction in the first three years to 2019/20 in line with government regulation, followed by an estimated 3% average rent increase for the next five years (being CPI +1%) up to the end of the original 10 year rent policy. For subsequent years a prudent inflationary increase (CPI, at 2%) is assumed as Government rent policy beyond the initial 10 years rent policy period is yet to be determined.

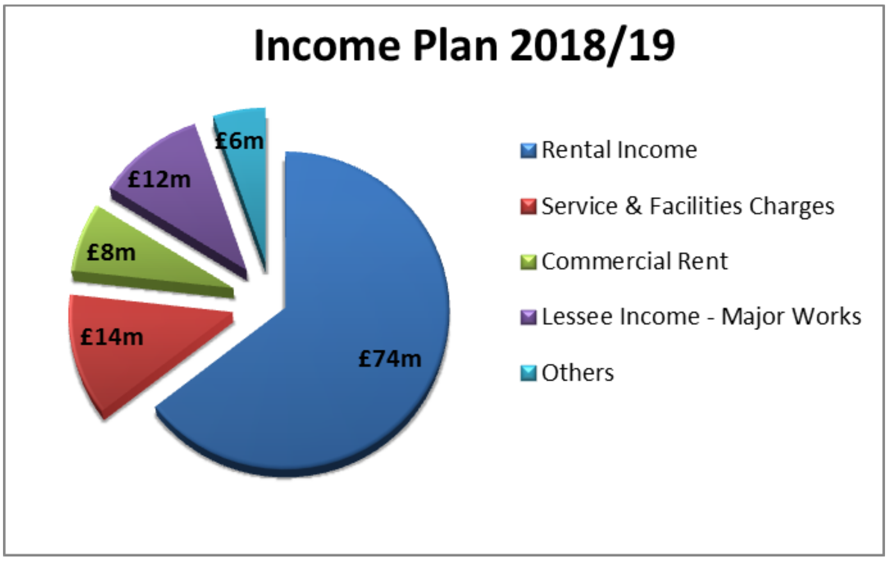
Table 7 - Assumed rent increases

Year	Year	Average Rent per week	Assumed Rent Increase / (Decrease)	% (Decrease) /Increase	Real Terms Rent Increases
1	2017.18	£123.14	(£1.15)	-1%	-1%-CPI
2	2018.19	£122.01	(£1.13)	-1%	-1%-CPI
3	2019.20	£120.90	(£1.11)	-1%	-1%-CPI
4	2020.21	£124.64	£3.74	3%	1%
5-9	Annual increases in line with CPI +				1%
10-30	Thereafter annual increases in line with CPI +				0%

10.12 **Management Costs** – the chart below shows the operating account expenditure for 2018/19. The total annual expenditure is £104m, the bulk of which is the housing management and service costs of £49m. £41m of the management costs represents direct estate management services for tenants and lessees delivered through City West Homes (CWH) and other providers, and support services delivered through other Council service areas. The repairs comprise £5m of planned repairs, £13m of responsive repairs and £1m for void properties.



10.13 The chart below shows the operating account income of £113m for 2018/19 in the Business Plan. Rental income from dwellings, including £1m for sheds and garages, accounts for the majority at £74m. Service and facilities charges, mostly from lessees but some from tenants, is also significant at £14m. Rent from commercial properties brings in circa £8m gross before costs for repairs and management. Income from lessees in respect of major works is circa £12m but can fluctuate depending on the nature of works undertaken. The remainder of the spend includes recoveries for heating and hot water charges and other miscellaneous charges.



Appendix C of this report sets out the 30 year profile for income and expenditure.

10.14 CWH have in consultation with the Council and in response to an independent review by the housing consultancy Altair produced a new strategy and savings plan. The plan will by March 2021 produce permanent annualised savings of £5.2m to the HRA with approximately half of these derived from the CWH management fee. The key elements of this programme are listed below.

Digital transformation programme

- A new website and improved services available online, making it easier for customers to contact CWH and access information when they want.
- Mobile working to improve staff effectiveness when working on our estates and visiting residents in their homes.
- A new target operating model: channel shifting customers to on-line services wherever possible, improving the quality of the phone service, supporting on-line services and continuing to provide face to face services to tenants with greater support needs.
- Reviewing the role of their office portfolio.
- Reducing the volume of non-value added contacts.

Setting new standards for customer service delivery

- Revising the resident engagement processes to attract a broader range of residents.
- Consulting residents on their service requirements and developing tenure specific service standards that tenants and lessees can expect CWH to deliver upon.
- Regularly publishing performance against the standards for our customers to see.

Growth and improvement of the stock through effective asset strategy

- Working through a series of options with the Council to make better use of the housing stock as an asset. Churning the stock to create more homes through disposals, acquisitions and new build.

New arrangements for repairs and major works

- Seven new 10 year partnering contracts for maintenance repair and major works. Five of these have now been let.

These changes required some upfront investment which arose mainly in 2016/17 and 2017/18 and will achieve permanent annualised savings of £5.2m partly through reduced management costs, by 2020/21. The target of £1.05m in 2016/17 was exceeded with £1.38m of savings delivered and this will rise to £2.1m in

2018/19, being delivered through savings on re-procured 10 year contracts and reductions in the management fee charged by CWH to the HRA.

10.15 Being a 30 year plan, the HRA Business Plan is based on a number of assumptions about the future. Prudence has been applied in setting these assumptions so that risk is minimised. The key assumptions used in the plan are shown below. Section 11 sets out an assessment of the risks which are inherent in the plans and options for managing and mitigating against such risks.

Risk area	Assumption	Comment
Inflation	RPI at 2.5% CPI at 2%	Assumed long term inflation for planning purposes applied to expenditure items.
Rent policy	Yrs 1-3: 1% reduction Yrs 4–9: CPI +1% Yr 10 on: CPI only	A conservative approach to rent increases as local authorities have flexibility under the self-financing regime.
Void rates	1.0%	Assumed long term void rate for planning
Bad debt provision (BDP)	1.5% from Y2-Y4 1.0% Y5 onwards	Assumed long term bad debt provision rate for planning
Interest on debt/balances	0.5% on balances held; 4.5% on new and rescheduled debt; 5% from year 9 onwards	Reflects current rates available and historic evidence.
RTB Receipts	25 in the first four years, 24 in year 5, 20 in years 6 &7, then 15 thereafter.	Best estimate based on historical sales trends and expressions of interest
Minimum operating reserves	£11m	Approximately 10% of turnover. Prudent in light of current economic and market risks.

10.16 Based on the above assumptions, the business plan remains viable over the 30-year period; and the investment programmes are deliverable.

11. Risk Management

11.1 As has been portrayed in the graphs and information earlier in this report, the latest plan seeks to maximise the investment in regeneration programmes in order to deliver new homes for the city. The consequence of this is that the capital expenditure profile drives up the level of borrowing required in order to achieve this objective, taking the peak borrowing year in the plan (2025/26) to within circa £1m of the borrowing limit. In the next 5 years, the peak borrowing year is in 2019/20 when the remaining headroom in borrowing capacity reduces to £12.8m before growing again over the subsequent 4 years. This reduced headroom in borrowing limits the ability of the HRA to absorb and manage the financial impact of unforeseen and unplanned risks that may materialise during the course of the plan.

11.2 This means that if any overspends to budget occur and build up, for example if caused by a change in legislation which places an increased burden on the HRA, or if capital receipts are delayed or reduced, this could push the borrowing requirement above the level of the cap. The HRA is by law not allowed to budget for a deficit or to exceed the borrowing cap, so this cannot be allowed to happen. Consequently, the Council would need to identify and implement a number of actions which mitigate and reduce the pressure on borrowing.

11.3 The range of management options available within the HRA to mitigate any additional risks are as follows (in no particular order):-

a. Project spend monitoring and management information. It is key that there are early warning indicators for management to be able to identify whether any projects are going to overspend in order to be able assess the impact on the HRA plan.

b. Regular updates to the HRA business plan. Quarterly reviews and updates to the business plan are undertaken, at which point any changes identified in operating or capital project performance can be remodelled to identify the impact and any further mitigation required. The fact that the business plan is updated on an annual basis means that steps can be taken to reprofile or reprioritise elements of the plan well in advance of any peak year. In reality, we would seek to avoid getting too close to the cap in the near term.

c. Utilisation of contingency. The main regeneration schemes each have a certain level of contingency built into the cost of the projects as a buffer against overspend within the project budget. This will be the first port of call for any overspend within a project. Monitoring the use and need for contingency on a project will be important as an indicator of whether a project is going to go over budget. Secondly, the capital programme has a separate contingency budget which has not been specifically allocated any given scheme. This amounts to £17.4m over the next 5 years.

d. Reduce or delay the reinvestment of self-financing capital expenditure. Currently it is assumed that the cash generated through disposal of HRA assets for re investment is fully reinvested back into acquiring new stock. There is £50m assumed for reinvestment over the next 5 years. The rate of reinvestment could be slowed so as to avoid the plan going into deficit or exceeding the borrowing limit of £333.8m. The consequence of this strategy would that a reducing housing stock within the HRA would have a direct impact on the cost of Temporary Accommodation in the General Fund, creating pressures on the rest of the Council to stay within budget.

e. Dispose of HRA assets. Similar to the above, but without reinvesting the cash generated. Achieved through identifying surplus assets or selling additional HRA properties.

f. Increase or accelerate funding drawn from the Affordable Housing Fund (AHF). The risk of increases in cost for the acquisition of affordable housing can be met from the AHF fund through reprioritisation of funding. However, the AHF currently held by the council is assumed to be fully used over the coming years, and the plan as a whole assumes that further AHF money will be received and used in order to make the whole plan affordable. This would need careful modelling to understand the impact on other schemes assumed to draw from the fund in later years.

g. Transfer schemes from HRA into an alternative vehicle, such as a wholly owned company. This could help the profile of the business plan by moving expenditure from peak years when the borrowing cap is under pressure to another delivery vehicle so that the scheme can still proceed without drawing upon HRA borrowing. This could enable more to be achieved than is currently shown within the plan. It could also generate a capital receipt sooner for the HRA through the transfer of land out of the HRA. The downside would be that this could be removing schemes which would generate longer term benefits in terms of rental income on the affordable housing which was otherwise planned to be retained within the HRA.

h. Re-profile, extend or delay regeneration capital expenditure

    i. Reprofile the regeneration spend so that schemes run sequentially rather in parallel, or delay some projects until the peak borrowing period has passed.

    ii. Reprofile and extend regeneration scheme programmes to be delivered over a longer period, slowing down the rate of spend. This however is likely to be an inefficient way of working and not favourable with development partners.

    iii. Some elements of the plan or certain schemes could be decided to begin or progress only when certain other conditions have been met which assure the financial safeguarding of the plan, such as the level of capital receipts received needing to be met.

These would need to be modelled so as to demonstrate the impact of not only the deferred expenditure but also the deferred capital receipts arising at the end of the schemes when the income from private sale units comes through.

i. Reduce major works expenditure. This amounts to £199.8m over the next 5 years, £925m over 30 years. However, this could be a risky strategy as the council has recently signed up to term contracts which gave an indication of a certain minimum level of spend with the suppliers. If these minimum levels were not achieved, the council could be subject to penalties or compensation which negate or reduce the potential mitigation and impact on the council’s reputation.

j. Increase affordable rents assumed in the new units to be delivered through the regeneration schemes to 80% of market rents. Average rents for new units have been modelled at £150 a week but could be increased up to £187 per week to increase the annual return and total dwellings rent received.

k. Increase HRA rents following the period of 1% reductions to the maximum allowable. At this stage however it is not clear what limitations will be placed on local authorities following this period (i.e. from 1 April 2020). Currently the business plan assumes increases of CPI+1% for the 4 years following before reverting to annual CPI increases. When the 1% reductions legislation came in, this had a significant impact on the HRA plan, as the reductions have a compounding and lasting effect on future years. Reversing this position would have a similar but favourable effect on the plan. Rent policy is only guidance and the only control at present is the limit on Housing Benefit.

l. Lobby for legislative changes such as an increase in the debt cap, reversal of the 1% rent reduction etc. This is not something that the council can directly change (only try and influence) as it is subject to central government decision making, and could take some time to be implemented if at all. This has already been referenced to in correspondence with government in the aftermath of Grenfell. The cost impact of remedial works in the light of Grenfell is modelled at £25.5m; it is conceivable that the cap could be increased to account for the pressure caused by this previously unforeseen expenditure. At time of writing we have not had a formal response to our communication.

m. The model maintains a minimum reserves balance of £11m, but this in itself is a buffer against overspends and hence acts as a source of mitigation.

11.4 As noted in section 10 above, the base business plan uses prudent assumptions so as to reduce the chance of certain risks arising. Set out below is a summary of other potential risks to the stability of the business plan. Quarterly reviews of the HRA business plan will be held between senior officers and the lead member, at which programme performance will be reviewed and risks monitored.

Risk	Impact	Mitigation
Capital Receipts: The plan assumes estimated capital receipts of £522m will be generated and used to fund the development of new homes.	Any significant slippage in the timing or value of these receipts will pose a cash flow risk for staying within the borrowing limit.	Robust monitoring of the timing and expected value of the receipts will help inform management action to mitigate this risk. Management options identified above would need to be applied.

Risk	Impact	Mitigation
Rent Policy	If rents were only to increase annually by CPI after the 1% reduction period, not by CPI+1% as modelled, the impact would be significant and the plan would be unviable.	Lobbying is key to the success of avoiding this risk from happening in the first place. Regeneration spend would need to be significantly curtailed.
Interest rates	The rates assumed are between 4% and 5% on new borrowing throughout the plan. If interest rates were to rise this would have a significant adverse impact as the peak debt is only £1m less than the cap. Ignoring profiles of current fixed term loans, a 1% rise in interest would add £2-3m per annum to costs and increase debt levels further. This would compound annually.	The HRA has some fixed loans in place which would not be affected until they matured and needed to be replaced. Further fixed rate loans could be taken out to prevent uncontrolled increases. However, the scale and pace of regeneration may need to be reviewed.
Inflation	If inflation were to increase above that assumed by 1%, the Plan would no longer be viable over 30 years.	The increase in costs would be partially offset by increased income as this is also based on CPI inflation. The situation would not be uncontrolled as there would need to be a decision as to whether certain expenditure is still deemed affordable or value for money. Management options identified above would also need to be applied.
Capital Costs	If the cost of construction and professional fees on the regeneration programme were to increase by 20% this would cost £50m.	This is provided for within contingency on the regeneration scheme budgets. The central contingency could be drawn upon. Other general estates

Risk	Impact	Mitigation
		expenditure could be reprofiled.
Welfare Reform: Implementation of Universal Credit, benefit cap and other welfare reform changes.	May increase rent arrears which impacts HRA income.	More active/proactive debt management action may be required. Robust monitoring of service activity to act as an early warning.
Brexit: Adverse impacts on costs and values as a consequence of Brexit	There is increased uncertainty about the cost of projects due to changes in the cost of materials and labour arising from changes in the value of the pound relative to other currencies. Equally there are changes in the attractiveness of London as a residential investment, positively due to falls in the value of the pound and negatively from lack of access to Europe. These are highly uncertain and may lead to increased caution on the part of contractors and developers when bidding for work or assessing the risks/rewards of current projects.	A selection of current projects are being reviewed to identify and seek to quantify the impacts based on the best evidence available to highlight areas where further measures need to be taken.

11.5 In addition, 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.

11.6 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 HRAs".

11.7 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 a 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.

11.8 The self-financing code of practice is a voluntary framework of best practice 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 formal accounting practices including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom and CIPFA's Treasury Management in the Public Services Code of Practice.

12. Legal Implications

12.1 The expenditure referred to in this report will be spent pursuant to the Council's powers and duties. Individual reports on each project will be approved by the Cabinet or by the relevant Cabinet Member.

12.2 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.

12.3 The Localism Act 2011 contains provisions relating to housing finance in Sections 167 to 175. These provisions introduced a new system of council housing finance which ended the current Housing Revenue Account subsidy system in England and replaced it with self-financing arrangements. Section 171 of the Localism Act 2011 empowered the Secretary of State to make provision relating to the level of indebtedness in relation to local housing authorities in England which keep a Housing Revenue Account.

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

12.5 This report deals with other legislative provisions which are expected to influence the Housing Investment Strategy such as the social rent reduction introduced by Section 23 of the Welfare Reform and Work Act 2016 and changes to the social benefits system under Sections 8 – 17 of the Welfare Reform and Work Act 2016.

12.6 The Housing and Planning Act 2016 is also likely to affect the findings of subsequent reports and also the Council's regeneration initiatives. The relevant provisions include the imposition of a liability for local housing authorities which maintain a Housing Revenue Account to make payments to the Secretary of State based on the market value of any vacant higher value void properties which the local authority owns. Additionally under Chapter 6 and Schedule 7 the Housing and Planning Act 2016 seeks to phase out secure tenancies as life interests and replace them with fixed term secure tenancies thus potentially allowing for more flexibility in terms of stock management. Full details of any of these provisions are not available at the moment.

12.7 The Housing and Planning Act 2016 also contains provisions which have been implemented and may attract procedural changes in the way the Council progresses its regeneration projects. Such provisions include the amendments made to the planning regime under Part 6 and amendments to the compulsory purchase and appropriation procedures under Part 7.

12.8 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.

12.9 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

12.10 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 Schemes.

13. Consultation

13.1 Development of the Business Plan and Housing Investment Strategy has involved officers from within the Housing and Regeneration Department, City Treasurers and CityWest Homes. We have had regard to national and local housing policies and objectives which have informed the priorities for investment.

13.2 A key component of the housing regeneration programme is community engagement: officers and consultants have worked with local communities to develop plans for their neighbourhoods. 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 on-going programme of resident involvement as these schemes develop further.

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

Dick Johnson (djohnson@westminster.gov.uk; 0207 641 3029) or Jake Mathias (jmathias@westminster.gov.uk 0207 641 3359)

Appendix A

Other Implications

1. Resources Implications

The resourcing implications to deliver the proposed capital programme are contained within the attached indicative HRA capital programme.

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 regeneration programme and reducing homelessness pressures.

3. Risk Management Implications

See section 11 of the report.

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. A key part of the early years' investment in the existing stock will be to address health and safety issues brought to light as a result of the Grenfell Tower fire.

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 regeneration schemes. The Church Street regeneration scheme incorporates a new Combined Heat and Power district heating scheme.

7. Equalities Implications

Each of the estate regeneration 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

The investment programmes outlined in this report will involve the enforced displacement of residents and their human rights under Article 1of the First Protocol and Article 8 of the

European Convention on Human Rights will be taken into account at the appropriate time.

9. Communications Implications

See section 13 on consultation.

Appendix B – Capital Expenditure

HRA FIVE YEAR CAPITAL PROGRAMME (£m)

Schemes	2017-18 Forecast £m	2018-19 Plan £m	2019-20 Plan £m	2020-21 Plan £m	2021-22 Plan £m	2022-23 Plan £m	Total 5yr Plan £m	Total 30yr Plan £m
Major Works								
OT Adaptation	1.2	1.2	1.2	1.2	1.2	1.2	**6.0**	**31.2**
Electrical Works & Laterals	12.0	6.8	5.7	6.0	6.5	5.4	**30.4**	**291.2**
External Repairs & Decorations	15.1	25.7	24.3	19.1	15.4	21.3	**105.7**	**382.2**
Fire Precautions	1.3	4.5	1.5	2.0	0.1	2.2	**10.3**	**35.0**
General	1.3	0.1	0.1			0.5	**0.7**	**6.1**
Kitchen & Bathroom	0.8	0.7	0.8	0.7	0.7	0.7	**3.6**	**26.7**
Lifts	4.2	2.7	2.0	2.0	2.0	2.0	**10.7**	**51.1**
Major Voids	3.4	2.5	2.5	2.5	2.5	2.5	**12.5**	**76.0**
Grenfell	5.5	10.0	10.0				**20.0**	**25.5**
Total Major Works	**44.8**	**54.1**	**48.1**	**33.5**	**28.4**	**35.8**	**199.8**	**925.0**
Regeneration								
Cosway Street	0.4	8.4	21.2	2.9			**32.5**	**32.9**
Lisson Arches	4.1	10.6	14.0	0.3			**24.9**	**29.2**
Luton Street	0.2	2.0	6.4	5.8			**14.2**	**14.4**
Parsons North	1.2	14.8	11.4	0.4			**26.7**	**27.9**
Ashbridge	0.7	6.3	6.5	0.2			**13.0**	**13.7**
Church Street Phase Two	0.8	8.4	13.0	96.4	26.8	56.1	**200.8**	**309.7**
Tollgate Gardens	7.3	9.9					**9.9**	**17.2**
Other Estates Regeneration	17.9	33.0	28.5	9.7	13.4	15.4	**99.9**	**157.8**
Total Regeneration	**32.7**	**93.5**	**101.1**	**115.6**	**40.2**	**71.4**	**421.9**	**602.8**
Other Schemes								
District Heating Network Scheme	1.9	1.9	5.9	0.4			**8.2**	**17.0**
Edgware Rd	2.0	0.0	6.9				**6.9**	**8.9**
Infill Schemes	3.0	9.3	9.8	15.0	15.3	15.3	**64.5**	**143.4**
Self Financing	14.4	10.0	10.0	10.0	10.0	10.0	**50.0**	**115.0**
Section 106 Acquisitions	-		12.4			12.4	**24.9**	**24.9**
Kemp House/Berwick Street	-	0.8					**0.8**	**0.8**
Central Contingency	-	5.4	6.3	2.3	2.0	1.4	**17.4**	**26.0**
Total Other Schemes	**21.3**	**27.4**	**51.3**	**27.7**	**27.2**	**39.1**	**172.7**	**335.9**
Total Capital Expenditure	**98.7**	**175.0**	**200.5**	**176.8**	**95.8**	**146.3**	**794.4**	**1,863.7**

Financed By:								
Capital Receipts	15.4	53.1	81.8	98.7	41.4	61.0	**336.0**	**522.4**
Right To Buy	8.9	23.2	5.8	1.6	1.6	13.1	**45.3**	**94.6**
Grants	3.8	23.6	-	-	-	-	**23.6**	**25.5**
AHF	10.4	17.4	38.1	51.3	21.9	48.1	**176.7**	**325.2**
RCCO	39.2	23.8	7.0	4.2	9.9	3.2	**48.2**	**172.1**
MRA	20.9	20.9	20.9	20.9	20.9	20.9	**104.7**	**627.0**
Borrowing	-	13.0	47.0	-	-	-	**60.0**	**96.9**
Total Financing	**98.7**	**175.0**	**200.5**	**176.8**	**95.8**	**146.3**	**794.4**	**1,863.7**

Appendix C – Operating Account

Westminster City Council
HRA Business Plan
Operating Account
(expressed in money terms)

Year	Year	Net rent Income	Other income	Misc Income	**Total Income**	Managt.	Depreciation	Responsive & Cyclical	Other Revenue spend	Misc expenses	**Total expenses**	Capital Charges	**Net Operating (Expenditure)**	Repayment of loans	Transfer to MRR	Transfer from / (to) Revenue Reserve	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**
1	2017.18	88,002	5,559	17,468	**111,028**	(48,157)	(20,932)	(19,586)	(4,200)	(745)	**(93,620)**	(12,269)	**5,139**	0	0	3,821	(40,014)	**(31,054)**	**40,105**	**401**	**9,452**
2	2018.19	87,455	5,697	20,129	**113,282**	(49,361)	(21,470)	(18,986)	(513)	(2,713)	**(93,042)**	(11,337)	**8,904**	0	0	0	0	**8,904**	**9,452**	**243**	**18,599**
3	2019.20	87,426	5,840	20,773	**114,039**	(50,595)	(22,001)	(18,900)	0	(3,840)	**(95,337)**	(12,058)	**6,644**	0	0	0	(14,229)	**(7,584)**	**18,599**	**93**	**11,108**
4	2020.21	90,882	5,986	20,800	**117,668**	(51,860)	(22,600)	(18,912)	0	(4,124)	**(97,496)**	(13,218)	**6,954**	(6,454)	0	0	0	**500**	**11,108**	**161**	**11,769**
5	2021.22	94,715	6,136	20,029	**120,880**	(53,156)	(23,464)	(19,907)	0	(4,752)	**(101,279)**	(12,826)	**6,775**	(7,301)	0	0	0	**(526)**	**11,769**	**264**	**11,507**
6	2022.23	98,303	6,289	22,457	**127,050**	(54,485)	(24,045)	(20,592)	0	(5,653)	**(104,776)**	(12,468)	**9,806**	(10,126)	0	0	0	**(320)**	**11,507**	**210**	**11,397**
7	2023.24	102,592	6,446	22,988	**132,026**	(55,847)	(25,024)	(21,447)	0	(5,794)	**(108,112)**	(12,613)	**11,301**	0	0	0	(11,697)	**(396)**	**11,397**	**108**	**11,109**
8	2024.25	106,419	6,607	23,871	**136,897**	(57,244)	(25,958)	(22,177)	0	(5,939)	**(111,318)**	(12,164)	**13,415**	0	0	0	(13,519)	**(105)**	**11,109**	**55**	**11,060**
9	2025.26	109,837	6,773	24,187	**140,797**	(58,675)	(26,674)	(23,000)	0	(6,088)	**(114,436)**	(13,150)	**13,211**	0	0	0	(13,267)	**(57)**	**11,060**	**55**	**11,058**
10	2026.27	113,254	6,942	23,873	**144,069**	(60,141)	(27,807)	(23,830)	0	(6,240)	**(118,018)**	(13,160)	**12,890**	(12,438)	0	0	0	**452**	**11,058**	**82**	**11,592**
11	2027.28	116,705	7,115	22,880	**146,700**	(61,645)	(28,529)	(24,658)	0	(6,396)	**(121,227)**	(12,525)	**12,949**	(13,165)	0	0	0	**(217)**	**11,592**	**168**	**11,544**
12	2028.29	120,153	7,293	23,452	**150,897**	(63,186)	(29,712)	(25,484)	0	(6,556)	**(124,938)**	(11,842)	**14,118**	(14,255)	0	0	0	**(138)**	**11,544**	**215**	**11,621**
13	2029.30	122,680	7,476	24,038	**154,193**	(64,766)	(30,423)	(26,091)	0	(6,720)	**(128,000)**	(11,154)	**15,040**	(15,227)	0	0	0	**(187)**	**11,621**	**188**	**11,622**
14	2030.31	125,259	7,662	24,639	**157,560**	(66,385)	(31,151)	(26,713)	0	(6,888)	**(131,136)**	(10,452)	**15,971**	(16,134)	0	0	0	**(162)**	**11,622**	**160**	**11,620**
15	2031.32	127,891	7,854	25,255	**161,000**	(68,045)	(31,897)	(27,349)	0	(7,060)	**(134,350)**	(9,702)	**16,948**	(16,945)	0	0	0	**3**	**11,620**	**132**	**11,755**
16	2032.33	130,576	8,050	25,886	**164,512**	(69,746)	(32,660)	(28,000)	0	(7,236)	**(137,642)**	(8,963)	**17,907**	(16,941)	0	0	(1,278)	**(312)**	**11,755**	**107**	**11,549**
17	2033.34	133,317	8,252	26,533	**168,102**	(71,489)	(33,442)	(28,666)	0	(7,417)	**(141,015)**	(8,398)	**18,689**	(11,938)	0	0	(7,282)	**(531)**	**11,549**	**97**	**11,115**
18	2034.35	136,114	8,458	27,197	**171,768**	(73,277)	(34,242)	(29,349)	0	(7,603)	**(144,470)**	(7,980)	**19,318**	(10,934)	0	0	(7,478)	**906**	**11,115**	**105**	**12,126**
19	2035.36	138,969	8,669	27,877	**175,515**	(75,108)	(35,062)	(30,047)	0	(7,793)	**(148,011)**	(7,535)	**19,969**	(11,930)	0	0	(7,678)	**361**	**12,126**	**116**	**12,602**
20	2036.37	141,883	8,886	28,573	**179,343**	(76,986)	(35,901)	(30,763)	0	(7,988)	**(151,637)**	(6,988)	**20,717**	(12,871)	0	0	(7,884)	**(38)**	**12,602**	**124**	**12,689**
21	2037.38	144,857	9,108	29,288	**183,253**	(78,911)	(36,760)	(31,495)	0	(8,187)	**(155,353)**	(6,345)	**21,555**	(14,922)	0	0	(8,095)	**(1,462)**	**12,689**	**129**	**11,356**
22	2038.39	147,892	9,336	30,020	**187,248**	(80,884)	(37,639)	(32,245)	0	(8,392)	**(159,160)**	(5,613)	**22,476**	(13,918)	0	0	(8,311)	**247**	**11,356**	**135**	**11,737**
23	2039.40	150,991	9,569	30,770	**191,331**	(82,906)	(38,540)	(33,012)	0	(8,602)	**(163,060)**	(4,880)	**23,390**	(14,914)	0	0	(8,533)	**(56)**	**11,737**	**145**	**11,825**
24	2040.41	154,154	9,809	31,540	**195,502**	(84,978)	(39,462)	(33,798)	0	(8,817)	**(167,055)**	(4,098)	**24,349**	(15,910)	0	0	(8,760)	**(321)**	**11,825**	**154**	**11,658**
25	2041.42	157,383	10,054	32,328	**199,765**	(87,103)	(40,406)	(34,602)	0	(9,037)	**(171,148)**	(3,264)	**25,352**	(16,905)	0	0	(8,994)	**(547)**	**11,658**	**162**	**11,273**
26	2042.43	160,679	10,305	33,136	**204,121**	(89,280)	(41,373)	(35,425)	0	(9,263)	**(175,342)**	(2,406)	**26,373**	(16,901)	0	0	(9,233)	**240**	**11,273**	**172**	**11,684**
27	2043.44	164,045	10,563	33,965	**208,573**	(91,512)	(42,363)	(36,268)	0	(9,495)	**(179,638)**	(1,522)	**27,412**	(17,896)	0	0	(9,478)	**38**	**11,684**	**184**	**11,906**
28	2044.45	167,477	10,827	34,814	**213,118**	(93,800)	(43,376)	(37,131)	0	(9,732)	**(184,040)**	(765)	**28,314**	(11,891)	0	0	(9,730)	**6,693**	**11,906**	**212**	**18,812**
29	2045.46	170,982	11,098	35,684	**217,763**	(96,145)	(44,414)	(38,014)	0	(9,975)	**(188,549)**	66	**29,281**	(20,784)	0	0	(9,988)	**(1,491)**	**18,812**	**237**	**17,558**
30	2046.47	174,559	11,375	36,576	**222,511**	(98,549)	(45,476)	(38,919)	0	(10,225)	**(193,168)**	(1,105)	**28,237**	0	0	0	(10,252)	**17,984**	**17,558**	**292**	**35,834**

Appendix D

Key achievements in the last 12 months

Achievements in the past year have included:

- Church Street draft masterplan out for public consultation.
- Submission of planning application for Church Street Green Spine public realm improvements.
- Submission of planning application for Parsons North housing development, which includes 19 affordable units.
- Launch of the Church Street Neighbourhood Keepers programme, which delivers positive activities to promote health & wellbeing in the local community.
- Significant progress made on the Infills programme with 25 affordable units programmed for completion in the next 12 months and an identified pipeline for the next 5 years.
- Commercial negotiations completed and Base Case agreed with Linkcity on the Luton Street development that will deliver 62 new affordable homes. Planning submission to be completed in October 2017 with start on site to follow in 2018. Associated enabling works for Luton Street taking place at Tresham Crescent and Venables Street now complete.
- Works progressing well on the Tollgate Gardens development with the ground floor slab complete on all affordable blocks, which is noted as an important milestone under the development agreement.
- Imminent submission of a joint planning application on the Cosway and Ashbridge developments that will provide up to 28 affordable homes.
- CityWest Homes have implemented their new ‘Target Operating Model’ and instigated their 5 year savings plan. This has involved new operational structures; a new contact centre; office rationalisation; a new website and the beginning of the digitisation of customer transactions.
- Five of the seven new 10 year partnering agreements have been implemented with the remaining two about to complete this Autumn
- The Council has exceeded its City for All target of 479 new affordable homes to be delivered during the 2 year period 2015/2016 and 2016/2017. The actual outturn for this period was 532 new affordable homes delivered.