Report to Cabinet

Epping Forest District Council

Report reference: C-039-2021/22
Date of meeting: 7th Feb 2022

Portfolio: Housing Services (Cllr Holly Whitbread)

Subject: HRA Business Plan

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Appendix A - ***25th October 2011 – Report to Scrutiny (relevant section)***
Appendix B - Business plan including income from Grant and land sales
Appendix C - Risk register

Recommendations/Decisions Required

(1) That Cabinet note the verbal update from Stronger Communities and note the recommendation to Cabinet for approval;
(2) That Cabinet receives a yearly performance update. Which will include stringent stress testing;
(3) That Cabinet agree to implement the proposed business plan, noting that the business plan includes all assumed costs but not all income streams, as such members also note appendix B which is an alternative plan including some potential income; and
(4) That Cabinet note the opportunity to improve our estates which will improve the life span of our assets and feed into our ongoing work to 'create great places where people want to live'

Executive Summary:

The HRA business plan has been developed in partnership with our retained consultant Abovo-Consult. A bespoke HRA model is used which enables us to provide a reasonable cashflow projection for the next 30 years. It is based on evidential data from the Council's current systems and projections for economic assumptions in the social housing sector. Furthermore, the plan gives us the ability to stress test. This is vital given key dynamic risks such as the borrowing rate and changes in Government legislation regarding Social Housing.

Officers have taken both a safe and prudent approach when developing the business plan, with a balance between borrowing, developing, and improving the housing stock. The agreed minimum £2m revenue working capital balance is maintained throughout the plan.

Commercial Approach:

Officers take a commercial approach when managing the HRA business plan, this opens up opportunities for maximising income, Examples of this include:

High Value Property Sales – Officers are currently in the process of reviewing several non-estate properties, which are ex staff housing. Potential income 22/23 £1m
Land sales – Officers have sold small pieces of land which have no value to the HRA Potential income 22/23 £50K

Land activities such as licencing – potential income £40K

Land with Planning consent – officers are applying for planning permission on small plots of land and then offering for sale. (following consultation with members) Potential income – a third of Gross Development Cost.

Shared Ownership – officers can increase or decrease the number of shared ownership plots available to realise capital receipts for the HRA

Ransom Strips – officers will be reviewing the local plan and entering negotiations with developers who may need access over HRA land.

Qualis – Officers will be reviewing our older persons and temporary accommodation portfolio to understand any potential opportunities for redevelopment, land swap, sales of land etc.

The above highlights the move towards developing a commercial mindset when attracting further capital receipts for the HRA. This further protects the Councils position in terms of minimising risk for the HRA.

The Plan can be amended and updated year on year and during the year, to respond to changes, therefore maintaining a safe and prudent approach.

Controls are in place to mitigate risk; these can be found in Appendix C

Context

The abolition of the cap on the Housing Revenue Account (HRA) borrowing in the 2018 Autumn Budget has raised a whole range of questions.

What is a realistic and achievable target for local councils to contribute to the development of new affordable housing? What does a sensible and proportionate borrowing strategy look like for the HRA? How do stock holding councils go about setting their own borrowing capacity limits now that the government is not doing it for them?

The HRA does not have a balance sheet of its own (forms part of the Council one) and the value of fixed assets is not based on cost, it is based on existing use value and can be revalued on a regular basis. The business plan makes an estimate of how this might change over time based on the current valuation and new development added. The amount of debt held by the HRA does not relate to the property in the HRA as the majority of the current debt figure was allocated in 2012 as part of self-financing. The self-financing debt settlement figure was calculated based on the net present value of the income and expenditure assumed to the HRA over 30 years, to give a level of borrowing that the Government estimated the Council could afford to service via the HRA revenue. It has not been built up from borrowing to buy property.

As there is no longer a debt cap, if there is sufficient revenue to service the loans, and loans can be refinanced if required, then prudential borrowing is allowed without limit. The Council may wish to set a maximum debt to which it is prepared to borrow for the HRA, but this is not set yet either. These targets are for discussion.

The delivery of a sustainable HRA business sets out not only to set the scene for capital expenditure during the period, which in this case is 30 years.

Background

As we move towards our commitment of reaching Net Zero and creating 'Place,' an emphasis on developing a clear and achievable business plan is required to ensure we can meet our commitments. This is against a backdrop of increasingly challenging budgets and pressures on local councils to drive down costs and improve efficiency. In 2015 the government introduced a 1% reduction in rent each year for 4 years. This would eventually lead to a 12% real term reduction in average rents by 2020/21. This was during a period where Housing Associations in particular, were making large surpluses.

The council, during the first couple of years of rent reduction were able to absorb costs, as such did not make any significant changes to services. Subsequently a decision was made to stretch the life cycles of both the internal components and the block replacement/ upgrade programme.

The reduction was only ever going to be a temporary measure, the delays in spend on the housing stock would need to be made up during subsequent years. Delayed lifecycle replacement usually leads to disproportionate levels of responsive repairs, whilst still leaving the need to invest in full replacement. During this period the council house building continued, this had a positive impact on the HRA account and would give rise for the opportunity to invest in the estates when the rent settlement changed. As promised by central government, this took place in 20/21.

Following the new rent settlement agreement which is CPI plus 1% changes have been made to the component replacement programme to fit in with the decent home standard.

What is 'decent home standard'?

The Government believes everyone should have the opportunity to have a decent home. This means it should be warm and weatherproof with reasonably modern facilities and that each are a key element of any thriving, sustainable community. To help achieve this, it introduced the "decent homes" standard to help social housing providers improve the conditions of their homes. For a property to be labelled a decent home it must meet certain criteria. It has nothing to do with location, floor level or size. Instead, it focuses on the health and wellbeing of the people who live in them.

The detail around the decent home standard is complicated and relates to several criteria. In simple terms it is a nationally recognised standard which all social housing providers use when assessing and planning for upgrades to housing stock.

The allowances for expenditure within in the self-financing settlement in 2012 were based upon the Decent Home Standard at that time. Since then issues such as cladding and Net Zero Carbon have been introduced which stretch the resources of the HRA. Income in the HRA continues to be limited by Government guidance via the Regulator of Social Housing.

Council Housing Building

The Epping Forest District Council HRA includes a Council house building programme.

Members agreed to begin a development programme, following a paper which was presented to Scrutiny Committee on 25th October 2011. (Appendix A). This included a discussion around what the benefits are in building inhouse. As such, Committee noted the advantages in both financial terms and in terms of maintaining control of and developing our stock, therefore providing the best possible service for residents.

The initial programme was based around a significant number of garage sites. In 2019 a further review of sites was undertaken with a corresponding feasibility study which included a financial appraisal. At this point officers purchased ProVal (a tool used to appraise development schemes using cashflows over time) and started to use a baseline target of 3.2% for the return over 30 years, this was prudent as it made sure that any future council house building was going to add value to the business plan.

Whilst the return on individual development scheme appraisals is a strong indicator of the ability of the cashflows to repay over time, it is equally important to test the schemes within the business plan. The combination of the requirements of the existing stock investment together with borrowing to build now, to receive future rentals must be affordable. There should also be sufficient capacity in the workforce to deliver once borrowing has taken place.

During 2020/21 Phase 5 of the development programme was presented to Council House Building Cabinet Committee. This included a move towards driving further efficiency, by prioritising sites which produced a higher NPV, therefore benefiting the business plan financially.

Major Works

It is well understood that properties have a finite life cycle. To maximise the life span of our blocks, it is vital that we carry out regular improvement works. The process of improving properties is worked out using life cycles, there is an industry average for all components for buildings.

Our residential assets are reaching the point where major investment is required. Choosing not to invest could lead to a situation where the asset could become dangerous and losses in income through voids increased. Furthermore, it will lead to a disintegration of quality of life for our residents.

Stock condition survey – Capital replacements

To understand the level of investment, required to meet the minimum standards in both our estates and individual properties, a Stock Condition Survey has been commissioned. This is used to assist with managing our assets and for planning and efficiently procuring maintenance and capital investment programmes. It should provide a profile of expected works and the related costs over 40 years based on a large (50%) sample of the housing stock. The results are extrapolated by archetype and future smaller sample surveys will be used to complete the coverage.

A programme and budget for planned maintenance would normally be based on past maintenance history and a detailed stock condition survey. It would include works such as window replacement, kitchen, and bathroom replacement, upgrading fire/ smoke/ heat detection, heating upgrades, mechanical ventilation, electrical rewiring, security recommendations and external environmental improvement works etc.

The data currently held allows us to prepare a medium-term financial plan. This covers both the planned works and capital investment required in our stock. However, this plan will change when the stock condition data is available.

Given the information officers currently have access to, it is expected that this will be positive as many replacements have been carried out when properties have become void. However, the new Charter for Social Housing and our commitment to achieving Net Carbon by 2030 is likely to draw on any potential savings.

Recent publicity (https://www.itv.com/presscentre/ep1week37/surviving-squalor-britains-housing-shame) highlights the risk of not investing in our assets in a timely manner.

Sector Risk Profile

This year's Sector Risk Profile specifically refers to the existing stock quality. This follows the substantial degree of stakeholder and media scrutiny of stock quality issues.

EFDC housing stock is most fundamentally a home for its tenants. Failure to ensure that quality of housing stock is maintained, can result in significant consequences for tenants, as well as having substantial implications for the trust and confidence that tenants and other stakeholders have in EFDC. Furthermore, failure to invest appropriately can also lead to deterioration of stock, potentially leading to greater expense later.

The review of the Decent Homes Standard announced in the White Paper and more stringent energy efficiency requirements as part of the government's net zero-carbon commitments are likely to result in requirements for substantial investment in EFDC's existing housing stock.

This follows an earlier report in which the chief executive of the Regulator of Social Housing, drew attention to "the importance of adequately investing in existing stock, as well as ensuring necessary scrutiny of the build quality of new stock".

This includes satisfying statutory health and safety requirements and effectively managing all outsourcing arrangements, along with a need for "high-quality data" on the condition of properties.

"Failure in these areas not only puts tenants' health and lives at risk but also has major reputational risks to both the provider and the sector as a whole."

The regulator's report reiterates that providers lacking good quality data on the condition and compliance position of their stock "risk failure to comply with statutory requirements and placing their tenants in danger".

"Boards are responsible for safeguarding their tenants," it says, adding that failure to adequately invest in existing stock may put tenants' health and lives at risk.

The report says as part of a well-integrated, strategic approach to asset management, providers should understand the overall condition of their stock, including areas where additional investment is required.

https://www.gov.uk/government/publications/sector-risk-profile-2021/sector-risk-profile-2021#operational-risks--existing-stock-and-service-delivery

Report

Epping Forest DC Current HRA BP Assumptions (November 2021)

1. **CPI and RPI Rates**

   The underlying economic assumption of increases for CPI and RPI for future years are set at the same rates within the model. Where assumptions of income or cost are assumed to vary from these, real additions or increases are added and explained in the notes below.

Global Assumptions
CPI

From Year		%
2	01-Apr-22	3.10%
3	01-Apr-23	4.00%
4	01-Apr-24	2.60%
5	01-Apr-25	2.00%
6	01-Apr-26	2.00%

2. Stock and Rent

Opening stock on 1 April 2021 for the HRA included 6,385 dwellings excluding guest rooms and warden accompt / offices and Norway House. There were 152 Affordable Rented and 6,233 Social Rented dwellings.

Stock Description	Affordable Rent Bedsit	Affordable Rent One Bed	Affordable Rent Two Bed	Affordable Rent Three Bed	Affordable Rent Four Bed	Social Rent Bedsit	Social Rent One Bed	Social Rent Two Bed	Social Rent Three Bed	Social Rent Four Bed	Social Rent Five Bed	Supported Bedsit	Supported One Bed	Supported Two Bed	Supported Three Bed	Hostel
Tenure Type	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent	Affordable Rent	Social Rent	Social Rent	Social Rent	Social Rent	Social Rent	Social Rent	Supported	Supported	Social Rent	Social Rent	Supported
Repairs & Maintenance Archetype	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock	Main Stock
Opening Stock Numbers	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units	Units
Current Stock Numbers	0	24	61	66	1	223	1,797	1,720	1,810	145	1	85	428	15	0	9
Total Opening Stock Numbers	0	24	61	66	1	223	1,797	1,720	1,810	145	1	85	428	15	0	9

The 52-week average rent per unit type per week on a 52-week basis is shown below. Rents are currently allowed to rise by a maximum of CPI + 1% until April 2024 and then the expectation is that rents will be limited to CPI increases only.

Epping Forest DC has a policy which limits the setting and the future increase of Affordable Rented property to the Local Housing Allowance (LHA). It is expected that LHA rates will be frozen until April 2025 and so Affordable Rents are expected to rise by less than the maximum allowed if they reach the imposed limit. This could have a negative impact on the business plan. As such a report will be presented to Cabinet in the New year.

The real annual increases / decreases in inflation compared to CPI by property type and size are also shown below. Three bed Affordable Rents will rise by an average of 3.1% - 0.14% = 3.086% for example in 2022-23 as properties reach the LHA limit. The following year, more 3 beds and some 4 beds also reach the limit.

Rent Assumptions		Affordable Rent Bedsit £ / unit / wk	Affordable Rent One Bed £ / unit / wk	Affordable Rent Two Bed £ / unit / wk	Affordable Rent Three Bed £ / unit / wk	Affordable Rent Four Bed £ / unit / wk	Social Rent Bedsit £ / unit / wk	Social Rent One Bed £ / unit / wk	Social Rent Two Bed £ / unit / wk	Social Rent Three Bed £ / unit / wk	Social Rent Four Bed £ / unit / wk	Social Rent Five Bed £ / unit / wk	Supported Bedsit £ / unit / wk	Supported One Bed £ / unit / wk	Supported Two Bed £ / unit / wk	Supported Three Bed £ / unit / wk
Current Average Rent		£0.00	£160.74	£196.23	£234.70	£303.26	£77.21	£87.09	£100.05	£113.87	£126.40	£115.14	£79.32	£87.00	£103.31	£0.00
New Letting Average Rent		£0.00	£160.74	£196.23	£234.70	£303.26	£78.63	£88.80	£102.49	£121.33	£133.61	£119.46	£82.06	£89.70	£108.04	£0.00
Rent uplift from Current to New Letting		0.00%	0.00%	0.00%	0.00%	0.00%	1.84%	1.96%	2.44%	6.55%	5.70%	3.75%	3.46%	3.10%	4.59%	0.00%
Current Rents Real Increases / (Decreases) +/- CPI																
From Year		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
2	01-Apr-22		1.00%	0.54%	-0.14%	1.00%	1.00%	0.99%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%
3	01-Apr-23		0.74%	0.44%	-0.76%	-1.94%	1.00%	0.99%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%
4	01-Apr-24		0.20%	0.40%	-0.48%	-2.60%	1.00%	0.99%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%
5	01-Apr-25		-0.64%	-0.47%	-0.81%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	01-Apr-26		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

3. Voids and Bad Debt Rates

Void loss is assumed to be 1.4% of the Council’s social and affordable dwelling rent per annum. For Norway House this is assumed to be 63.75% in 2021-22 and 50% per annum thereafter.

There are some urgent works planned for certain areas of stock for the next four years (see “Capital Works”) which will require a period to decant 24 properties (2 bed social), undertake the works and then return the tenants. 24 units represent 1.4% of the 2 bed social properties in stock and therefore the void loss for this stock type has been increased by 0.7% in 2022-23 (assuming 50% of the rents are lost that year), then increased by 1.4% for 2 years, then 0.7% before returning to the standard void loss of 1.4%. This will largely be due to the proposed redevelopment of Shelley Close.

Bad debts are assumed to be 0.26% of the rental income which in 2021-22 is the equivalent of around £90k.

4. Development Schemes

The following development schemes are included in the plan:

Scheme Names	New Build Units Developed Units	Acquisition Units Developed Units	**Total Units Developed Units**	Scheme Costs £	Sales Receipts £	External Grant £	Use of RTB 141 Receipts - Capital £	Use of RTB 141 Receipts - Another RP £	Homes England Grant £
4.2 Etheridge Road (Debden)	3	0	**3**	-1,038,263	0	0	0	0	64,181
4.2 Denny Avenue (Waltham Abbey)	3	0	**3**	-778,696	0	0	0	0	46,871
4.2 Beechfield Walk (Waltham Abbey)	5	0	**5**	-920,881	0	0	0	0	60,333
4.2 Kirby Close (Loughton)	4	0	**4**	-1,025,331	0	0	0	0	58,133
4.3 Pick Hill (Waltham Abbey)	2	0	**2**	-800,958	0	0	320,383	0	0
4.3 Pentlow Way (Buckhurst Hill)	7	0	**7**	-1,948,066	0	0	779,226	0	0
4.3 Woollard Street (Waltham Abbey)	8	0	**8**	-1,748,206	0	0	699,282	0	0
4.4 Chequers Road Site B (Loughton)	8	0	**8**	-2,945,560	0	0	1,178,224	0	0
4.4 Ladyfields (Loughton)	16	0	**16**	-4,145,830	0	0	1,658,332	0	0
4.4 Lower Alderton Hall Lane (Loughton)	2	0	**2**	-628,327	0	0	251,331	0	0
Ph 5 Beechfield (B)	4	0	**4**	-1,437,378	0	0	0	0	0
Ph 5 Burney Drive	2	0	**2**	-713,811	0	0	0	0	0
Ph 5 Castell Road	4	0	**4**	-1,286,706	0	0	0	0	0
Ph 5 Fairfield/Millbank	2	0	**2**	-674,290	0	0	269,716	0	0
Ph 5 Hornbeam Close Site A (Buckhurst Hill)	14	0	**14**	-3,804,525	0	0	0	0	0
Ph 5 Hyde Mead (Nazeing)	6	0	**6**	-1,821,272	0	0	728,509	0	0
Ph 5 Pyrles Lane A (Loughton)	2	0	**2**	-749,312	0	0	299,725	0	0
Ph 5 Pyrles Lane B (Loughton)	3	0	**3**	-1,061,487	0	0	424,595	0	0
Ph 5 St Peters Avenue, Shelly, Ongar	63	0	**63**	-20,470,525	0	0	4,188,143	0	0
Ph 5 St Peters Avenue, Acres Av	1	0	**1**	-388,530	0	0	155,412	0	0
Ph 5 Winters Way Bromefield	3	0	**3**	-950,491	0	0	380,197	0	0
Ph 5 Winters Way Shingle	3	0	**3**	-1,035,572	0	0	414,229	0	0
Ph 5 Winters Way Wrangley	2	0	**2**	-777,271	0	0	310,908	0	0
Fees	0	0	**0**	-2,631,200	0	0	1,052,480	0	0
Qualis Acquisitions	90	0	**90**	-20,916,952	3,298,001	0	0	0	0
Street Properties	0	10	**10**	-2,941,484	0	0	1,176,594	0	0
Mason Close	10	0	**10**	-2,678,877	0	0	1,071,551	0	0
Valley Hill	7	0	**7**	-1,678,547	0	0	670,695	0	0
St John the Baptist	7	0	**7**	-2,904,417	0	0	1,161,767	0	0
	0	0	**0**	0	0	0	0	0	0
Unidentified	0	0	**0**	0	0	0	0	0	0
Total	**281**	**10**	**291**	**-84,902,765**	**3,298,001**	**0**	**17,191,299**	**0**	**229,518**

Grants have only been included where they are known to be part of a scheme at this point. RTB 1-4-1 receipts have been assumed for all schemes to the point at which the current estimate of receipts brought forward and generated are used up. The actual mix of grant versus RTB receipt use is still to be finalised. Homes England Grant and RTB 1-41 receipts cannot be used on the same scheme.

From 1 April 2021, the proportion of a scheme funded by 1-4-1 receipts has been increased from 30% to 40%. The Council will also have 5 years to spend the receipts rather than 3 as per the former arrangement. The receipts can also now be used to fund the development of shared ownership and First Homes as well as social and affordable rented properties. There will be a limit from April 2022 on the number of “acquisitions” per annum that can be funded from 1-4-1 receipts to ensure that the receipts fund new development by the Council. “Acquisitions” are expected to include the purchase of street properties, former RTB’s and purchases of new build on developments that are not on the Council’s land – this would include S106 purchases for example or purchasing of newly built properties on a developer’s market sale site.

Based on the estimate of RTB sales for future years, the estimated sales and discount values and the Council’s requirement to pool (pay over to Government) a share of the receipts, the table below sets out the expected generation and use of the 1-4-1 receipts in the plan. This is the proportion of the receipt that can only be used for new development / acquisition of property. It is only generated when the Council has received enough receipts to cover its liabilities to pay to Government and to compensate the business plan for the loss of income through excess sales.

The table shows the opening balance of £8.845 m at 1 April 2021, the new receipts, and the subsequent use for development. As there is only development in the plan assumed for 5 years so far, the plan shows that receipts generated from year 6 would be repaid to the Government with interest from year 11.

RTB Receipts for Replacement Homes

Year	Year	Opening Balance £'000	New RTB 141 Receipts £'000	RTB 141 Receipts used for Dvpt £'000	RTB 141 Receipts given to another RP £'000	RTB Receipts Repaid £'000	**Closing Balance £'000**	Interest £'000	Interest Paid to Gov £'000	Closing Balance Check
1	2021/22	8,845	2,648	-4,304	0	0	**7,189**	5	0	**OK**
2	2022/23	7,189	1,564	-5,909	0	0	**2,844**	3	0	**OK**
3	2023/24	2,844	1,641	-4,485	0	0	**-0**	1	0	**OK**
4	2024/25	-0	1,707	-1,707	0	0	**-0**	-0	0	**OK**
5	2025/26	-0	1,747	-1,747	0	0	**0**	0	0	**OK**
6	2026/27	0	1,786	0	0	0	**1,786**	1	0	**OK**
7	2027/28	1,786	1,826	0	0	0	**3,612**	2	0	**OK**
8	2028/29	3,612	1,865	0	0	0	**5,477**	3	0	**OK**
9	2029/30	5,477	1,905	0	0	0	**7,382**	4	0	**OK**
10	2030/31	7,382	1,945	0	0	0	**9,327**	5	0	**OK**
11	2031/32	9,327	1,985	0	0	-1,786	**9,526**	6	-397	**OK**
12	2032/33	9,526	2,025	0	0	-1,826	**9,725**	6	-406	**OK**
13	2033/34	9,725	2,065	0	0	-1,865	**9,924**	6	-415	**OK**
14	2034/35	9,924	2,105	0	0	-1,905	**10,124**	6	-424	**OK**
15	2035/36	10,124	2,145	0	0	-1,945	**10,325**	6	-433	**OK**
16	2036/37	10,325	2,186	0	0	-1,985	**10,526**	6	-442	**OK**
17	2037/38	10,526	2,226	0	0	-2,025	**10,728**	6	-451	**OK**
18	2038/39	10,728	2,267	0	0	-2,065	**10,929**	6	-459	**OK**
19	2039/40	10,929	2,308	0	0	-2,105	**11,132**	7	-468	**OK**
20	2040/41	11,132	2,348	0	0	-2,145	**11,335**	7	-477	**OK**

The Council will over time identify further development schemes to add into the plan to utilise the receipts. The receipts forecast at current rates would require a scheme of around £4.5 million per year – with 60% of that being funded by additional borrowing.

The receipts are not grant and will only be available if properties continue to sell via RTB, which also has the effect of reducing the existing stock. It would not be prudent to assume schemes too far into the future so as not to raise expectations.

5. Other Income

Other income in 2021-22 consists of:

Income	Amount
Non-Dwelling Rent	£26k
Garages	£783k
Service Charges	£2.092 m
Contribution from GF	£357k
Total	£3.259 m

Income from 2022-23 onwards is assumed to ignore £153k of Other Special Services income included in the service charge figure for one year in 2021-22 but include £55k of tenant recharges going forwards. All charges are assumed to rise by CPI/RPI only going forwards.

Additional income from the sale of land is not included in the base business plan, this income is likely to be significant, an example being the land near Parklands which could realise £10m.

If the General Fund considers that it needs to use capital receipts from the sale of HRA land or appropriates assets from the HRA to sell, it would need to make a compensating reduction to the value of HRA debt to reflect the loss of the asset.

Management Costs (excluding Repairs and Maintenance Revenue Costs)

Management Costs for 2021-22 include:

Cost	Staffing	Non-Staffing	Total
Supervision & Management General	£1.872m	£4.232m	£6.104m
Service Costs (S&M Special)	£350k	£436k	£786k
Community Centres (S&M Special)	£1k	£72k	£73k
Grounds Maintenance (S&M Special)	£14k	£1.36m	£1.374m
Elderly Services (S&M Special)	£625k	£603k	£1.226m
Homelessness (S& M Special) incl. Norway House	£332k	£162k	£494k
Rents, Rates & Other		£589k	£589k
Leaseholders		£300k	£300k
Total	£3.194m	£7.754m	£10.948m

Staffing costs are assumed to rise by 3.75% in 2022-23 and thereafter by 3.75%, returning to 2% from April 2026 onwards.

Non-staffing costs are assumed to rise by CPI/RPI.

Adjustments to future year costs outside of inflation:

- Housing Asset Management System - £341k over the next 2 years has been added to fund this project.
- Housing Asset Management System - running costs £123k per annum from 2022-23 onwards
- Community Alarms - running costs reduced by £21k per annum from 2022-23 onwards due to upgrades in equipment
- Council tax saving on reduced voids - £30k per annum from 2022-23 onwards
- Stock Condition Survey – a 50% sample survey to produce good quality asset management information to accurately predict the spend required on the existing stock - £393k added to 2022-23 costs
- Stock condition survey – top up 10% surveys every 3 years to maintain the accuracy of the costs and ensure future requirements are picked up regularly - £200k added.
- HRA Support Service cost additions:

2022-23	£590k
2023-24	£790k
2024-25	£912k
2025-26	£1,037k
2026-27 thereafter	£1,037k

- Additional housing management posts / salary increases £325k (£42k removed from 23-24)
- HRA element of Homelessness service £56k

6. Repairs & Maintenance

The budget for day-today responsive, void, and cyclical works carried out mainly by Qualis is £7.723 million (approx. £1,200 per unit) for 2021-22.

An additional £668k is added from 2022/23 onwards to cover:

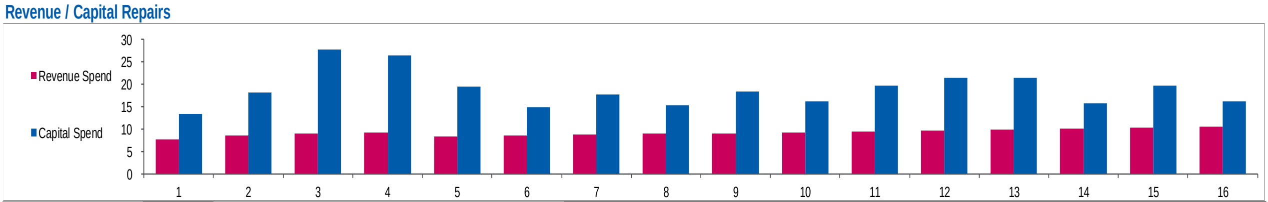
- Qualis agreed increase in repairs budget - £426k
- Minor adaptations – Qualis – additional budget - £90k
- General repairs budget reinstated - £132k
- Insurance excess budget created - £20k

giving a total of £1,300 per unit at today's prices.

From 2025-26 onwards a saving of £900k is assumed giving a budget of £7.491m (£1,162 per unit) at 2021-22 prices based on the current stock.

Summary Per Unit of Repairs

Revenue / Capital Repairs

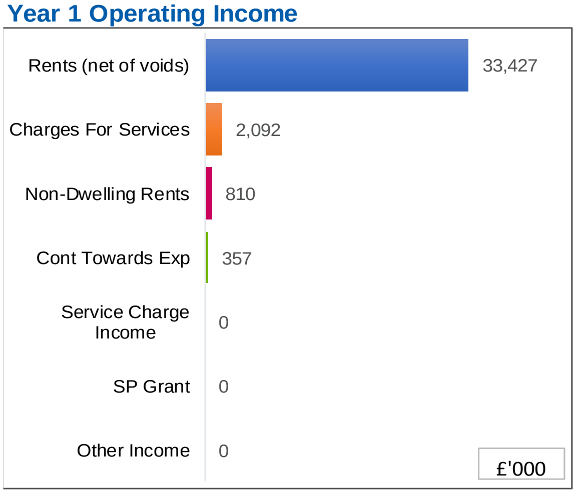


Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Revenue per unit	1,193	1,329	1,358	1,389	1,253	1,281	1,309	1,337	1,367	1,396	1,427	1,458	1,490	1,523	1,556	1,590
Capital per unit	2,072	2,791	4,196	3,978	2,921	2,222	2,661	2,292	2,755	2,452	2,977	3,237	3,232	2,388	3,001	2,452

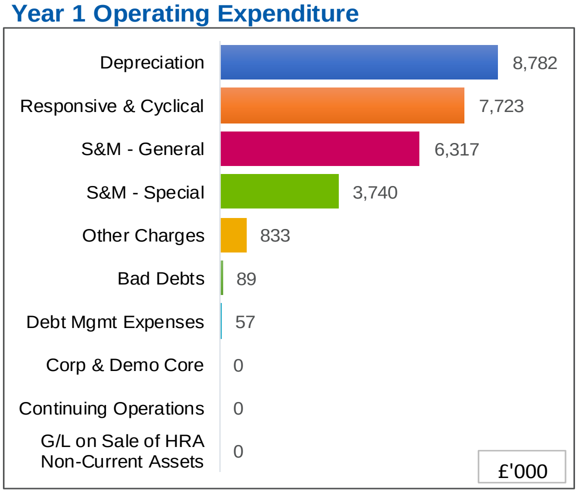
The stock condition survey that is due to be undertaken in the New Year will identify the quality and the requirements for spending on the housing stock over the next 40 years. It should also provide the HRA with an estimate of the level of repairs per unit that might be expected if the stock is maintained to that standard. This figure should be used to agree budgets for work for Qualis in future years.

Operating Income and Expenditure Summary

Year 1 Operating Income



Year 1 Operating Expenditure



7. Capital Works

The capital programme for 2021-22 remains the same as that agreed by Cabinet on 6th Feb 2020.

The Council's existing paper-based records which are designed to capture information about capital spend by address have been used as the basis of forecasting the spend profile from 2022-23 onwards for 30 years. The records show by property element (e.g. roof, kitchen. Bathroom, etc.) when the last replacement was made and using an agreed set of replacement lifecycles forecasts when the next replacement is due.

The following table shows the previous budget before the extended life cycles were reduced in line with the Decent Home Standard:

HOUSING (HRA) PORTFOLIO CAPITAL PROGRAMME EXTENDED LIFECYCLES 2021-26 5-YEAR FORECAST FROM STOCK CONDITION SURVEY						
	2021/22	2022/23	2023/24	2024/25	2025/26	5 Year
	Forecast	Forecast	Forecast	Forecast	Forecast	Total
	£000	£000	£000	£000	£000	£000
TOTAL HRA	13,471	9,926	9,953	9,950	9,687	52,988

Members should note that the increase in capex spend for majors works and improvements increases from £52.9m to £84.4m from the original 5-year projection. This is in part due that the fact that component costs had not been updated and did not reflect a RPI increase. Furthermore, more importantly, the new costs revert the lifecycles back to the Decent Home Standard. This policy has recently been changed to bring the lifecycles back to normal periods, but this then means that there are more properties that need capital works as their previous timed repair was after the new date. This drops all the delayed work into 2022-23.

It may well be that the work needs doing, but the scale of the work is beyond the Council's capacity (from a delivery point of view) in a single year. £19 million of the work forecast for 2022-23 has been delayed and rephased to be done over 2023-24 and 2024-25.

To give the Council more comfort over the value of works that are required to the existing stock and to aid the accurate population of the new Housing Asset Management system, Ridge and Partners are being instructed to undertake a substantial sample survey. 50% of the properties will be surveyed to establish their condition and to forecast over 40 years a profile of expenditure that should be future-proofed. It will cover the expectations for net carbon zero and cladding as a minimum. The data will be cloned initially to reflect the entire stock and will be used to put together an asset management programme for procuring works in an efficient manner. The cost of the survey is included in 2022-23, together with update surveys every 3 years thereafter. The resulting survey costs should be known in the Spring and are expected to reduce and smooth out the existing forecasts.

The business plan for the next five years also reflects the urgent work required (at 2021-22 prices). The works have been packaged up to reflect the vision for Housing 'creating great places where people want to live' therefore creating maximum input.

- Limes Avenue and Copperfield - £6 million over 2022-23 and 2023-24
- Broadway - £2.75 million in 2022-23
- Roofing packages at Pyrles Lane, St Johns Court, Langley Meadow and Hillyfields - £1.2 million in 2023-24

- Harvey Fields - £2 million in 2024-25
- Oakwood Hill Estate - £6 million in 2025-26
- Sheltered Refurbishments - £1.98 million over 6 years from 2022-23 (repeated after every) 5 years
- Emergency Alarm Upgrade - £360k in 2022-23 (repeated every 10 years)
  Total costs at 2021-22 prices = £20.290 million

Prices are assumed to rise in line with the CPI/RPI rates assumed in the economic assumptions. Works will involve decanting for 24 properties which has an impact on the level of void loss of rental income. This, by in large, relates to The Shelley Estate Redevelopment.

The emergency alarm works provide savings on annual equipment maintenance fees in future years.

These urgent works are partially funded by leaseholder contributions. For example, our work at Limes Ave and Copperfield estimated at £30k per leaseholder (114 over 4 years) paid over 6 years with interest based at 3% (1% above assumed borrowing rate). There will be a scale of payment terms and rates based on the amount of the works so averages have been used for this exercise. The amount expected from leaseholders is £3.42 million.

The works will also reduce the amount forecast to be spent anyway on structural works and roofing per the existing survey data.,

- Structural budget contribution = £1.9 million
- Roofing budget contribution = £7.7 million
  Total over 4 years = £9.6 million contribution.

Over the next five years, the capital works expected pre-stock condition survey are (inclusive of inflation):

Year	Major Works & Improvements £'m	Urgent Works £'m	New Build Development £'m	Other Capital Spend £'m	Total £'m
2021-22	£84.4	0	16.450	0.567	30.432
2022-23	11.900	6.267	26.059	3.562	47.790
2023-24	22.952	4.857	28.498	0.643	56.950
2024-25	23.869	2.563	11.556	0.660	38.649
2025-26	12.484	7.103	6.695	0.673	26.955
2026-27	14.497	0.378	0	0.687	15.562
Total	99.117	21.168	89.258	5.333	215.564

8. Other Capital Spend

In addition to the capital spend required to maintain the stock, there are budgets included for other capital items:

2021-22 Service enhancement costs (Housing Asset Management) - £567k
2022-23 Service enhancement costs (Housing Asset Management) - £105k
2022-23 Land purchase £2 million
2022-23 Purchase of Princess of Wales Pub £750k
2022-23 onwards £600k per annum contingency.

9. **Depreciation**

Depreciation is calculated on owned stock based on £1,358.18 per unit, giving a charge to the HRA of £8.872 million in 2021-22 and this rises by 2% per annum.

Depreciation is treated as a charge or deduction from the HRA revenue balances which is transferred into the Major Repairs Reserve. The Major Repairs Reserve is a pot of money that can only be used to fund capital works. Whilst it can be used for any capital works in the HRA, it is principally designed to fund major works improvements to the existing stock. Any shortfall can be funded from additional contributions from the HRA revenue reserve if the balance is above £2 million, or from additional borrowing.

10. Reserves, Funding and Loans

The following reserves exist for the use of the HRA as at 1 April 2021:

HRA Revenue Reserve	£2.105m (revenue or capital use)
Major Repairs Reserve	£8.84m (capital use only)
Provision for Debt Repayment	£12.72m (capital use only)
RTB 1-4-1 Receipts	£8.845m (only use for development)

The minimum HRA balance required by the Council is £2 million.

The HRA has loans totalling £189.433m at 1 April 2021, of which £31.881 million has historically (pre 2012) been borrowed to support the General Fund capital programme and for which the General Fund pays the HRA interest income. The net debt is £157.552.

The HRA is due to repay a £31.8 million loan which has a fixed rate of 1.04% on 1 March 2022. As there are insufficient reserves to make the repayment of the loan in full, the Council has several options:

- Refinance (re-borrow) the £31.8 million loan at new interest rates (interest is a revenue cost to the HRA)
- Use some of the provisions and/or reserves to pay off part of the debt and refinance part of the loan
- Request repayment of the £31.881 million over-borrowing from the General Fund and use the money to pay off the loan.

The business plan assumes option 3 with the loss of interest charges on £31.8 million and the loss of interest paid by the General Fund. It is expected that the General Fund will re-borrow the sum to pay the HRA, possibly at lower rates than the current rate paid by the HRA. This will be partially offset by the saving on interest paid to the HRA. The overall borrowing by the Council would be relatively unchanged.

It is also assumed that the HRA will repay borrowing from the Council taken out in March 2021 to fund last year’s capital programme using the debt provision reserve to do this.

The net debt on 31 March 2022 would be £153.656 million.

The Major Repairs Reserve has a significant balance of £8.84m on 1 April 2021. The plan assumes that the capital programme for 2021-22 will use these balances, together with grants, RTB 1-4-1 receipts where possible for development schemes, revenue balances and the balance on the debt repayment reserve to fund the capital programme to minimise borrowing. This will in turn minimise the use of revenue reserves used to pay interest charges.

Sale of council houses under the Right to Buy (RTB) after considering the tenant's discount generates receipts which are shared in proportions set by legislation between the Council and the Government. The following shares of income can arise:

- Treasury share – up to 75% of the receipt up to a limit set by local authority (paid to HM Treasury)
- Local Authority share - up to 25% of the receipt up to a limit set by local authority (retained by the Council for any capital purpose)
- £1300 per unit for admin fees
- Allowable debt – a calculation of a value designed to compensate the HRA business plan where sales exceed the number assumed in the self-financing settlement in 2012. This sum is the equivalent of the additional debt taken on for those excess units sold and could be used to pay off debt (retained by the Council for any capital use)
- Any remaining receipts is the 1-4-1 RTB receipt for replacement homes only.

The Council resolved that the HRA should be allowed to keep the admin fees and the 1-4-1 receipts, and 30% of the allowable debt compensation. The remaining 70% and 100% of the LA share is kept by the General Fund.

The business plan shows that the capital programme including development and other capital spend can be funded as follows:

HRA Business Plan | Epping Forest DC
Major Repairs & Development Financing

		Capital Expenditure						Financing										
Year	Year	Major Works & Imps £'000	Other Capital Spend £'000	New Build Development Costs £'000	Demolition Costs £'000	Other Fixed Assets £'000	**Total Capital Expenditure £'000**	External Grant £'000	Homes England Grant £'000	RTB 141 Receipts £'000	Arranged Borrowing £'000	Other RTB Receipts £'000	Other Capital Receipts £'000	MRR £'000	RCCO £'000	Revolver Borrowing £'000	**Total Financing £'000**
1	2021/22	13,415	567	16,450	0	0	**30,432**	0	349	4,304	0	180	180	25,419	0	0	**30,432**
2	2022/23	18,169	3,562	26,059	0	0	**47,790**	0	0	5,909	0	61	466	9,904	5,364	26,086	**47,790**
3	2023/24	27,809	643	28,498	0	0	**56,950**	0	0	4,485	0	66	2,172	9,137	3,392	37,698	**56,950**
4	2024/25	26,432	660	11,556	0	0	**38,649**	0	0	1,707	0	70	1,062	9,320	5,066	21,425	**38,649**
5	2025/26	19,587	673	6,695	0	0	**26,955**	0	0	1,747	0	72	829	9,506	5,538	9,264	**26,955**
6	2026/27	14,875	687	0	0	0	**15,562**	0	0	0	0	74	570	9,696	5,222	0	**15,562**
7	2027/28	17,779	700	0	0	0	**18,479**	0	0	0	0	76	570	9,890	7,943	0	**18,479**
8	2028/29	15,285	714	0	0	0	**15,999**	0	0	0	0	79	570	10,088	5,263	0	**15,999**
9	2029/30	18,341	729	0	0	0	**19,070**	0	0	0	0	81	350	10,290	8,349	0	**19,070**
10	2030/31	16,295	743	0	0	0	**17,038**	0	0	0	0	84	300	10,495	6,159	0	**17,038**
11	2031/32	19,751	758	0	0	0	**20,509**	0	0	0	0	16	250	10,705	9,020	518	**20,509**
12	2032/33	21,433	773	0	0	0	**22,206**	0	0	0	0	16	0	10,919	7,339	3,932	**22,206**
13	2033/34	21,365	789	0	0	0	**22,153**	0	0	0	0	16	0	11,138	7,477	3,524	**22,153**
14	2034/35	15,759	805	0	0	0	**16,563**	0	0	0	0	16	0	11,360	5,187	0	**16,563**
15	2035/36	19,767	821	0	0	0	**20,588**	0	0	0	0	16	0	11,588	8,985	0	**20,588**
16	2036/37	16,121	837	0	0	0	**16,958**	0	0	0	0	16	0	11,819	5,123	0	**16,958**
17	2037/38	34,652	854	0	0	0	**35,505**	0	0	0	0	16	0	12,056	12,939	10,495	**35,505**
18	2038/39	16,521	871	0	0	0	**17,392**	0	0	0	0	16	0	12,297	5,080	0	**17,392**
19	2039/40	15,645	888	0	0	0	**16,534**	0	0	0	0	16	0	12,543	0	3,975	**16,534**
20	2040/41	17,365	906	0	0	0	**18,271**	0	0	0	0	16	0	12,794	0	5,462	**18,271**
21	2041/42	14,715	924	0	0	0	**15,639**	0	0	0	0	16	0	13,050	930	1,644	**15,639**
22	2042/43	23,741	943	0	0	0	**24,684**	0	0	0	0	0	0	13,311	11,373	0	**24,684**
23	2043/44	21,400	962	0	0	0	**22,361**	0	0	0	0	0	0	13,577	8,784	0	**22,361**
24	2044/45	23,115	981	0	0	0	**24,096**	0	0	0	0	0	0	13,848	10,247	0	**24,096**
25	2045/46	29,726	1,000	0	0	0	**30,727**	0	0	0	0	0	0	14,125	16,602	0	**30,727**
26	2046/47	30,932	1,020	0	0	0	**31,953**	0	0	0	0	0	0	14,408	15,299	2,246	**31,953**
27	2047/48	30,597	1,041	0	0	0	**31,638**	0	0	0	0	0	0	14,696	15,391	1,551	**31,638**
28	2048/49	23,897	1,062	0	0	0	**24,958**	0	0	0	0	0	0	14,990	9,969	0	**24,958**
29	2049/50	22,018	1,083	0	0	0	**23,101**	0	0	0	0	0	0	15,290	7,811	0	**23,101**
30	2050/51	21,915	1,105	0	0	0	**23,020**	0	0	0	0	0	0	15,595	7,424	0	**23,020**

The financing of the expenditure assumes that known grants, 1-4-1 RTB receipts allocated to development schemes, other RTB capital receipts generated (i.e. the Council's share before 1-4-1 receipts are calculated), other capital receipts including shared ownership 1st tranche sales and leaseholder contributions and the balance on the Major Repairs Reserve are used first.

Having exhausted the capital reserves, the plan then assumes that the HRA will contribute revenue to fund the works as a Revenue Contribution to Capital Outlay (RCCO) to minimise the remaining amount which is assumed to be borrowed. The amount of revenue contributed is limited by the plan to ensure that the minimum balance on the HRA reserve each year is £2 million.

If there is still a shortfall, then the plan assumes there will be borrowing (Revolver Borrowing) – this is currently a forecast and not actual loans. The assumption is that this borrowing would be at 2.04% interest rates when required and would-be long-term debt, repaid beyond 40 years.

From years 2022-23 to 2026-27 in the first-place show that significant borrowing will be required (£94.336 million) mainly to fund the development but also to fund the urgent works required and the current forecast of works required to existing properties. The new stock condition survey will give a more accurate prediction of the spend profile which will change the predictions for borrowing.

11. Financing Summary

The table below summarises the position on the loans and the HRA surplus carried forwards over 30 years.

The opening net debt is £157.552m. The loan repayment of £3.896 million in 2021-22 is made up of the £31.8million loan repayment, £31.881 million received back from the General Fund and paying down the £3.977 million internal loan taken on 31 March 2021.

Revolver borrowing drawn down is the amount required to fund the capital programme in the plan where other capital receipts and revenue are insufficient in the year. The plan does not have sufficient reserves to fund the repayment of 4 x £30 million of loans in years 17 to 20 so it is assumed that these are refinanced each year as they fall due. Total debt in year 30 is £247.821 million.

The HRA surplus runs very close to £2 million in most years, except out in years 19 and 20 where it builds up to repay a loan of £33.656 million in year 21 to reduce debt.

HRA Business Plan | Epping Forest DC
Financing Summary

Year	Year	Opening Loan Balance £'000	Loan Drawdowns £'000	Loan Repayments £'000	Drawdown of Revolver £'000	Repayment of Revolver £'000	Closing Loan Balance £'000	HRA Surplus c/f £'000
1	2021/22	157,552	0	-3,896	0	0	153,656	5,544
2	2022/23	153,656	0	0	26,086	0	179,742	2,006
3	2023/24	179,742	0	0	37,698	0	217,440	2,002
4	2024/25	217,440	0	0	21,425	0	238,865	2,001
5	2025/26	238,865	0	0	9,264	0	248,129	2,001
6	2026/27	248,129	0	0	0	0	248,129	3,276
7	2027/28	248,129	0	0	0	0	248,129	2,018
8	2028/29	248,129	0	0	0	0	248,129	3,393
9	2029/30	248,129	0	0	0	0	248,129	2,119
10	2030/31	248,129	0	0	0	0	248,129	4,121
11	2031/32	248,129	0	0	518	0	248,647	2,008
12	2032/33	248,647	0	0	3,932	0	252,579	2,007
13	2033/34	252,579	0	0	3,524	0	256,103	2,007
14	2034/35	256,103	0	0	0	0	256,103	4,188
15	2035/36	256,103	0	0	0	0	256,103	4,025
16	2036/37	256,103	0	0	0	0	256,103	6,981
17	2037/38	256,103	30,000	-30,000	10,495	0	266,598	2,009
18	2038/39	266,598	30,000	-30,000	0	0	266,598	5,707
19	2039/40	266,598	30,000	-30,000	3,975	0	270,573	15,110
20	2040/41	270,573	30,000	-30,000	5,462	0	276,035	24,788
21	2041/42	276,035	0	-33,656	1,644	0	244,023	2,015
22	2042/43	244,023	0	0	0	0	244,023	2,526
23	2043/44	244,023	0	0	0	0	244,023	5,652
24	2044/45	244,023	0	0	0	0	244,023	7,990
25	2045/46	244,023	0	0	0	0	244,023	4,332
26	2046/47	244,023	0	0	2,246	0	246,270	2,003
27	2047/48	246,270	0	0	1,551	0	247,821	2,001
28	2048/49	247,821	0	0	0	0	247,821	6,574
29	2049/50	247,821	0	0	0	0	247,821	13,347
30	2050/51	247,821	0	0	0	0	247,821	21,282

Key Targets and Outputs

The business plan results shown in chart form below show that peak debt is in year 20 at £276.035 million this is not repaid within the period of the plan. The minimum HRA balance of £2 million is maintained over 30 years, with the lowest balance of £2 million in year 27 if there is no more development.

Targets for interest cover and loan to value are not currently set in the plan. Councils are starting to use these indicators as measures of health of the plan.

Interest cover = HRA Net Operating Surplus / Interest Charges
– i.e. how many times the annual surplus could cover the annual interest charge. The minimum interest cover is 1.32 times in year 2.

Loan to Value = Total Loans / Housing Fixed Assets
– i.e. the proportion of fixed asset value that covers the debt. The maximum loan to value estimated in the plan is 27% in year 4. This falls in the year where new borrowing peaks, but development will not yet be producing the maximum annual rent.

Should the target for borrowing be forecast to be breached, or borrowing becomes unaffordable, the HRA may need to look to:

a) Reduce the revenue services it provides.
b) Reduce the volume of development to stem borrowing.
c) Sell HRA assets to provide capital receipts to fund the plan.

Reason for decision:

Although stock holding councils no longer must summit a Housing Revenue Account Business Plan, it is still prudent to produce one as it acts as a planning tool for both financial and personnel resources.

Options considered and rejected:

To not meet decent homes standard was considered, however that would lead to increase spend in the future as the life span of the asset would be minimised.

To stop development. This we lead to a net loss of stock due to the RTB, in addition there would not be a compounded increase in income, which may impact the investment in stock in the future

To not invest in the urgent works and continue to repair on an adhoc bases. This would lead to a long-term deterioration of stock leading, to an increase in cost.

Consultation undertaken:

The Finance Team have been consulted and agree. Consultation has taken place with the relevant officers in EFDC

Resource implications:

The paper clearly indicates both the Capital and Revenue requirements for the HRA business plan.

Legal and Governance Implications:

Mention HRA, Housing charter etc.

Safer, Cleaner, Greener Implications:

The plan already includes development using a ‘Fabric First Approach’ Furthermore the stock condition survey will enable officers to plan for carbon neutrality

Background Papers:

25th October 2011 – Report to Scrutiny
Report to the Council Housebuilding Cabinet Committee Report reference: CHB-005-2020/21
Date of meeting: 08 September 2020

Impact Assessments:

Attached

Risk Management:

The risks of not approving the business plan are highlighted in the report.
Furthermore, a risk register is attached

Appendix A

Why undertake a Council Housebuilding Programme

25th October 2011 – Report to Scrutiny

11. The main reasons for the Cabinet deciding in principle to introduce a new Housebuilding Programme were that:

(a) The Council's HRA land could be developed for much-needed affordable housing

(b) The Council would receive the associated New Homes Bonus (NHB) – equivalent to around £6,700 per property over the six-year NHB period, to use for any Council purpose.

(c) The land and constructed buildings would be retained as a Council asset - rather than transferring the land to a housing association at a subsidised price, for the housing association to develop the affordable housing.

(d) The Council would benefit from the net rental income in the future once the development loan has been covered.

(e) It may be possible for the Council itself to receive the benefit of capital grant funding from the Homes and Communities Agency.

(f) The Council would have greater control over the future use of the affordable homes.

(g) The cost of construction would be less than for a housing association, since the Council can recover the cost of VAT for fees from Her Majesty's Revenue and Customs (HMRC), which housing associations cannot; and

(h) It would enable the Council to increase its housing stock, instead of continuing to reduce the stock through the Right to Buy, and thereby slowly reduce the associated unit costs of managing and maintaining the Council's housing stock.

Appendix B

Financing Summary including Income

The table below shows the financial summary including additional income. The income consists of income from disposing ‘Ransom Strips’ and Homes England Grant for the development programme.

HRA Business Plan | Epping Forest DC

Financing Summary

Year	Year	Opening Loan Balance £'000	Loan Drawdowns £'000	Loan Repayments £'000	Drawdown of Revolver £'000	Repayment of Revolver £'000	Closing Loan Balance £'000	HRA Surplus c/f £'000
1	2021/22	159,152	0	-5,496	0	0	**153,656**	**4,969**
2	2022/23	153,656	0	0	26,061	0	**179,717**	**2,005**
3	2023/24	179,717	0	0	27,055	0	**206,772**	**2,002**
4	2024/25	206,772	0	0	21,059	0	**227,832**	**2,001**
5	2025/26	227,832	0	0	8,477	0	**236,309**	**2,001**
6	2026/27	236,309	0	0	0	0	**236,309**	**4,019**
7	2027/28	236,309	0	0	0	0	**236,309**	**3,004**
8	2028/29	236,309	0	0	0	0	**236,309**	**4,621**
9	2029/30	236,309	0	0	0	0	**236,309**	**3,590**
10	2030/31	236,309	0	0	0	0	**236,309**	**5,836**
11	2031/32	236,309	0	0	0	0	**236,309**	**3,447**
12	2032/33	236,309	0	0	2,224	0	**238,534**	**2,007**
13	2033/34	238,534	0	0	3,235	0	**241,769**	**2,007**
14	2034/35	241,769	0	0	0	0	**241,769**	**4,482**
15	2035/36	241,769	0	0	0	0	**241,769**	**4,613**
16	2036/37	241,769	0	0	0	0	**241,769**	**7,864**
17	2037/38	241,769	30,000	-30,000	9,310	0	**251,078**	**2,009**
18	2038/39	251,078	30,000	-30,000	0	0	**251,078**	**6,025**
19	2039/40	251,078	30,000	-30,000	3,975	0	**255,054**	**15,747**
20	2040/41	255,054	30,000	-30,000	5,462	0	**260,516**	**25,743**
21	2041/42	260,516	0	-33,656	451	0	**227,311**	**2,015**
22	2042/43	227,311	0	0	0	0	**227,311**	**2,869**
23	2043/44	227,311	0	0	0	0	**227,311**	**6,338**
24	2044/45	227,311	0	0	0	0	**227,311**	**9,019**
25	2045/46	227,311	0	0	0	0	**227,311**	**5,705**
26	2046/47	227,311	0	0	531	0	**227,841**	**2,003**
27	2047/48	227,841	0	0	1,173	0	**229,014**	**2,001**
28	2048/49	229,014	0	0	0	0	**229,014**	**6,960**
29	2049/50	229,014	0	0	0	0	**229,014**	**14,119**
30	2050/51	229,014	0	0	0	0	**229,014**	**22,440**