Cabinet Report

City of Westminster

Meeting or Decision Maker:	Cabinet
Date:	14 December 2015
Classification:	General Release
Title:	Housing Investment Strategy and Housing Revenue Account Business Plan 2016/17
Wards Affected:	All
City for All:	This report addresses the investment in the Council's current housing stock and the investment in new housing and 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.
Key Decision:	This is a Key Decision and has been included for 28 days on the list of forthcoming decisions
Financial Summary:	This report presents the 30-year Housing Revenue Account (HRA) Business Plan and investment plans for housing related activity. Indicative detailed HRA capital investment budgets and proposed funding are presented for approval for the five years 2016/17 to 2020/21. Gross HRA capital expenditure of £349m over the five years is required to deliver the plans within this investment strategy, including: £173m on works to existing stock; £150m on housing estate renewal; and £26m on new housing supply and other schemes. This is planned to be funded from £133m of HRA resources, £179m from

	capital receipts, £32m from the Affordable Housing Fund and £6m of new borrowing. A further investment of £130m of Affordable Housing fund monies contributes to housing supply outside of the HRA. The latest 30-year HRA Business Plan demonstrates that the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains a viable entity over the thirty year period
Report of:	Executive Director of Growth, Planning and Housing (vacant post with Barbara Brownlee, Director of Housing and Regeneration deputising)

1. Executive Summary

1.1 This report presents the Housing Investment Strategy and thirty-year Housing Revenue Account (HRA) Business Plan the fourth such plan since the introduction of self-financing in 2012. 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 Budget has not changed. There are no immediate impacts arising from this report for existing tenants. The capital programme of repairs and improvements remains the same over the next 3 years and remains at the same budget as 2015/16 of £1.4bn over 30 years. Recent modelling has shown that a budget of £1.8bn over 30 years may be necessary and once the details of the Housing and Planning Bill are fully released and understood officers will re-visit this modelling and the ability of the HRA to sustain a programme greater than £1.4bn. An explanation of the impact on residents of the £1.4bn budget is given in Appendix E.

1.3 Key investment programmes included are:

- The HRA capital programme of continued investment in existing housing stock;
- The housing estate renewal programme (now including Church Street Phase 2);
- New affordable housing supply schemes, funded through the HRA and the Affordable Housing Fund.

1.4 Based on current assumptions and projections, Westminster's HRA is viable and supports the proposed investment plans. However, since last year's business plan was approved the Government has announced a number of policy changes that will have wide-ranging impacts on the Council's ability to fund its planned programmes.

1.5 The most significant is a reduction in social housing rents by 1% per annum over the next four years, which has reduced HRA rent income by £32 million in cash terms over the first four years of the plan. The effect on the 30-year business plan is an NPV loss of investment capacity of £237 million.

1.6 Other key elements of the Bill include the sale of high value local authority voids to fund the Right to Buy to housing association tenants and the 'Pay to Stay' initiatives have not been sufficiently detailed by Government to allow detailed modelling at this time.

1.7 This reduction in HRA income, both actual and anticipated, has led to an initial review of priorities within the investment strategy this year. Key initiatives and existing commitments to residents have been protected, including: investment to protect residents' health and wellbeing such as fire precautions, adaptations and measures to address condensation in council housing stock; investment schemes that are already well into the planning stage and on which residents have been consulted; and the housing renewal programme schemes.

1.8 In order to protect the above commitments, a prudent decision to re-programme investment in existing stock that was originally programmed for 2018/19 onwards has been made. The impact is, however, that our target to have all council stock maintained at the CityWest Homes (CWH) standard (i.e. above the basic decent homes standard) will not be achieved. We estimate that at any one time at least 80% of the housing stock will meet the CWH standard.

1.9 The **programme of investment in existing stock** will see £251m of HRA resources expended over the next five years on improvements to around 9,000 homes and wider estate environments. This includes both capital spend of £172m and revenue repairs of £79m. Over the 30-year planning period, the total investment in the stock totals £1.4 billion (£941m capital and £473m revenue)

1.10 The **Housing Renewal Programme** will deliver circa. 2000 new mixed-tenure homes and wider benefits to the city's poorest neighbourhoods. The total gross council costs (including sunk costs and anticipated spend this year) are estimated to be £315m. As well as new homes, the cross-cutting renewal programme delivers jobs for local people, new community facilities and assets, space and support for business and enterprise, improved health and care outcomes, and significant investment in public realm and infrastructure.

1.11 Outside the housing renewal areas, new **affordable housing supply programmes** are expected to deliver nearly 1,000 new affordable homes over the next five years. Registered Provider partners will deliver 256 of these, with the remainder to be delivered by the City Council through both the HRA and the Affordable Housing Fund

1.12 The Council's **Affordable Housing Fund** supports delivery of new affordable housing in the city, with over £200m either committed or set aside to support both the new supply and housing renewal programmes outlined above.

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

1.14 The HRA business planning process for 2016-17 has been particularly difficult to complete this year. There remain a number of significant uncertainties around the impact of the proposed changes in Housing and Planning Bill, the Comprehensive Spending Review, and the local Government settlement is still pending. The HRA business plan has been constructed upon very prudent assumptions and at this point has some unapplied investment capacity and headroom. This plan effectively represents a prudent holding position subject to confirmation of the detail and impact of these changes. Over the coming year, as more detail emerges, we will be better able to model the implications and more fully review the planned investment programmes in preparation for next year's business plan.

2. Recommendations

2.1 To approve the indicative HRA major works capital programme budgets for 2016/17 to 2020/21 (Appendix B).

2.2 To approve the indicative housing renewal investment programme budgets for 2016/17 to 2020/21 and to approve the revised renewal budgets for 2015/16 (Appendix B).

2.3 To approve the indicative housing non-delegated programme budgets for 2016/17 to 2020/21 (Appendix B).

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

2.5 To note the wide-ranging benefits to be delivered through the proposed housing investment programmes.

3. Reasons for decision

3.1 Adoption of 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 Housing Revenue Account remains sustainable and viable over the long term.

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 renewal 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 Housing Revenue Account (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 Achievements in the past year have included:

- Delivery of 115 new affordable homes, including 51 new-build units and 64 open market acquisitions by Registered Providers and the City Council.
- Acquisition by the HRA of 38 homes, to increase the Council's stock of social rented housing.
- Concluded Compulsory Purchase Order proceedings for Tollgate Gardens Estate, which enables site assembly for demolition.
- Appointed Affinity Sutton as the preferred development partner for the Tollgate Gardens renewal scheme.
- Appointed United House as the design and build (D&B) contractor to deliver Lisson Arches and commenced works with Conways FM to divert the utilities and clear the site in advance of the build.
- Appointed the consortium of Bouygues Development and Londonewcastle as the preferred Development partner at Luton Street.
- Purchased Ashbridge Street and procured Pocket as a development manager to secure planning on an enhanced affordable housing scheme.
- Appointed Willmott Dixon as the D&B contractor to deliver the Dudley House project.
- Appointed Bellway Homes as the preferred developer partner to deliver Parsons North site.
- Delivered improvements to circa 760 council homes, maintaining them at the Decent Homes Standard, and brought a further 460 homes up to the higher CWH standard.

4.4 The HRA Business Plan presents a 30-year model of projected income and expenditure on the management and maintenance of the Council's housing assets. A number of significant changes have been made to the business plan this year, largely as a result of recent government policy announcements (see section 5 for detail of these announcements). While the precise detail of many of these policies is unknown at this stage, some assumptions have been made and modelled to arrive at a base business plan position for this year.

4.5 Over the coming year, as more detail emerges on how the government intends to implement its policies, the Council's investment priorities will be reviewed, as will the programmes designed to deliver those priorities. Next year's investment strategy and business plan will therefore reflect any recommended changes to the Council's investment plans.

4.6 The charts overleaf show the key business plan metrics for both last year's and this year's plans. The most significant difference between the two years is the reduction in investment capacity in the latter 15 years which has decreased from £630m to £190m at 2044/45. This is largely due to the reduction in social rent of 1% for the first four years. The major changes since last year's plan are shown below:-

- Inclusion of Church Street phase 2 £200m - expenditure
- Inclusion of Church Street combined heat and power plant (CHP) £9m - expenditure
- Reduction in rent income from 1% decrease for 4 years - £232m
- Increase in earmarked Affordable Housing Fund income - £34m
- Delivery of incremental annual savings in housing management costs rising to £5.2m in 2020/21

Chart 1 – Key metrics from last year's 30 year plan

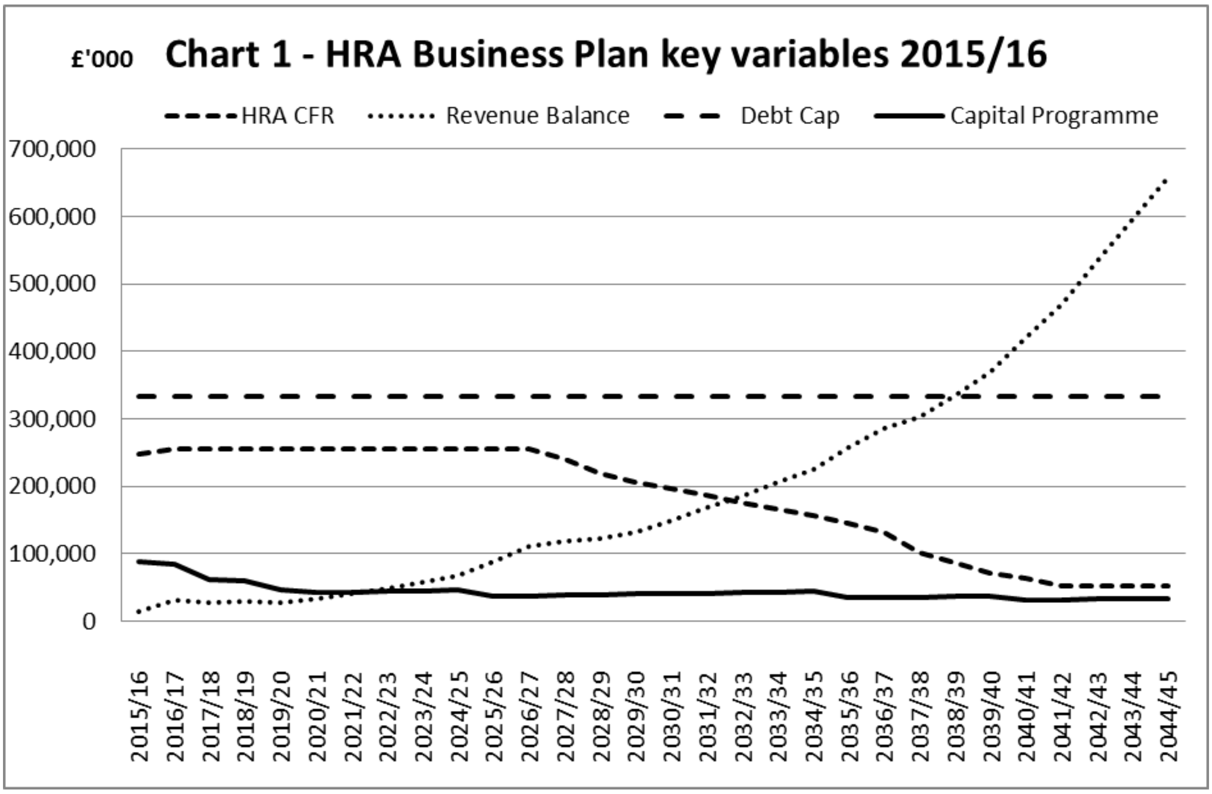
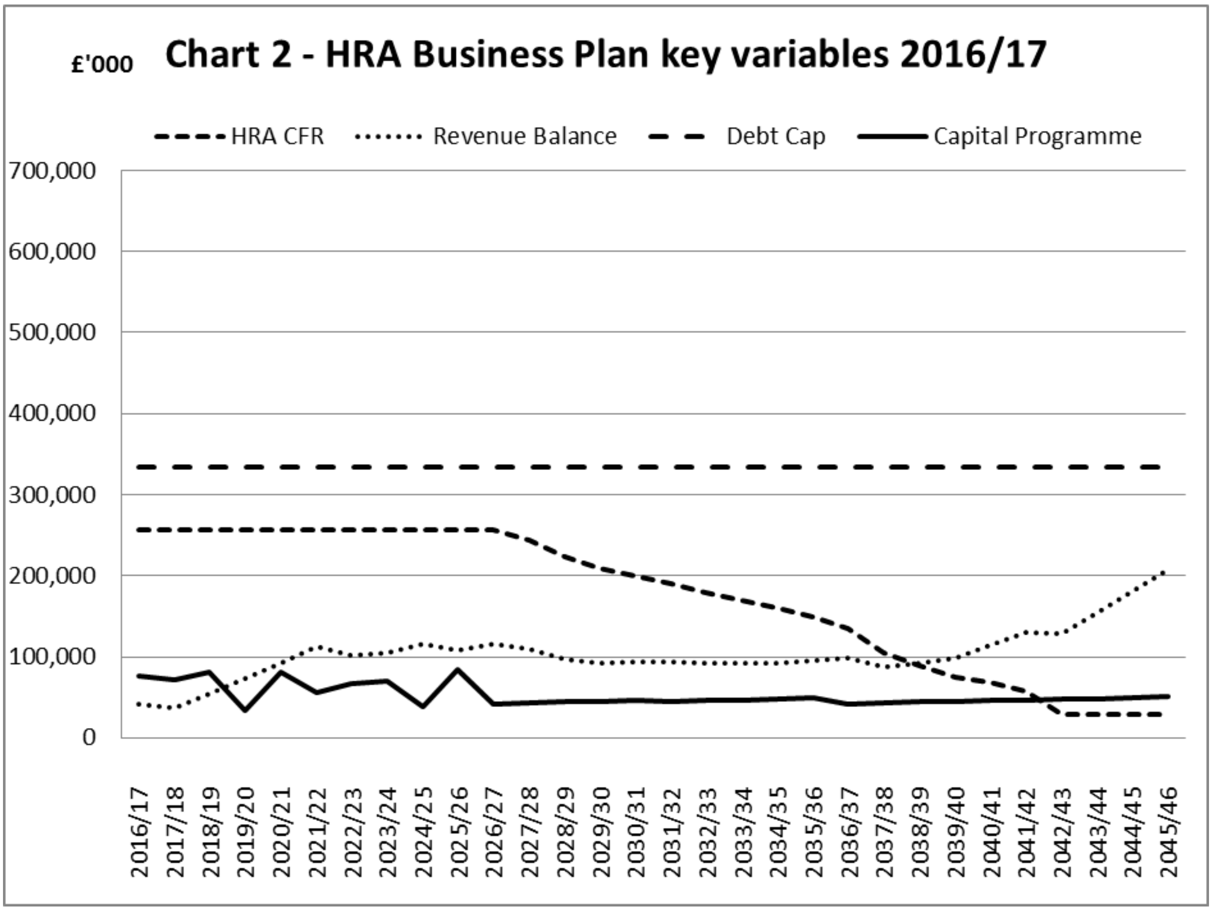


Chart 2 – Key metrics of this year's proposed 30 year business plan



5. Government policy announcements

5.1 This section provides a summary of the recent policy announcements and the anticipated implications for the Council's housing investment plans.

Welfare Reform and Work Bill (July 2015)

5.2 The Welfare Reform and Work Bill was introduced to the House of Commons on 9 July 2015 and will have significant financial implications for the HRA, but will also impact the Council's overall housing needs and thus the General Fund through its impact on Temporary Accommodation (TA). The key provisions are outlined below.

<u>Social rent reduction</u>

5.3 In the 2015 Budget the Chancellor announced that rents for social housing tenants would be reduced by 1% annually for a period of four years. It is being implemented through the Welfare Reform and Work Bill and is to apply from 2016/17. Beyond the first four years, however, there is uncertainty about what rent regime will be in place. The HRA business plan assumes that the government will revert to its stated policy of CPI+1% for the following 5 years before reducing to inflation only annual increases.

5.4 Indicative modelling of the 1% reduction has been undertaken and this identified potential loss of rent income of £32 million in cash terms over the first four years of the plan. The effect on a 30-year NPV basis is over £237 million.

Welfare Benefits cap, Local Housing Allowance caps and TA subsidy

5.5 Provisions in the Bill applying a four-year freeze on Local Housing Allowance rates from 2016/17, means that they will not keep up with private sector rents over this period. This has a two-fold impact:

- tenants in private sector housing may find they can no longer afford their rents, with a consequent increase in homeless;
- Increased pressure on the General Fund due to higher demand for Discretionary Housing.

The estimated impact in Westminster is an increase of £2.75m in TA spend over this four year period

5.6 The Bill reduces the benefits cap in London to £23k per annum for families and £15.4k for single claimants, and freezes certain social security benefits for four years. This will also have an impact on households' ability to sustain private sector tenancies, with a consequent rise in homeless presentations.

5.7 Over the coming year the Council will be revising its Temporary Accommodation Procurement Strategy, the Allocations Scheme for social housing, and its policy on Discharge of Duty for homeless households to address the issues arising from these changes.

5.8 The Council's housing investment strategy and capital investment programmes will then need to reflect any changes in strategic direction. This will be reflected in next year's HRA business plan report.

Housing & Planning Bill (October 2015)

5.9 The Bill was introduced to the House of Commons on 13 October 2015 and is designed to support the government's objectives to boost housing supply (particularly home ownership), improve standards in the private rented sector, and simplify the planning process to encourage development. The provisions that are considered to have significant impacts on the Council's housing investment plans are summarised below.

Disposal of high value voids

5.10 This policy requires local authorities that maintain a Housing Revenue Account 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 'high value'. It is being introduced in order to fund an extension of the right to buy policy to tenants in the housing association sector.

5.11 The amount that Westminster will be required to pay each year to government is not known at this stage but, given the value of housing stock in the city, it is anticipated to be a very significant figure. Calculations based on an initial proposal from government suggested 57% or 230 of the properties becoming void would be considered high value. This could amount to over £100m per annum in Westminster. The detailed workings of this policy (including the definition of high value) are to be made by Regulations.

5.12 The provisions in the Bill also allow the Secretary of State to enter into agreements with a local authority to reduce the amount of the payment, on the condition that the money is instead spent on housing or on things that will facilitate the provision of housing (e.g. infrastructure or land remediation).

5.13 Given that few authorities will have resources from which such a contribution can be made, it is expected that property disposals will have to take place, resulting in a loss of social housing stock available to households in housing need. The impact could be a potential increase in annual net TA costs of up to £4.5m.

5.14 However, without any firm detail at present in terms of the sum to be paid from the HRA, nor the number of units to be lost from the portfolio, it has not been possible to include these provisions in the base business plan for this year.

Extension of the right to buy to housing association tenants

5.15 Facilitating the government's manifesto commitment to extend the Right to Buy (RtB) scheme across the social sector, the Bill enables government to provide full monetary compensation to Registered Providers (RPs) that operate such a scheme, to cover the discount provided on each home sold. The expectation is that, with the sales receipt, the RP will be able to replace the home sold. But there is no guarantee that the replacement home will be in the same local area as the one sold, nor that it will be of the same tenure.

5.16 Operating RtB will be on a voluntary basis for RPs, so the impact on Westminster's stock of social rented housing cannot as yet be quantified. However, the implication may well be that the Council will see a loss of social rented housing stock to which it has nomination rights.

Affordable housing and s.106 agreements

5.17 The Bill enables the government to require local authorities to effectively consider starter homes (new dwellings available to purchase by first time buyers under 40 and sold at 80% of market value, with a suggested price cap of £450k in London) as a form of affordable housing. The detailed working of the legislation is not yet known, but it is presumed that this provision will be funded through a reduction in the requirement to provide traditional affordable housing on which the Council relies to accommodate households in housing need.

Pay to stay

5.18 The Housing Bill follows a previous announcement that social housing tenants with household incomes of £40k or above in London (£30k elsewhere) will pay market rents or close to market rents, and that the extra income generated in council stock will be paid to government (less an amount to cover administrative costs). A date for implementation has not yet been agreed.

5.19 This policy will not have a direct impact on the HRA business plan, as it (as currently formed) does not result in changes in stock numbers or rent received. Much work will however be required in developing procedures and communications tools for administering the policy.

City for All and Draft Westminster Housing Strategy

5.20 Since last year's investment strategy report, the Council has announced its *City for All* vision, and also published a draft Housing Strategy for consultation. 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 include:

- Delivering 1,250 new affordable homes;
- Breaking the ground on the first phase of housing renewal schemes;
- Investing £12m to tackle cold and damp housing conditions; and
- Supporting hard working professionals to get a foot on the housing ladder.

5.21 The draft Housing Strategy was published in June, not long before many of the above policy announcements were confirmed. While the implications of the above are being worked through it has not been possible to confirm the Council's housing strategy. The Council has instead produced a 'Direction of Travel' statement and a more detailed Housing Strategy will follow when government proposals are confirmed.

5.22 The pressures outlined above mean that the investment programmes included in last year's business plan have had to be reviewed. Our key priority is to deliver on existing promises to residents, particularly in terms of capital works schemes that are already well into the planning stage. But we also want to ensure our housing renewal plans do not lose momentum. Residents in these areas have been working closely with us for a number of years now, and are looking forward to seeing some results. The HRA is also one of the cornerstones in the Council's plans for increasing housing supply and we will continue to allocate resources for this purpose.

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

6. HRA investment programme – expenditure on existing homes

6.1 It is estimated that, over the next 30 years, the council's existing housing stock would require £1.8 billion of investment to maintain it at the CityWest Homes standard. However, due to the expected reduction in HRA income outlined above, and to produce a balanced HRA, in this year's plan the 30-year investment programme has been maintained at £1.4 billion (£941m capital and £473m revenue). Officers have taken a very prudent approach to budget setting because of the uncertainties arising from the Housing and Planning Bill and may recommend an increase in expenditure on the existing stock at the next annual review when the detailed impacts of the Bill are known. Consequently, some of the cost saving measures described in the following paragraphs will be reviewed next year.

6.2 In reducing the programme, we have carefully assessed the options so that vital elements are protected. These include:

- £12m investment in works to address condensation and damp over the first five years, which was announced as a *City for All* commitment in March this year;
- £41m investment in fire safety works over the 30 year programme (although with some minor re-profiling); and
- £1.2m per annum investment in adaptations for people with disabilities.

6.3 In addition, investment plans for the first three years of last year's five-year programme (i.e. the first two years of this year's), have been maintained. This is because these schemes are already well advanced in terms of procurement and consultation with residents.

6.4 Total expenditure on major works programmes in the first five years of the programme amounts to £252m investment (capital and revenue) broken down as shown overleaf and is shown at Appendix B in more detail.

Year	Capital	Repairs	Total Investment
	£000's	£000's	£000's
2016/17	41,418	15,780	57,198
2017/18	41,104	15,780	56,884
2018/19	32,226	15,780	48,006
2019/20	29,554	15,780	45,334
2020/21	29,000	15,780	44,780
Total	**173,302**	**78,900**	**252,202**

6.5 The major investment categories that make up the five-year capital programme are shown below and in Appendix B.

Category	Investment
External	£62.9m
Mechanical & Electrical	£58.0m
Fire precautions	£13.9m
Major Voids	£10.9m
Lifts	£10.0m
General	£6.6m
Adaptations	£6.0m
Kitchen & Bathrooms	£5.0m
Total	£173.3m

6.6 The reduction in programme expenditure in year three onwards has been achieved largely through extending renewal and replacement cycles for certain building elements. Reductions in specification are also being considered for elements such as windows, kitchens and bathrooms; which may mean, for example, that UPVC windows are installed instead of powder-coated aluminium, and that kitchens may have fewer cabinets installed when due for replacement. Appendix E shows how these changes might be implemented in an example block.

6.7 Reducing the planned programme by £400m carries with it a number of risks. These are outlined below, with a fuller assessment and mitigation actions set out in section 10 of this report.

6.8 The bulk of the cost reduction has been achieved through lengthening programmed renewal or replacement cycles for certain building elements, in most cases by between two and five years. This will increase capital requirements in years beyond this 30 year plan, but could also result in higher on-going repair and maintenance expenditure within the 30 years as elements are 'nursed' along.

6.9 In last year’s business plan it was assumed that ongoing maintenance expenditure would reduce over the planning period, due to efficiencies to be achieved in procurement and delivery; however in this year’s plan we are assuming a constant rate to guard against a potential increase in the level of work required. The risk of significant failure in elements is considered low, as the life cycle extensions are considered minimal.

6.10 The lengthening of decoration cycles to 12 years will mean that blocks will gradually fall below our ambitious CityWest Standard, which stipulates a 7-10 year decoration cycle. Our strategic target was to have all stock up to this standard by 2017; however we now estimate that the maximum that will achieve this is 80%. The CityWest Standard will be reviewed this year, to assess how this standard compares with what is being delivered elsewhere in the housing sector, in both existing stock and new developments, and to ensure what is delivered in Westminster is cost-effective, but reflective of the quality of housing stock we manage.

6.11 Planned expenditure on condensation has been protected for the first five years; however beyond this point expenditure has been reduced. This will mean that fewer properties than originally planned will be included in the programme from year five onwards. Where issues of condensation are impacting residents’ health, and cannot be managed without physical intervention in the building fabric, these will always be prioritised for action.

6.12 There is a risk that resident satisfaction could fall as a result of lower specifications for works, or the perception that buildings and estates are not being maintained as well as previously. We are mindful of the reputation for high quality estates and services that Westminster Council and CityWest Homes have worked hard to build in this regard. Clear communication with residents with regard to expectations, and being responsive when issues arise will be key to maintaining this reputation.

6.13 Schemes to which the Council has already committed, and for which details have already been communicated to residents, have been protected in this plan. For some residents, the news that major works costs will not be imposed as frequently may in fact be good news.

6.14 Over the coming year the Council will be further evaluating the options to reduce cost, to arrive at an optimal cost/quality solution. Existing term contracts for improvement works are also due for re-tendering in 2017, which presents the Council with the opportunity for achieving procurement savings.

7. New affordable housing supply schemes

7.1 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 (s106) planning obligations. These s106 affordable homes are generally transferred by private developers to the Council's Register Provider (RP) partners once complete and the Council then nominates households in housing need from its waiting lists to these new affordable homes.

7.2 Registered Providers 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 and property prices in the City. Also RPs operating in the City have very limited development capacity within their own estates to deliver new affordable housing supply.

7.3 As new 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 converted to affordable housing use.

7.4 The Council's Housing Renewal strategy will significantly increase the level of new-build housing supply in the future with circa 2,000 new homes of which over 600 will be affordable.

Affordable Housing Fund

7.5 The Affordable Housing Fund is the Council's traditional source of funding for new housing supply. Since 1997 developers have contributed £257m to the fund, of which £98.5m has been expended delivering 1,487 new affordable homes. The fund has current balances of £167m of which £80m is formally allocated and approved towards existing contractual commitments. This means that currently the fund has £87m of uncommitted headroom.

7.6 Further affordable housing projects in the pipeline require in the region of £148m from the AHF, leaving a shortfall of £61m. However, this shortfall is anticipated to be bridged from additional S106 payments due to be received from developers over the next few years. Currently there are over £100m in outstanding developer payments due to be paid into the AHF, including a single payment of £39m due from Chelsea Barracks. See table below

Status	Funding	Balance
AHF Balances		£167m
Less formally contractually committed	-£80m	£87m
Less allocations to potential new schemes	-£148m	-£61m
Potential Developer payments expected	£100m	£39m

7.7 In addition, due to the delivery time frames of many of these new affordable housing projects, there are not anticipated to be any cash flow issues with funding these projects from the AHF.

7.8 Decisions regarding allocation of the Affordable Housing Fund are delegated to the Cabinet Member for Housing, Regeneration, Business and Economic Development.

7.9 With the advent of HRA self-financing the HRA is now a vehicle for delivering new affordable housing, supplementing the AHF. Over the next five years, through a combination of the HRA, and the existing and anticipated AHF commitments the Council expects to deliver circa 1,345 new affordable housing units (including in the renewal areas). This is summarised in the table below.

Potential schemes being supported through the Affordable Housing Fund 2016-2021

Scheme	Gross Potential Units	AHF funding*
Registered Provider schemes	256	£50m
Council schemes (HRA, non-renewal)	320	£38m
Council schemes (GF, intermediate rent)	322	£40m
Council schemes (GF, Temporary Accommodation)	100	£41m
Housing renewal	347	£33m
Total	1,345	£200m

* Either contractually committed or awaiting formal approval for funding additional affordable units

Registered Provider Schemes

7.10 Registered Providers including Westminster Community Homes and Dolphin Living are anticipated to deliver 256 new affordable homes over the next five years through a mixture of spot purchases and new build developments. It is anticipated that £50m will be required from the AHF to support the delivery of these 256 new affordable homes, supplementing the funding provided by the RPs themselves.

HRA housing supply

7.11 Over the past two years funding of £22.1m was allocated through the business plan to support growing the HRA portfolio, through both acquisition of existing homes and new development. This funding has delivered 45 new homes through acquisitions, and a further 47 to be delivered in 2018/19 as the affordable housing component of a new private development on Edgware Road.

7.12 A sum of £10m was set aside in last year's plan to support development of new homes on small infill sites within the HRA estate. To date a number of sites have been identified, including void basements, sheds and garages; and vacant land at the end of some blocks. Depending on the mix of units provided, there is potential to deliver up to 140 new homes through this route. This report seeks to allocate the £10m funding to a budget that will enable these schemes to progress and consultation with residents to begin.

7.13 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 future value of the income is less than the future level 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.

7.14 To date, as part of this programme, the Council has disposed of 19 non-performing HRA void properties (mostly studios and 1-beds) on the open market, with a further 41 agreed for disposal. Disposals have so far raised £12.4m, with a further £21.8m anticipated from already agreed disposals. Proceeds have so far been utilised to acquire 20 replacement family-sized homes, with a net increase of 28 bedrooms.

7.15 This source of funding therefore has existing and anticipated receipts of £34.2m. Of this, £8.6m has already been spent or allocated to new homes leaving £25.6m for further new supply initiatives such as the small scale infill sites programme discussed above.

7.16 The Council will also be exploring 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.

7.17 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.

7.18 Included within the 2016-2021 programme is 347 new-build affordable homes anticipated to be delivered under the Council's initial Housing Renewal schemes at Church Street (phase 1), Tollgate Gardens and Ebury Bridge Estate (see section 8).

7.19 Phase 2 of the Church Street renewal scheme, which forms part of the Council's successful Housing Zone bid to the GLA, is anticipated to deliver circa 1,100 new homes including 500 affordable homes. As the homes are not expected to be delivered until after 2021, the units and associated funding requirements have not been included in the supply projections outlined in this section. In the HRA Business Plan, however, anticipated site assembly costs and Housing Zone funding have been included. £20m has also been set aside from the AHF for the period beyond 2021.

General Fund housing supply

7.20 The Council plans to build 422 new affordable homes over the next five years. These will be a mix of temporary and permanent homes and will include the major scheme of 197 homes at Dudley House, Paddington.

8. Housing estate renewal – improving neighbourhoods and adding to housing supply

8.1 Westminster's housing renewal programme represents a gross investment by the City Council of £315m (including costs already incurred) in the Housing Renewal areas, and the first significant redevelopment of Westminster council housing in over 30 years. The first phase of housing renewal is well advanced with four positive votes from residents. The first planning approvals have been secured and a number of projects have already been put to the market and development partners appointed

. Renewal Schemes	Costs to date	2015-16 Revised Budget	yr 1-30 Total Budget	Total Scheme Costs
	£000's	£000's	£000's	£000's
CHP Scheme		0	9,500	9,500
Church Street Phase 2		0	177,420	177,420
Cosway	11,175	289	500	11,964
Ebury Bridge	12,674	17,053	20,537	50,264
Lisson Arches	1,454	3,562	20,894	25,911
Luton St	3,912	648	5,700	10,260
Parsons North	314	723	1,504	2,541
Penn & Lilestone	1,093	(262)	3,801	4,633
Tollgate Gardens	9,194	5,446	8,081	22,721
Total Expenditure	39,816	27,460	247,938	315,214

8.2 Investment in the renewal programme has been protected in this year's business plan as it is important that we do not lose momentum. Residents in these areas have been working closely with us for a number of years now, and are looking forward to seeing some results.

8.3 Expenditure and income associated with the four estate renewal schemes (Tollgate Gardens, Ebury Bridge, Church St and Paddington Green) have been included in the base business plan. Gross future HRA costs over the 30 year period are estimated to be £248m, with anticipated receipts of £251m.

8.4 The Housing Renewal Programme (excluding Church Street Phase 2) will deliver over 347 new units of affordable housing, and significantly improved homes to replace the 320 social and private homes that will be demolished, plus refurbishment of many hundreds of homes that will be retained. Capital budgets for the next five years of the programme are set out at Appendix B, with a profile of 30-year income and expenditure shown at Appendix C.

8.5 In this year's plan, we have included anticipated expenditure on Church Street Phase 2, which forms part of a successful bid to the GLA for Housing Zone Status for the area around Church Street and Edgware Road (effectively the Church Street renewal area, West End Green and Paddington Green Police Station). The intention of a Housing Zone is to use financial resources and/or planning flexibilities to accelerate and increase housing delivery in areas where there is significant development potential.

8.6 Westminster's bid included:

- £2m of recyclable grant towards infrastructure works on Lisson Arches; and
- £23.5m recyclable grant for site assembly on Church Street Phase 2 (primarily the acquisition costs of the residential leasehold interests in these blocks.)

8.7 The proposed Edgware Road Housing Zone has the potential to deliver at least 1,700 new homes (including circa 1,100 at Church Street Phase 2), in addition to commercial, retail and community floor space. The Council's bid has been agreed by the Mayor subject to his due diligence processes and the agreement between the Mayor and the Council of the wording of the investment agreement and governance arrangements. The £25.5m funding will be repayable within 10 years but is interest free.

8.8 The housing renewal programme aims to deliver wider benefits beyond new and improved homes. These are summarised in the table below.

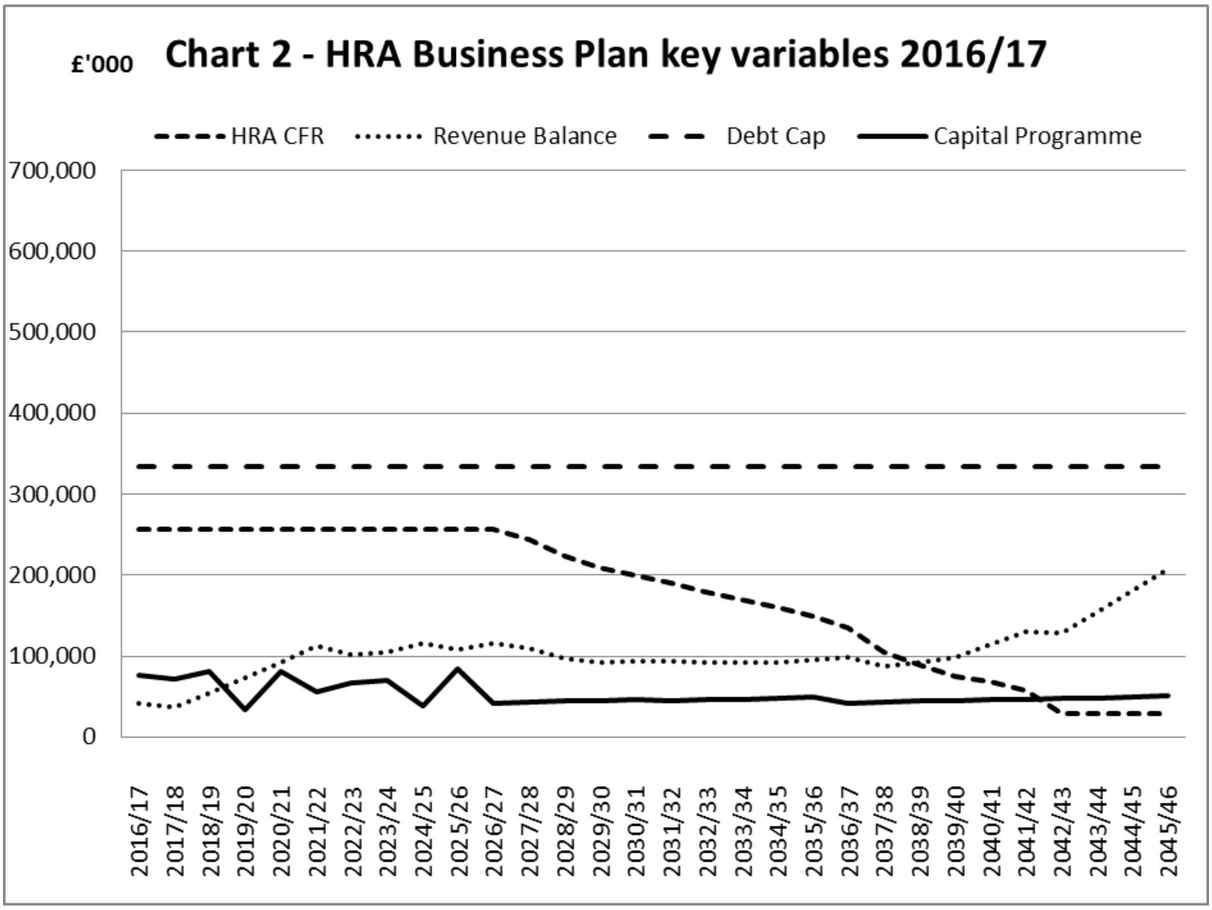
Area wide employment offer	• 1,000 employment opportunities to residents in renewal areas • Community assets – additional enterprise / employment space • Lasting legacy: addressing needs of long term unemployed
Church St	• Health & Well Being hub – up to 6,000 sq. m – one stop for health, well-being, housing, training and advice with enhanced range of health services • Public Realm – landscaping improvements throughout the neighbourhood, green corridor, increased park and play space across the neighbourhood. • District heating system to supply hot water and heat to new homes (where possible) more sustainably and cheaply. • Improving the market – series of physical and management improvements to make the street a London destination. • Older People's housing – 45 new replacement high quality one bedroom sheltered homes with some market housing for older people. • Enterprise centres. • Relocation of Luton St Children's services to improved facilities at Tresham and Orange Park.
Tollgate	• New community centre, accessible to all. • Public realm – improved landscaping, increased greening of the estate.
Ebury	• New retail units facing onto Ebury Bridge Rd. • New playground. • Provision of new community centre with improved natural lighting and modern facilities, accessible to wheelchair users. • Retaining community gardens, new enlarged green spaces new and improved landscaping.

9. The HRA business plan base financial position

9.1 This report sets out the Council's Housing Revenue Account (HRA) Business Plan for the 30-year period 2016/17 to 2046/47. The base financial position will deliver the following:

- Investment in existing stock of £1.4bn, including major works capital expenditure of £934m and revenue repairs and maintenance of £473m.
- Investment in new affordable housing of £248m generating 900 new HRA units, along with improved public realm and community facilities.
- Reduction in HRA debt in year 30 to £29m.
- HRA Revenue balances in year 30 of £195m.
- Efficiency savings of £5.2m in the first five years which are reinvested in service delivery.

9.2 The chart below shows the key variables of the Business Plan: the debt cap (set by government under the self-financing settlement); the HRA CFR (total borrowing requirement); capital programme expenditure; and the cash reserves balance. Each of these is explained further below. This shows that the HRA has the capacity to fund the regeneration and other identified investment opportunities, with support from additional capital grants and receipts.



9.3 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, but was increased in 2014/15 to £333m.

9.4 As the chart shows, the Council is able to fund the investment programmes outlined in this report without incurring significant additional borrowing. Borrowing (labelled 'HRA CFR' in the chart above) remains relatively static for the first 10 years of the plan, reducing from then onwards as the early years of heavy investment (largely the renewal schemes) are past. The plan assumes that maturing debt will be re-financed and, as long term loans expire and where resources allow, the principal sums are progressively repaid. Borrowing is estimated to fall from £257m to £29m over the life of the plan resulting in a net debt repayment of £228m over the 30 year period. The borrowing headroom is estimated to improve from £76m to £304m at the end of the plan providing future investment capacity.

9.5 A minimum reserves balance of £11m has been assumed in the plan as a contingency against unexpected expenditure and to mitigate potential risk. This largely arises from the dependency upon capital receipts which are largely dependent upon delivery of the renewal programme and the continued buoyancy of the property development market. This continued level of reserves in this year's programme is felt to be prudent in light of the future uncertainty around Government housing policy, rent policy, inflation, interest rates and cash flow.

9.7 Total planned capital investment in the HRA totals £1.2bn over 30 years. This includes major works on existing stock, regeneration and other new supply schemes. This will be funded mainly from: rental income; capital receipts of £200m generated from land and market sale of new homes; capital grants of £52m; RTB sales receipts of £52m; and borrowing where appropriate. This is shown in the table below.

HRA Capital investment

	Years 1-5 £m	Years 6-30 £m	Total £m
Existing stock	173	760	**934**
Regeneration & New Affordable Homes	150	98	**248**
Others	26	23	**49**
Total	**349**	**881**	**1,230**
Financed by:			
HRA Reserves & Contributions	155	743	898
Capital Receipts - Other	123	77	200
Capital Receipts - RTB	12	40	52
Capital Grants	55	20	52
Borrowing	6	0	6
Total	**349**	**881**	**1,230**

Figures expressed in money terms

Key Business Plan assumptions

9.8 The key assumptions that underpin the business plan are set out overleaf.

9.9 **Housing stock** – the Plan is based on a forecast of reducing tenanted stock numbers from 11,882 at the beginning of year 1, to 11,764 in year 30. (Note- the Government's policy of disposing of high value council housing is not modelled in this report.) This includes a total 900 new units, 475 RTB sales and 450 demolitions.

NET Forecast Movement in HRA stock 2016/17 to 2045/46

Tenure	Stock numbers at 31/3/2016	RTB	New supply	Renewal estate demolition	Lease Expiry	Stock numbers at 31/3/2046
Tenanted	11,882	-475	900	-450	-93	11,764
Shared Ownership	59	0	0	0		59
Leasehold	9,196	475	0	0		9,671
Total	**21,137**	**0**	**900**	**-450**	**-93**	**21,494**

9.10 **Dwelling rents** - average weekly rent per property is estimated to increase from £124.08 to £214.82 in year 30 of the plan. This reflects 1% rent reduction in the first four years to 2019/20 in line with government regulation and an estimated 3% average rent increase for the next five years up to the end of the original 10 year rent policy. For subsequent years a prudent inflationary increase is assumed as Government rent policy beyond the initial 10 years rent policy period is still uncertain.

Assumed rent increases

Year	Year	Average Rent per week	Assumed Rent Increase	% (Decrease)/ Increase	Real Rent Increases
1	2016.17	£124.08	-£1.12	(1%)	(1%)
2	2017.18	£122.97	-£1.11	(1%)	(1%)
3	2018.19	£121.85	-£1.12	(1%)	(1%)
4	2019.20	£120.74	-£1.11	(1%)	(1%)
5	2020.21	£124.47	£3.73	3%	1%
6-30	Thereafter annual increases in line with CPI				0.13%

9.11 **Management Costs** - housing management and service costs included in the plan total £52m in 2016/17. Approximately £37m is spent on direct estate management services for tenants and lessees delivered through the Provider contracts, Tenant Management Organisations and CWH Direct, and for central CityWest Homes costs that support these services. Lessees pay approximately £5.8m for these services and tenants approximately £3.9m (the remainder is pooled and covered by tenants' rents). A further £9.6m is spent on heating and hot water provision and other special services, costs of which are recovered from tenants and lessees.

Areas of HRA expenditure 2016/17

Expenditure Item	Budget £m	%
Management Costs	27.7	28%
Service Charges	9.8	10%
Support Services recharges	1.6	2%
WCC Recharges	3.8	4%
Other Management costs	5.9	6%
Repairs	15.8	16%
Capital Financing Charges	13.7	14%
MRA	17	17%
RCCO	5.2	5%
Total	**99.9**	**100%**

9.12 The table below show the summary sources of income for the first year of the Business Plan.

Sources of HRA income 2016/17

Income Source	Budget £m	%
Rent	76.8	67%
Fees and Charges	17.6	15%
Commercial Rent	8.3	7%
Lessee Income Major Works	11.9	10%
Total	**114.7**	**100%**

9.13 Being a 30-year plan, the HRA Business Plan is based on a number of assumptions about the future. We have been prudent in setting these assumptions so that risk is minimised. The key assumptions used in the plan are shown below. See section 10 for a discussion on how risks are managed.

Risk area	Assumption	Comment
Inflation	2.5% on major works 2% on all other costs	This has been applied to all expenditure items and is considered to be a realistic expectation of inflation over the long term.
Rent policy	Rent restructuring formula is applied throughout the plan period.	While local authorities have the flexibility to set rents that they consider "reasonable", we are constrained by the Limit Rent which controls the total amount of rent due that can be funded through Housing Benefit. Until further guidance is issued by Government, it is assumed that current policy will be continued.
Void rates	Increases from 2% to 3% in 2018/19 to allow for the impact of the regeneration schemes and welfare reform. It is assumed to return to 2% thereafter.	In order to reflect the requirements of the regeneration programme and its impact on lettings, the presumed void rate for the stock has been adjusted during this period. Void rate returns to the assumed long term rate of 2% after this programme.
Bad debt provision	The allowance for bad debts is currently 0.5% and this has been increased annually from 2.14% in 2016/17 to 2.74% in 2021/22, remaining at this higher rate throughout the remainder of the planning period.	This is considered prudent in light of the uncertainty of rent collection under welfare reform and the experience of the demonstration projects. We currently assume that 55% of the amount collected through Housing Benefit will be eligible to be paid directly to clients and will be paid a month in arrears.
Interest on debt/balances	0.5% on balances; 4.5% on rescheduled and new debt during 2016/17 to 2021/22; thereafter at 5%.	Considered reasonable in light of current rates available and historic evidence.
RTB Receipts	30 in 2016/17, then 25 in 2017/18 and continuing at 15 thereafter.	Minimum level assumed, based on recent experience. While there has been a high number of applications, very few are moving through to completion. By assuming the minimum level, the plan can only improve should sales pick up.
Minimum cash balances	£11m	Considered reasonable in light of the risks identified in scenario and sensitivity testing.

9.14 Based on these assumptions, the business plan remains viable over the 30-yar period; and the investment programmes are deliverable. Appendix C presents the 30-year Operating Account, while Appendix D shows capital expenditure and financing over the 30-year period.

10. Risk management

10.1 As noted in section 8 above, the base business plan uses prudent assumptions so that risk is minimised. Set out below is a summary of other potential risks to the stability of the business plan. Quarterly governance meetings are held between senior officers and elected officials, at which programme performance is reviewed and risks monitored.

Risk	Impact	Mitigation
Capital Receipts: The plan assumes estimated capital receipts of £200m will be recovered and used to fund the development of new homes.	Any significant slippage in the recovery of these receipts may pose a cashflow risk for the HRA.	Robust monitoring of the timing of the receipts will help mitigate this risk.
Capital programme: Renewal cycles of building elements have been lengthened to reduce total programme expenditure.	Potential reduction in customer satisfaction; and failure of building elements.	Minimal time extensions to cyclical maintenance programmes have been applied so the risk is considered low; however budgets for planned & preventative maintenance (PPM) have been increased to cover unexpected failures. Although the repairs budget has been maintained the same, planned procurement efficiencies should allow for any increase in expenditure. The first few years of the capital programme have been protected, so existing commitments to customers have been maintained. Key programmes, such as condensation and adaptations, have been protected. Vulnerable residents are prioritised for work.
Welfare Reform: Implementation of Universal Credit, benefit cap and other welfare reform changes.	May increase rent arrears which impacts HRA income.	Robust monitoring of service activity and the HRA Business Plan.

10.2 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.

10.3 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".

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

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

- **Financial viability.** The housing authority has put in place arrangements to monitor the viability of the housing business and takes appropriate actions to maintain viability.
- **Communications and governance**. The housing authority keeps under review the communications and governance arrangements with regards to the new operating environment and adopts governance arrangements appropriate to supporting viability and accountability of the housing business.
- **Risk management**. The housing authority has in place an effective system for the on-going management, monitoring and reporting of risks to the HRA.
- **Asset management**. The housing authority has in place arrangements to maintain its assets to maximise their value into the future. The authority complies with the principles of good asset management as they apply to HRA assets.
- **Financial and treasury management**. The housing authority complies with proper accounting practices including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom2 and CIPFA's Treasury Management in the Public Services Code of Practice.

11. Financial Implications

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

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

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

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

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 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 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.

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

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

12.6 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.

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

12.8 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.

12.9 References to new legislation which are currently Bills are liable to change and are not yet in force.

13. Consultation

13.1 Development of the Business Plan and Housing Investment Strategy has involved officers from with the Housing Commissioning Team, Corporate Finance, 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 renewal programme is community engagement: officers and consultants have worked with local communities to develop plans for their. Community engagement teams work on the ground with residents, visiting residents in their homes, staffing drop-in sessions and holding open days. Resident expectations are high, and the City Council is committed to an ongoing programme of resident involvement as these schemes develop further.

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

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

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Appendix A

Other Implications

1. Resources Implications

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

2. Business Plan Implications

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

3. Risk Management Implications

See section 10 of the report.
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4. Health and Wellbeing Impact Assessment including Health and Safety Implications

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

5. Crime and Disorder Implications

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

6. Impact on the Environment

New homes are built to Code 4 as a minimum and environmental and energy efficiency works are key considerations in the works to existing housing stock and the housing renewal schemes. The Church Street renewal scheme incorporates a new Combined Heat and Power district heating scheme.

7. Equalities Implications

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

8. Human Rights Implications

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. Energy Measure Implications

See environmental implications above.

10. Communications Implications

See section 13 on consultation.

Appendix B

	Revised 2015-16		Yr1 2016-17	Yr2 2017-18	Yr3 2018-19	Yr4 2019-20	Yr5 2020-21	Yr 1 to 5 Total
Major Works:								
Kitchen & Bathrooms	1,200		1,000	1,000	1,000	1,000	1,000	5,000
External	34,657		16,852	19,583	10,309	8,224	8,000	62,968
Fire precautions (not in M&E or External)	873		1,258	3,200	3,200	3,200	3,000	13,858
General	497		917	1,345	1,299	1,529	1,529	6,619
Disabled Adaptations	1,200		1,200	1,200	1,200	1,200	1,200	6,000
M&E	3,623		14,720	10,705	11,447	10,630	10,500	58,002
Lifts	1,450		2,000	2,000	2,000	2,000	2,000	10,000
Major Voids	3,000		3,471	2,071	1,771	1,771	1,771	10,855
Total Major Works	**46,500**		**41,418**	**41,104**	**32,226**	**29,554**	**29,000**	**173,302**
Regeneration Expenditure:								
Cosway	289		500	0	0	0	0	500
Lisson Arches	3,562		7,735	8,592	4,567	0	0	20,894
Penn & Lilestone	-262		0	717	388	2,697	0	3,802
Luton St	648		0	5,700	0	0	0	5,700
Parsons North	723		104	0	1,400	0	0	1,504
Tollgate Gardens	5,446		481	0	7,600	0	0	8,081
Ebury Bridge	17,053		16,585	1,897	2,055	0	0	20,537
Church street Phase 2	0		4,230	6,345	27,575	0	42,280	80,430
CHP Scheme	0		700	4,900	1,300	500	1,000	8,400
Total Regeneration Gross Expenditure	**27,459**		**30,335**	**28,151**	**44,885**	**3,197**	**43,280**	**149,848**
Non Delegated :								
Self-financing acquisitions	6,000		10,000	10,000	10,000	10,000	10,000	50,000
Ashbridge Street	3,500		3,700					3,700
Walden	0		0	0	0	0	7,000	7,000
Lisson Arches Bridge	0		1,700	0	0	0	0	1,700
Edgware Road Development	2,200		2,400	1,500	3,600	0	0	7,500
Infill Schemes	500		2,000	2,000	2,000	2,000	1,500	9,500
Non-Delegated Expenditure	**12,200**		**19,800**	**13,500**	**15,600**	**12,000**	**18,500**	**79,400**
Gross Capital Expenditure	**86,159**		**91,553**	**82,755**	**92,711**	**44,751**	**90,780**	**402,550**

Summary of Funding:								
MRA	17,239		17,239	17,239	17,239	17,239	17,239	**86,195**
Lessee Contributions	7,282		7,462	7,647	7,836	8,028	8,028	**39,001**
Capital Grants	0		1,681	13,729	13,493	2,617	0	**31,520**
Capital Receipts	18,500		52,582	38,090	54,143	15,960	64,013	**224,788**
New Borrowing	2,300		6,200	0	0	0	0	**6,200**
HRA Reserves	40,838		6,389	6,050	0	907	1,500	**14,846**
Funding Total	86,159		91,553	82,755	92,711	44,751	90,780	402,550

Appendix C

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

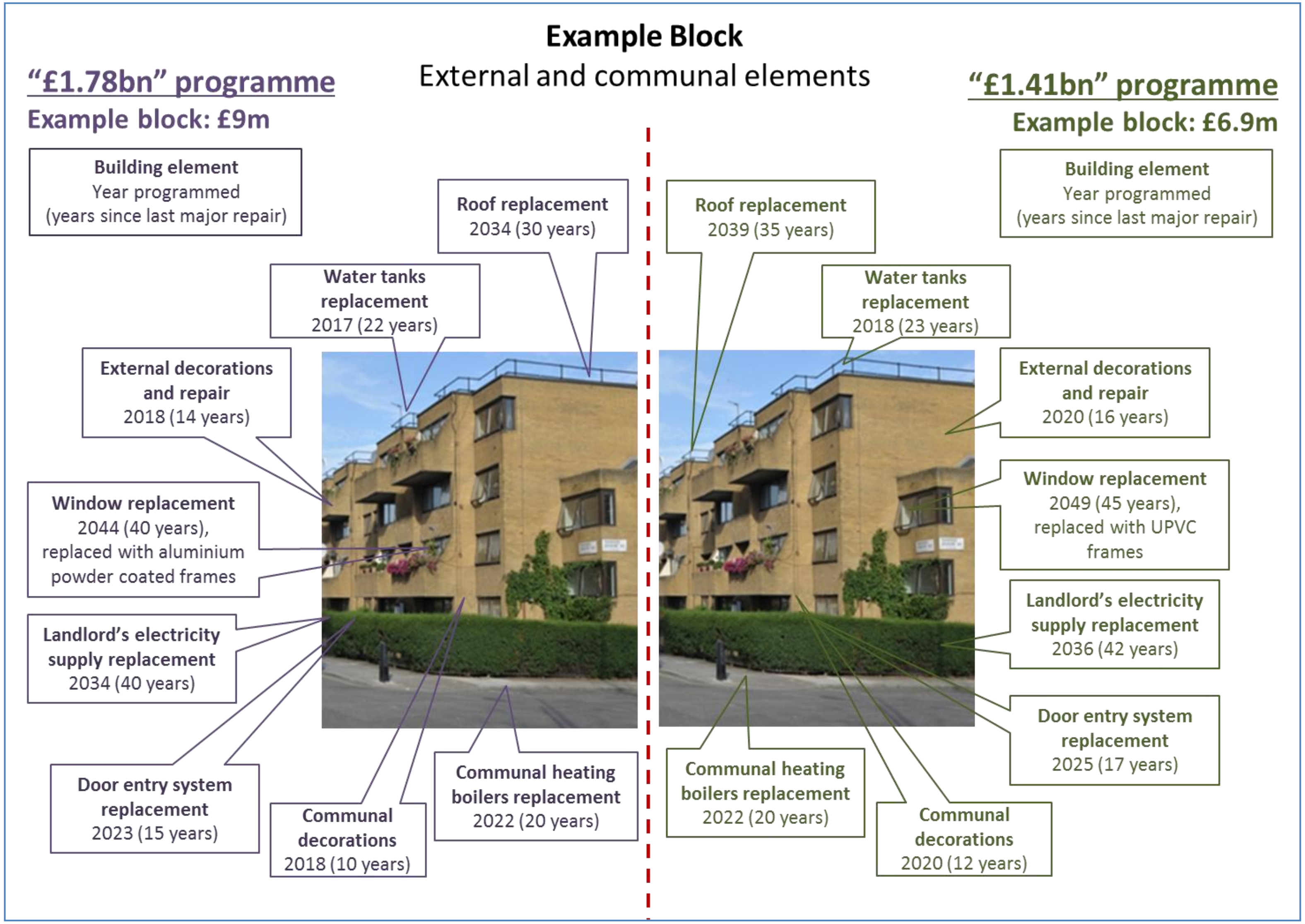
		Income					**Expenditure**												
Year	Year	Net rent Income £,000	Other income £,000	Misc Income £,000	RTB Admin £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Total expenses £,000	Capital Charges £,000	**Net Operating (Expenditure) £,000**	Repayment of loans £,000	RCCO £,000	**Surplus (Deficit) for the Year £,000**	**Surplus (Deficit) b/fwd £,000**	**Interest £,000**	**Surplus (Deficit) c/fwd £,000**
1	2016.17	85,942	8,437	20,228	86	114,693	(37,483)	(17,373)	(15,795)	(11,292)	(81,944)	(12,719)	**20,030**	0	(5,809)	**14,220**	**26,020**	**166**	**40,406**
2	2017.18	84,816	8,606	21,014	71	114,507	(37,858)	(17,618)	(16,152)	(10,427)	(82,055)	(12,794)	**19,658**	0	(24,098)	**(4,440)**	**40,406**	**191**	**36,157**
3	2018.19	83,455	8,778	18,440	43	110,716	(36,760)	(17,884)	(16,544)	(10,219)	(81,407)	(12,205)	**17,104**	0	0	**17,104**	**36,157**	**241**	**53,501**
4	2019.20	84,917	8,953	17,979	43	111,892	(36,540)	(18,342)	(16,914)	(9,787)	(81,583)	(11,819)	**18,490**	0	0	**18,490**	**53,501**	**382**	**72,373**
5	2020.21	85,671	9,132	18,139	43	112,985	(36,211)	(18,822)	(17,370)	(9,982)	(82,385)	(11,849)	**18,751**	0	0	**18,751**	**72,373**	**549**	**91,673**
6	2021.22	88,400	9,315	19,580	43	117,338	(36,935)	(19,175)	(17,782)	(10,182)	(84,073)	(12,100)	**21,165**	0	0	**21,165**	**91,673**	**629**	**113,467**
7	2022.23	90,935	9,501	19,730	43	120,209	(37,674)	(19,692)	(18,215)	(10,386)	(85,967)	(12,106)	**22,136**	0	(31,534)	**(9,398)**	**113,467**	**572**	**104,640**
8	2023.24	94,052	9,691	20,064	43	123,850	(38,427)	(19,923)	(18,581)	(10,593)	(87,524)	(12,106)	**24,219**	0	(21,134)	**3,085**	**104,640**	**531**	**108,256**
9	2024.25	98,858	9,885	20,458	43	129,243	(39,196)	(20,295)	(19,021)	(10,805)	(89,318)	(12,221)	**27,704**	0	(16,964)	**10,740**	**108,256**	**568**	**119,564**
10	2025.26	99,208	10,083	20,866	43	130,200	(39,980)	(20,820)	(19,613)	(11,021)	(91,433)	(12,277)	**26,489**	0	(61,666)	**(35,176)**	**119,564**	**510**	**84,897**
11	2026.27	101,152	10,285	21,418	43	132,897	(40,779)	(21,209)	(20,077)	(11,242)	(93,308)	(12,340)	**27,249**	0	(19,669)	**7,581**	**84,897**	**443**	**92,922**
12	2027.28	103,132	10,490	21,077	43	134,742	(41,595)	(21,606)	(20,553)	(11,467)	(95,221)	(12,362)	**27,159**	(13,000)	(20,248)	**(6,089)**	**92,922**	**449**	**87,282**
13	2028.29	105,148	10,700	21,417	43	137,307	(42,427)	(22,011)	(21,040)	(11,696)	(97,174)	(11,019)	**29,114**	(20,735)	(20,842)	**(12,464)**	**87,282**	**405**	**75,223**
14	2029.30	107,200	10,914	21,763	43	139,920	(43,275)	(22,423)	(21,539)	(11,930)	(99,167)	(10,289)	**30,464**	(13,700)	(21,453)	**(4,689)**	**75,223**	**364**	**70,898**
15	2030.31	111,391	11,132	22,116	43	144,683	(44,141)	(22,842)	(22,049)	(12,168)	(101,201)	(9,887)	**33,595**	(10,000)	(22,081)	**1,514**	**70,898**	**358**	**72,771**
16	2031.32	111,030	11,355	20,214	43	142,642	(45,024)	(23,270)	(22,482)	(12,412)	(103,188)	(9,551)	**29,903**	(10,000)	(20,411)	**(508)**	**72,771**	**363**	**72,625**
17	2032.33	112,794	11,582	20,534	43	144,953	(45,924)	(23,520)	(22,923)	(12,660)	(105,027)	(9,214)	**30,711**	(10,000)	(21,017)	**(306)**	**72,625**	**362**	**72,681**
18	2033.34	114,984	11,814	20,860	43	147,701	(46,843)	(23,959)	(23,466)	(12,913)	(107,182)	(8,871)	**31,648**	(10,000)	(21,640)	**8**	**72,681**	**363**	**73,052**
19	2034.35	117,215	12,050	21,192	43	150,500	(47,780)	(24,407)	(24,022)	(13,172)	(109,380)	(8,521)	**32,598**	(10,000)	(22,281)	**318**	**73,052**	**366**	**73,736**
20	2035.36	121,784	12,291	21,531	43	155,649	(48,735)	(24,864)	(24,591)	(13,435)	(111,625)	(8,150)	**35,874**	(10,000)	(22,938)	**2,936**	**73,736**	**376**	**77,048**
21	2036.37	121,799	12,537	20,252	43	154,630	(49,710)	(25,329)	(25,173)	(13,704)	(113,915)	(7,591)	**33,124**	(14,945)	(15,368)	**2,811**	**77,048**	**392**	**80,251**
22	2037.38	124,155	12,788	20,570	43	157,555	(50,704)	(25,802)	(25,769)	(13,978)	(116,253)	(6,113)	**35,189**	(30,000)	(15,867)	**(10,678)**	**80,251**	**375**	**69,947**
23	2038.39	126,554	13,043	20,894	43	160,534	(51,718)	(26,285)	(26,379)	(14,257)	(118,639)	(5,371)	**36,525**	(15,000)	(16,381)	**5,144**	**69,947**	**363**	**75,454**
24	2039.40	128,998	13,304	21,225	43	163,570	(52,752)	(26,776)	(27,003)	(14,542)	(121,074)	(4,456)	**38,040**	(15,000)	(16,842)	**6,198**	**75,454**	**393**	**82,045**
25	2040.41	131,487	13,570	21,562	43	166,663	(53,807)	(27,276)	(27,642)	(14,833)	(123,559)	(3,535)	**39,568**	(6,300)	(17,259)	**16,009**	**82,045**	**450**	**98,504**
26	2041.42	136,599	13,842	22,608	43	173,092	(54,884)	(27,786)	(28,296)	(15,130)	(126,096)	(2,728)	**44,268**	(11,400)	(16,935)	**15,933**	**98,504**	**532**	**114,970**
27	2042.43	136,605	14,119	22,975	43	173,741	(55,981)	(28,305)	(28,966)	(15,433)	(128,685)	(1,715)	**43,341**	(28,127)	(17,478)	**(2,264)**	**114,970**	**569**	**113,276**
28	2043.44	139,235	14,401	23,350	43	177,028	(57,101)	(28,834)	(29,651)	(15,741)	(131,327)	(1,442)	**44,258**	0	(18,037)	**26,221**	**113,276**	**632**	**140,129**
29	2044.45	141,914	14,689	23,732	43	180,378	(58,243)	(29,373)	(30,353)	(16,056)	(134,025)	(1,442)	**44,911**	0	(18,612)	**26,299**	**140,129**	**766**	**167,195**
30	2045.46	144,643	14,983	24,123	43	183,792	(59,408)	(29,921)	(31,071)	(16,377)	(136,777)	(1,442)	**45,572**	0	(19,203)	**26,369**	**167,195**	**902**	**194,465**

Appendix D

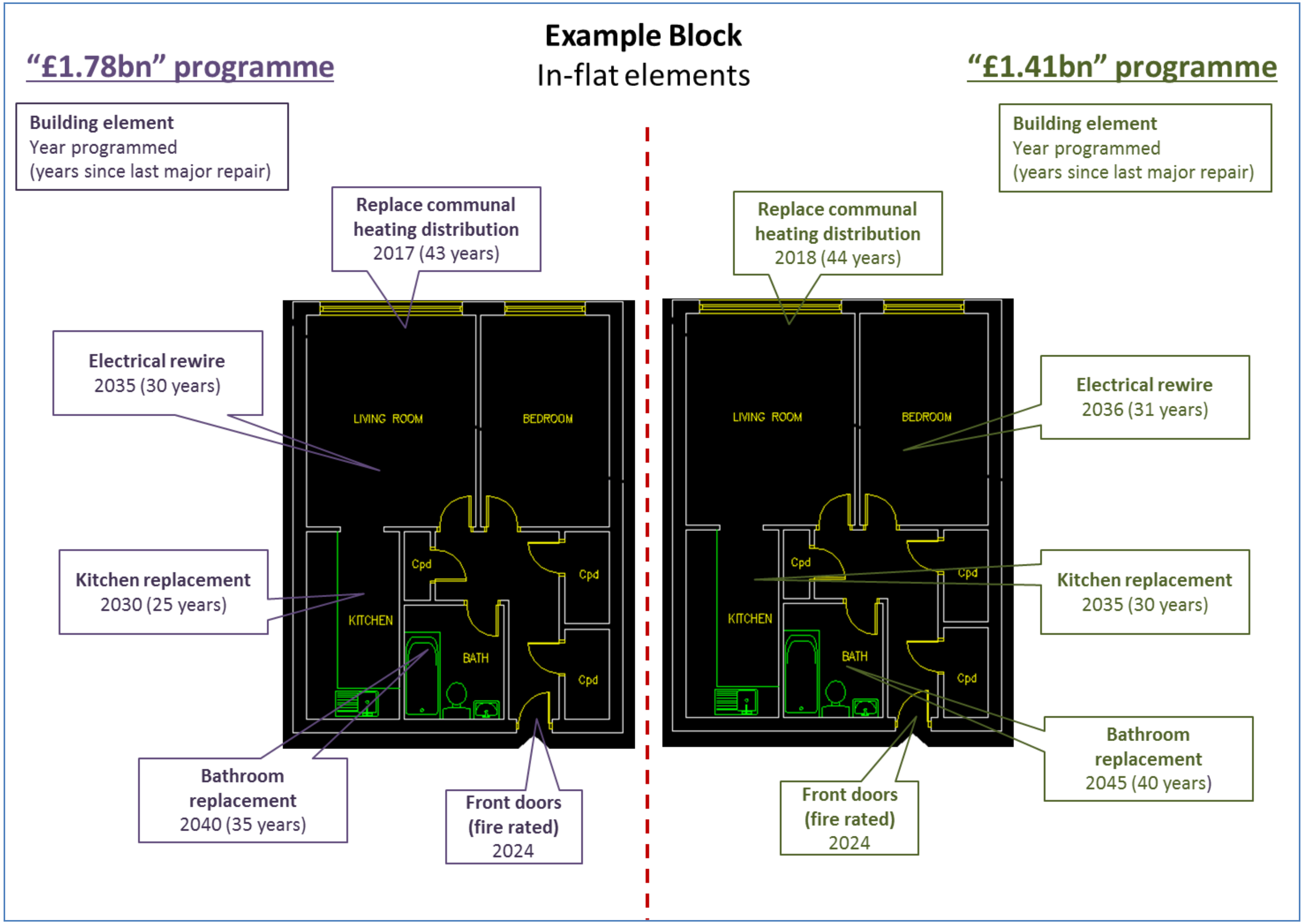
Westminster City Council
HRA Business Plan
Major Repairs and Improvements Financing
(expressed in money terms)

		Expenditure								Financing						
Year	Year	Kitchen & Bathrooms	External	Fire precautions (not in M&E or External)	M&E	Lifts	New Build Development Costs	Other	Total Expenditure	Borrowing	RTB Receipts	Other	MRR	RCCO	Total Financing	**Shortfall**
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	**£,000**
1	2016.17	1,000	18,969	4,729	14,720	2,000	30,335	4,200	75,953	6,000	1,565	45,206	17,373	5,809	75,953	**0**
2	2017.18	1,014	22,427	5,342	10,850	2,027	28,151	1,530	71,341	0	7,495	22,130	17,618	24,098	71,341	**0**
3	2018.19	1,027	13,154	5,105	11,756	2,054	44,885	3,745	81,726	0	958	69,542	11,226	0	81,726	**0**
4	2019.20	1,046	11,454	5,198	11,116	2,092	3,197	0	34,103	0	974	28,477	4,652	0	34,103	**0**
5	2020.21	1,068	11,547	5,096	11,216	2,136	43,280	7,577	81,921	0	990	77,416	3,516	0	81,921	**0**
6	2021.22	1,093	13,500	7,054	13,198	2,187	18,900	0	55,933	0	6,676	5,800	43,457	0	55,933	**0**
7	2022.23	558	13,330	7,195	13,462	2,231	29,820	0	66,595	0	3,866	130	31,065	31,534	66,595	**0**
8	2023.24	569	13,686	7,338	13,730	2,275	33,150	0	70,748	0	1,046	28,645	19,923	21,134	70,748	**0**
9	2024.25	582	14,330	7,512	14,055	2,329	100	0	38,907	0	1,056	592	20,295	16,964	38,907	**0**
10	2025.26	596	14,894	7,689	14,387	2,384	16,120	27,487	83,558	0	1,073	0	20,820	61,666	83,558	**0**
11	2026.27	1,708	16,059	4,166	17,595	2,440	0	0	41,968	0	1,090	0	21,209	19,669	41,968	**0**
12	2027.28	1,749	16,440	4,264	18,011	2,498	0	0	42,961	0	1,108	0	21,606	20,248	42,961	**0**
13	2028.29	1,790	16,829	4,365	18,437	2,557	0	0	43,978	0	1,125	0	22,011	20,842	43,978	**0**
14	2029.30	1,832	17,228	4,468	18,872	2,618	0	0	45,019	0	1,143	0	22,423	21,453	45,019	**0**
15	2030.31	1,876	17,637	4,574	19,319	2,679	0	0	46,084	0	1,161	0	22,842	22,081	46,084	**0**
16	2031.32	6,829	18,045	4,431	12,824	2,731	0	0	44,860	0	1,179	0	23,270	20,411	44,860	**0**
17	2032.33	6,961	18,400	4,517	13,073	2,784	0	0	45,735	0	1,198	0	23,520	21,017	45,735	**0**
18	2033.34	7,125	18,836	4,623	13,381	2,850	0	0	46,816	0	1,217	0	23,959	21,640	46,816	**0**
19	2034.35	7,294	19,282	4,732	13,698	2,917	0	0	47,923	0	1,235	0	24,407	22,281	47,923	**0**
20	2035.36	7,466	19,739	4,844	14,021	2,986	0	0	49,057	0	1,255	0	24,864	22,938	49,057	**0**
21	2036.37	4,585	19,282	4,699	11,876	1,528	0	0	41,971	0	1,274	0	25,329	15,368	41,971	**0**
22	2037.38	4,694	19,739	4,810	12,157	1,565	0	0	42,963	0	1,293	0	25,802	15,867	42,963	**0**
23	2038.39	4,804	20,206	4,923	12,444	1,601	0	0	43,979	0	1,313	0	26,285	16,381	43,979	**0**
24	2039.40	4,918	20,685	5,040	12,737	1,639	0	0	45,019	0	1,401	0	26,776	16,842	45,019	**0**
25	2040.41	5,034	21,175	5,159	13,038	1,678	0	0	46,083	0	1,548	0	27,276	17,259	46,083	**(0)**
26	2041.42	2,405	21,007	5,008	16,163	1,718	0	0	46,300	0	1,579	0	27,786	16,935	46,300	**0**
27	2042.43	2,461	21,505	5,126	16,544	1,758	0	0	47,394	0	1,611	0	28,305	17,478	47,394	**0**
28	2043.44	2,520	22,014	5,247	16,935	1,800	0	0	48,515	0	1,644	0	28,834	18,037	48,515	**0**
29	2044.45	2,579	22,535	5,371	17,335	1,842	0	0	49,661	0	1,677	0	29,373	18,612	49,661	**0**
30	2045.46	2,640	23,069	5,497	17,744	1,886	0	0	50,835	0	1,711	0	29,921	19,203	50,835	**(0)**

Appendix E



Example Block
External and communal elements
"£1.78bn" programme
Example block: £9m
Building element
Year programmed
(years since last major repair)
Roof replacement
2034 (30 years)
Water tanks replacement
2017 (22 years)
External decorations and repair
2018 (14 years)
Window replacement
2044 (40 years), replaced with aluminium powder coated frames
Landlord's electricity supply replacement
2034 (40 years)
Door entry system replacement
2023 (15 years)
Communal decorations
2018 (10 years)
Communal heating boilers replacement
2022 (20 years)
"£1.41bn" programme
Example block: £6.9m
Building element
Year programmed
(years since last major repair)
Roof replacement
2039 (35 years)
Water tanks replacement
2018 (23 years)
External decorations and repair
2020 (16 years)
Window replacement
2049 (45 years), replaced with UPVC frames
Landlord's electricity supply replacement
2036 (42 years)
Door entry system replacement
2025 (17 years)
Communal heating boilers replacement
2022 (20 years)
Communal decorations
2020 (12 years)


Example Block
In-flat elements
"£1.78bn" programme
Building element
Year programmed
(years since last major repair)
Replace communal heating distribution
2017 (43 years)
Electrical rewire
2035 (30 years)
Kitchen replacement
2030 (25 years)
Bathroom replacement
2040 (35 years)
Front doors (fire rated)
2024
LIVING ROOM
BEDROOM
KITCHEN
BATH
Cpd
"£1.41bn" programme
Building element
Year programmed
(years since last major repair)
Replace communal heating distribution
2018 (44 years)
Electrical rewire
2036 (31 years)
Kitchen replacement
2035 (30 years)
Bathroom replacement
2045 (40 years)
Front doors (fire rated)
2024