Epping Forest District Council

HRA Business Plan Financial Projections

September 2015 Review and Options Paper

1. Introduction

1.1 CIH consultancy have been commissioned to regularly update the Council's HRA Business Plan and report on the latest projections arising and how the position has changed from the last review of the model.

1.2 Following the Summer Budget on 8 July 2015 it was announced to the social housing sector that all rents within social housing would have to be reduced by 1%, rather than the previous guidance of annual increases of CPI plus 1%. The rent reduction is to be applied over a four year period. So for example a tenant currently paying £100.00 per week will see it reduced to £99.00 next April and then £98.01 the following year and so on until April 2020 when rents are proposed to increase by CPI plus 1% again.

1.3 This will have a significant impact to the resources available to not only Epping Forest but for the whole sector. For Local Authorities we have assessed the impact as £2.6billion in terms of lost revenue against forecasts (based on the Government's own forecasts for CPI).

1.4 Provisional workings provided for Epping Forest suggest that the impact will be £13.893million over the four year period, which is compounded to £225.8million over a thirty year period. This is a significant impact and one that will happen as explained below. This review identifies the initial impact of the policy to the Business Plan and a range of options to rebalance the long-term viability of the Plan.

2. The New Rent Policy

2.1 In the 2015 Summer Budget it was announced that social rents will reduce by 1% per year over a four year period. This was in order to save £4.28billion over a five year period for the associated Housing Benefit costs, which would have seen increases without this action.

2.2 To implement these changes the new Welfare Reform and Work Bill was published on 9 July 2015 which in effect set about enforcing these changes rather than going through the usual process of consultation.

2.3 It was originally interpreted that this would only apply to housing association rents but subsequent confirmation from DCLG has stated that this will apply to local authorities as well.

2.4 The Bill is to cover all types of rent within the social sector with the exclusion of shared ownership. This means that all new build properties let at affordable levels will also have the reduction applied over the next four years.

2.5 Further reading of the Bill suggests that the current policy of re-letting voids at formula rent will prove fruitless as the point of which rent for reduction is set at levels prior to 8 July. This also negates the opportunity to have a second rent increase within a year in order to potentially offset the impact of this policy.

2.6 There will be the opportunities for housing providers to claim a waiver from the policy, but we are told that this will be in very extreme circumstances and unfortunately we cannot assume (indeed, it is probably unlikely) that Epping Forest will fall into the category.

2.7 The Local Authority sector has voiced the possibility of challenging the Government in terms of the re-opening the self-financing settlement, given the change in the rent policy. This is an option though one we consider potentially risky in terms of challenge given that other factors could be included which may negate the possibility of some debt repayment.

3. The Revised Base Position

3.1 We have built upon the last iteration of the Business Plan model from March 2015 (as included within the Council's latest annual HRA Business Plan) but updated this for the final out-turn position for 2014.15 (which provides for slippage on the capital programme carried forward to 2015.16) and revised opening balances. The modelling continues to start from 2014.15 as Year 1.

3.2 We have also updated the Plan for the latest new build projections for Phases 1 to 6 delivering 215 new affordable homes which have impacted on the short-term values for additional service enhancements as detailed below. This is offset by some additional capital receipts that will be applied during 2015.16 and 2016.17.

3.3 The changes to the rent policy have also been implemented on the assumption that from April 2020 rents will increase by CPI plus 1% and we have not modelled new tenancies being re-let at formula levels (as a precaution). However, as identified in section 5 there is the potential for this decision to be reversed and have identified the net benefit of this.

3.4 The Plan is predicated on the basis that the levels of service and the required level of investment in the existing stock is based on those within the original Business Plan.

3.5 There are though some key variables which will have a major influence on the viability of the Plan and these are summarised as:

- Investment in new affordable homes
- Debt Repayment Strategy
- Service Enhancements

Whilst the options around the application of these will be discussed as part of the review below, we have detailed below the current assumptions within the revised base position of this Plan.

3.6 The Plan currently includes for the provision of 215 new homes at a total cost of £36.7million. This is funded primarily from:

- ‘1-4-1’ receipts from right to buy sales
- 30% of the ‘allowable’ debt element of right to buy sales
- Capital receipts, grants and s106 contributions
- £0.5m of HCA funding

The residual balance after utilising the above resources is funded from current reserves and future surpluses within the HRA without the need to borrow.

3.7 The loan portfolio remains unchanged and is detailed below for reference:

Loan £m	Interest Basis	Interest Rate	Maturity
31.800	Variable	0.62%	Mar 2022
30.000	Fixed	3.46%	Mar 2038
30.000	Fixed	3.47%	Mar 2039
30.000	Fixed	3.48%	Mar 2040
30.000	Fixed	3.49%	Mar 2041
33.656	Fixed	3.50%	Mar 2042

3.8 The interest on these loans will be charged directly to the HRA; since the vast majority have fixed rates the forecast interest projections will be accurate. We have estimated a gradual increase of interest rate for the variable rate loan up to 2.12% by Year 5 of the Plan.

3.9 The HRA currently has a Self-Financing Reserve with a balance currently at £9.54million with a further addition of £3.18million in 2015.16. This Reserve is projected to be increased through contributions from the HRA up to and including 2021.22 in order to build sufficient balances to repay the £31.8million loan facility in March 2022. In following years (annually increasing) contributions are forecast to build reserves in order to repay the five residual loans as and when they mature.

3.10 Within the original Business Plan, following implementation of self-financing, £770,000 per annum of service enhancements were included within the revenue projections and have continued throughout all iterations of the plan. To date approximately £200,000 of the £770,000 have been

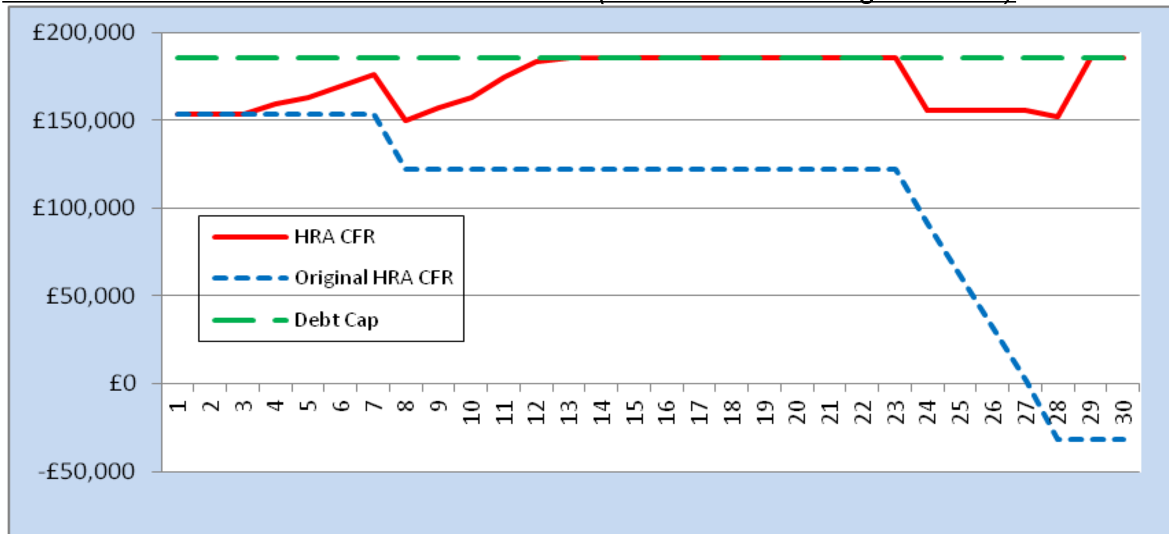
integrated into existing management and repairs budgets leaving an ongoing £570,000 per annum being provided for on an annual basis throughout the life of the Plan.

3.11 In addition to the £570,000 per annum above, provision has been made within the existing Plan for the following additional expenditure on service enhancements;

Increases/ (Decreases) to Ongoing Service Enhancements	2015.16 Business Plan (Pre-rent adjustment) Per-annum
April 2015 (4 years)	£370,000
April 2019 (3 years)	£190,000
April 2022 (2 years)	£4,390,000
April 2024 (5 years)	£2,250,000
April 2029 (5 years)	£1,700,000
April 2034 (1 year)	(£200,000)
Total over 30 Years	**£180,560,000**

3.12 With the inclusion of the above factors the base position of the Business Plan is presented in the graphs below:

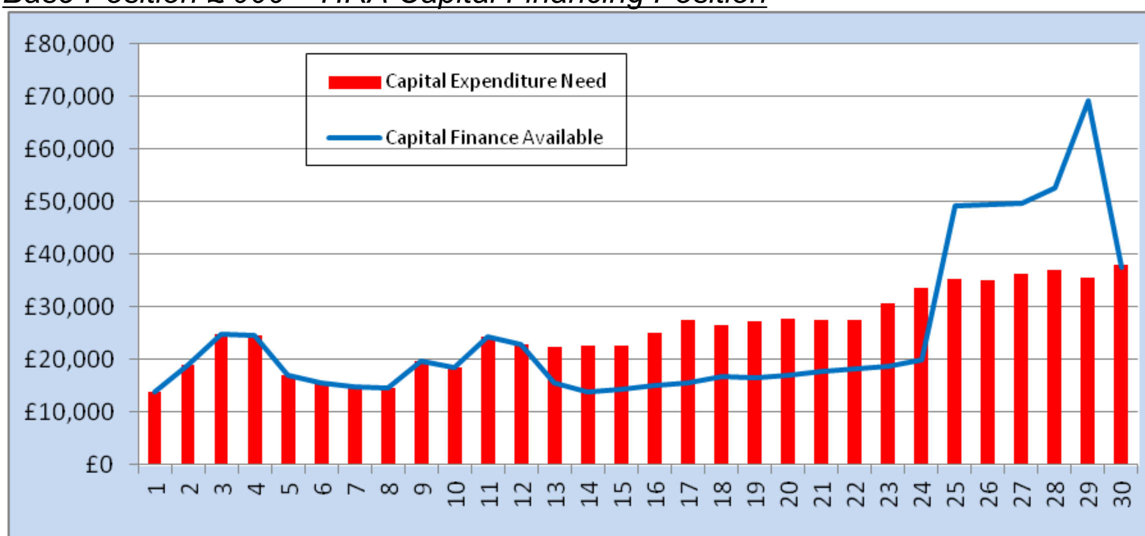
Base Position £'000 – HRA Debt Position (with Self-Financing Reserve)



3.13 The above demonstrates clearly the impact of the reduction in rents. From Year 3 the Plan requires additional borrowing (as per the red line) to fund the new build programme and the revised levels of additional service enhancements. In future years when the service enhancements increase (to the previously affordable levels) the debt levels increase to the Government imposed debt cap. The dotted blue line demonstrates the original projection for the HRA debt prior to the rent adjustment but still allowing for phases 1 to 6 of the new build scheme and the £570,000 annual revenue service enhancements and the additional allowances in Section 3.11. Therefore the gap between the red and dotted blue lines demonstrates the greater levels of borrowing, which are in fact capped by the Government imposed debt cap.

3.14 The above position is slightly masked by the fact that the HRA is making contributions to the Self-Financing Reserve in order to repay some of the loans, though the Reserve will hold no balances from Year 28 onwards.

Base Position £'000 – HRA Capital Financing Position



3.15 The red vertical lines in the graph above show the required levels of expenditure for investment in the stock, Phases 1-6 of the new build programme and additional service enhancements. The horizontal blue line shows the resources available through in-year surplus and borrowing (restricted to the debt cap). From Year 13 of the plan (due to the combination of greater levels of service enhancements and the debt cap) the levels of investment are unaffordable. It is only from Year 25 where repayments of debt (from using balances built up in the Self-Financing Reserve) mean that available resources are greater than the in-year spend requirements and the surplus resources are used to tackle the prior-years shortfalls.

3.16 Again the use of the Self-Financing Reserve slightly masks the true position in that whilst shortfalls are demonstrated in the graph above, there are balances held in the Reserve.

3.17 Within the various options available below to tackle the reduction in rents, we re-visit the contribution and operation of the Self-Financing Reserve.

4. The Options Available

4.1 In discussions with officers there are five proposed options in which to achieve a balanced and viable Business Plan, with the key objectives of the HRA repaying the scheduled loans (resulting in a negative HRA CFR of £31.881million), and the maximisation of the '1-4-1' receipts currently held. Within all of the options we have ensured that there are sufficient resources to meet existing planned capital expenditure falling in each year.

4.2 It is important to note that as at April 2015 the projected uncommitted balances of the '1-4-1' reserve stands at £4.56million (based on past

acquisitions and Phases 1 and 2 of the new build programme). These receipts will continue to increase if right to buy levels remain at higher levels than those assumed in the self-financing settlement, which we discuss later on in this review.

4.3 The options considered are:

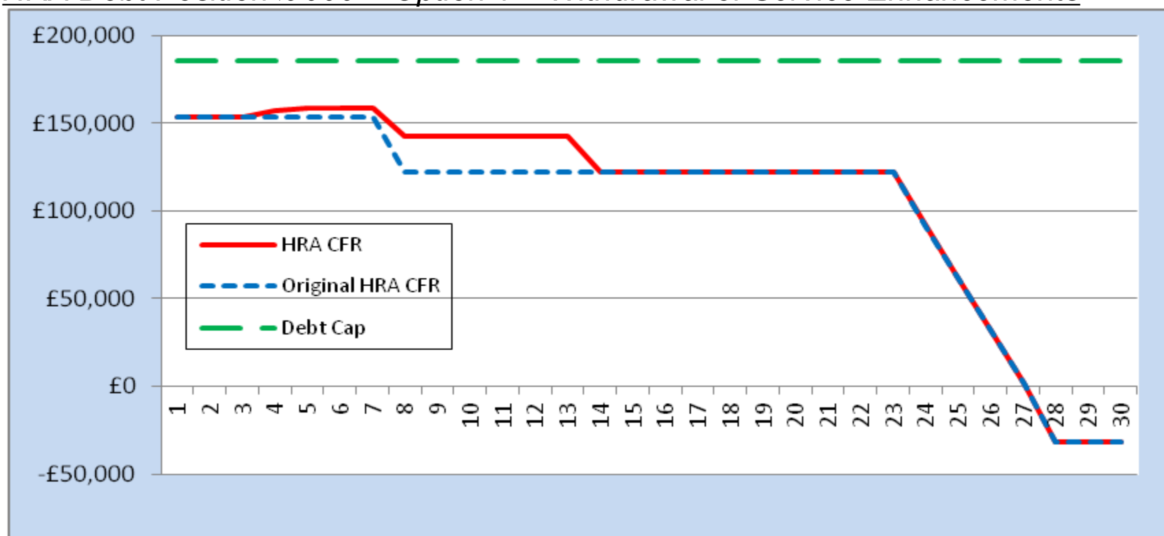
1. The complete withdrawal of service enhancements
2. To enable service enhancements and improvements at a level that does not require borrowing
3. To continue with a minimum of £1million in service enhancements and/or improvements per annum
4. To reduce the levels of new build in Phases 3 to 6
5. To ensure that no additional borrowing is undertaken but ensuring the new build programme is delivered by reducing capital investment in existing stock

4.4 Option 1 – Withdrawal of Service Enhancements

4.4.1 In this option we have removed both the £570,000 per annum service enhancements currently accounted for (but uncommitted) in revenue projections, in addition to the additional funding for service enhancements as identified in Section 3.11 from 2016.17 onwards.

4.4.2 In order to fund the new house building programme for Phases 1 to 6, for cash-flow purposes, there is a requirement to borrow in the early stages of this Plan as demonstrated in the graph below:

HRA Debt Position £'000 – Option 1 – Withdrawal of Service Enhancements

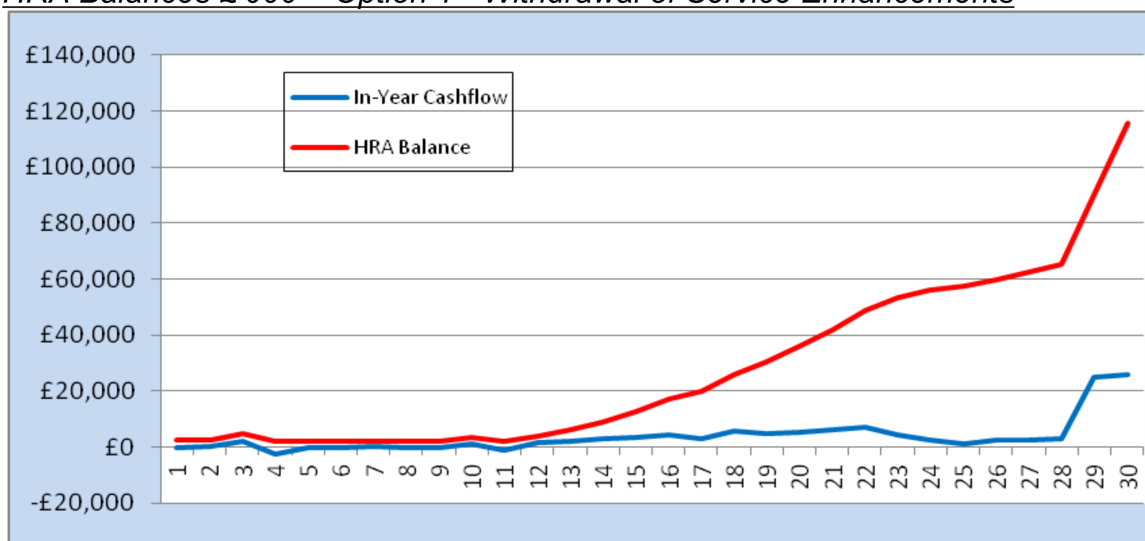


4.4.3 We have applied the required short-terms loans totalling £4.657million between Years 3 to 6 and a further £16.180million for the shortfall in meeting the £31.8million loan repayment scheduled for Year 7 (2021.22). The reduction in Year 7 of loan balances recognises the net £15.62million repayment of this original loan (i.e. the balance between £31.8million and £16.180million). According to our projections the HRA can afford to repay the total £20.837million of new loans by Year 14 therefore placing the HRA on course to repay its remaining loans as planned, with resources available.

4.4.4 The early year borrowing could be avoided by using some of the balances of the Self-Financing Reserve, though this would result in greater borrowing in Year 7.

4.4.5 The graph below demonstrates the projected HRA balances, taking into account the revised contributions to the Self-Financing Reserve:

HRA Balances £'000 – Option 1 - Withdrawal of Service Enhancements



4.4.6 This graph shows that as a result of allocating sufficient resources to repay the existing and additional debt in the early years of the Plan, the HRA builds up sufficient balances due to the withdrawal of service enhancements, which significantly increased in value in the latter years, as according to Section 3.11 above. From Year 28 the balances increase following the conclusion of the loan repayments where over the period of two years projected balances on the HRA would increase from £65.2million to £115.8million.

4.5 Option 2 – Affordable Levels of Service Enhancements (Minimising Borrowing)

4.5.1 This option is to define the level of affordable service enhancements without the need to borrow any additional money to that set out in Option 1 above.

4.5.2 As identified in Option 1 it would be impossible not to borrow in the early years of the Plan even with the eradication of service enhancements. However we have demonstrated that whilst additional borrowing of £20.837million (net £4.657million) would be required, this could be repaid within a relatively short period of time. However due to the size of the loan repayment in Year 7 of £31.8million, significant reductions in expenditure on either new build or investment in existing stock would be required. To put this into context, the investment in existing stock would have to be reduced by over 30% between Years 3 and 7 in order to avoid any additional borrowing and have sufficient resources to repay the loan in that period. We discuss the impact of reducing the new build programme as part of Option 4 further on in this review.

4.5.3 Using Option 1 as a basis we have modelled the maximum levels of service enhancements and improvements that could be introduced within the resources available.

4.5.4 The table below shows the levels of service enhancements in comparison with the revised set within Section 3.11:

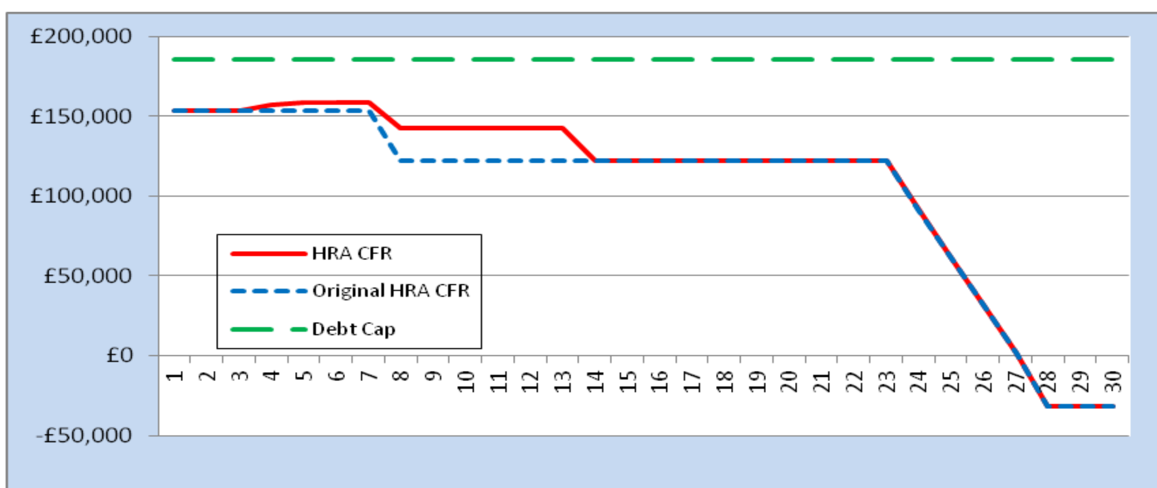
Ongoing Service Enhancements		2015.16 Business Plan (Pre-rent adjustment)*1,2	2015.16 Business Plan Option 2 (Post-rent adjustment)*1,3
April 2015	(1 year)	£370,000	£370,000
April 2016	(3 years)	£370,000	£-
April 2019	(3 years)	£560,000	£-
April 2022	(2 years)	£4,950,000	£-
April 2024	(1 year)	£7,200,000	£-
April 2025	(4 years)	£7,200,000	£1,300,000
April 2029	(5 years)	£8,900,000	£3,100,000
April 2034	(8 years)	£8,700,000	£1,450,000
April 2042	(3 years)	£8,700,000	£10,000,000
Total over 30 Years		**£180,560,000**	**£52,670,000**
Inclusive of Inflation		**£284,537,000**	**£89,998,000**

**Notes: 1. These values are at today's prices but are inflated within the Plan*
2. The Pre-Rent Adjusted Business Plan included in addition £570,000 per annual revenue service enhancements
3. The Option 3 Business Plan excludes the £570,000 revenue service enhancements

4.5.5 The impact of the rent policy can clearly be seen and the reduction of service enhancements between 2034 and 2042 is required in order to service the Self-Financing Reserve to fully repay the loans as and when they mature.

4.5.6 The graph below demonstrates again the projected borrowing position if Option 2 was selected.

HRA Debt Position £'000 – Option 2 – Affordable Levels of Service Enhancements (Minimising Borrowing)



4.5.7 As with Option 1 the additional borrowing required can be repaid back to the prior levels by Year 13 of the plan. Following this the provisions for service enhancements and or improvements can be introduced and increased through the Plan.

4.6 Option 3 – Provide a minimum of £1million per annum to the Housing Improvements and Service Enhancements Fund

4.6.1 In this option we have modelled a base £1million per annum, with inflation applied, from next year 2016.17. The principle behind this is not to necessarily spend this value but to provide a contingency through the existing Housing Improvements and Service Enhancements Fund to cover major works excluded from the current database. Examples of this might be minor/major estate regeneration or remodelling for sheltered schemes. So if these monies are not spent then they are there to cover any unforeseen circumstances and those identified in Section 6.

4.6.2 As with Options 1 & 2 there will be the necessity to borrow to fund these contributions. For the sake of simplicity and given the additional borrowing required we have opted to cease contributions in the early years to the Self-Financing Reserve.

4.6.3 Between Years 4 & 8 a total of £28.466million needs to be borrowed, which provides for the repayment of the £31.8million loan in Year 8 and the annual contributions. However, given the contributions to the Housing Improvements and Service Enhancements Fund the balance of these loans cannot be repaid until 2029.20 (Year 16).

4.6.4 From this period onwards we have modelled that sufficient contributions are made to the Self-Financing Reserve in order to repay the residual loans by Year 28.

4.6.5 The table below identifies the contributions to the improvement and or service enhancements:

Ongoing Service Enhancements	**2015.16 Business Plan (Pre-rent adjustment)*1,2**	**2015.16 Business Plan Option 3 (Post-rent adjustment)*1,3**
April 2015 (1 year)	£370,000	£370,000
April 2016 (3 years)	£560,000	£1,000,000
April 2019 (3 years)	£4,950,000	£1,000,000
April 2022 (4 years)	£7,200,000	£1,000,000
April 2025 (4 years)	£8,900,000	£2,000,000
April 2029 (5 years)	£8,700,000	£3,000,000
April 2034 (8 years)	£8,700,000	£-
April 2042 (2 years)	£370,000	£11,500,000
Total over 30 Years	**£180,560,000**	**£55,370,000**
Inclusive of Inflation	**£284,537,000**	**£88,845,000**

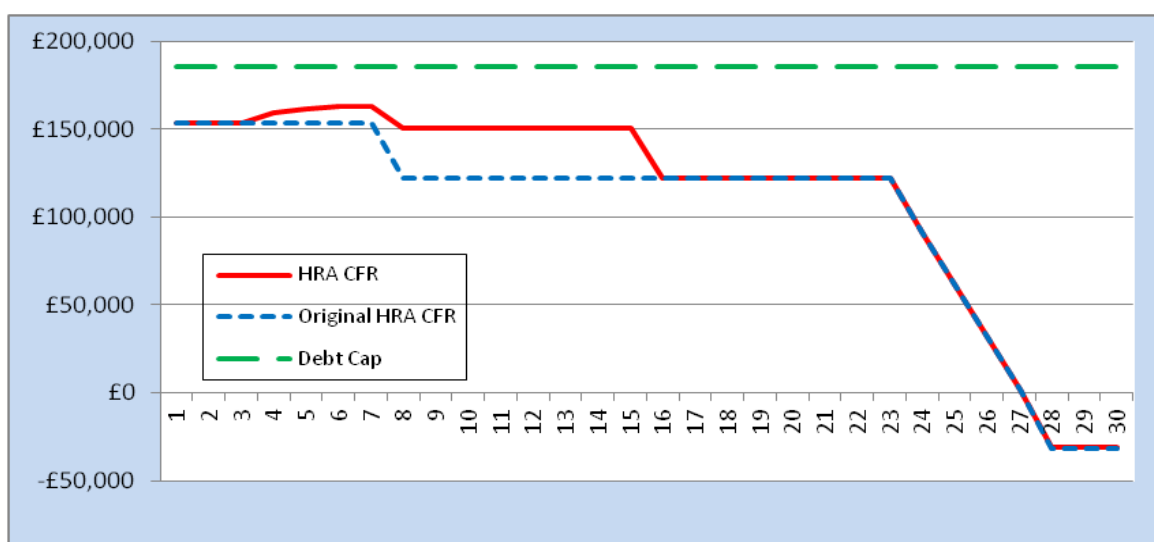
**Notes: 1. These values are at today's prices but are inflated within the Plan*

2. The Pre-Rent Adjusted Business Plan included in addition £570,000 per annual revenue service enhancements
3. The Option 3 Business Plan excludes the £570,000 revenue service enhancements

4.6.6 In overall spend terms, when taking inflation into account, Option 2 marginally delivers a greater value of contributions to the Service Enhancements and Improvements Fund. However, Option 3 provides a resource earlier into the Plan that therefore could be utilised earlier.

4.6.7 The graph below demonstrates the forecast debt position for Option 3.

HRA Debt Position £'000 – Option 3 – Minimum £1million Service Enhancements (per annum – increasing when affordable)



4.6.8 The above graph and text detail that an additional £28.466million is required in order to fund the initial £1million per annum contribution to the service enhancements and or improvements reserve. The additional borrowing can be repaid by Year 15 to bring the levels back into line with the previous Plan in order to repay debt and bring the HRA back to its position prior to Self-Financing.

4.6.9 If the Government enforced debt cap remains unchanged over the coming years there will still be capacity to borrow a further minimum of £22million should there be the need for unseen circumstances.

Option 4 – To reduce the level of expenditure for New House Building

4.7.1 We have split this option to demonstrate the required reduction in the new build programme, if no additional borrowing is assumed, if;

a. There are no service enhancements until after Year 9 of the Plan; or
b. That a £1million per annum contribution to the Service Enhancement and Housing Improvements Fund is required

4.7.2 Option 4a

Using the basis of Option 1 we have modelled the required reduction in the new build programme in order to prevent any additional borrowing and that the Self-Financing Reserve has sufficient funds to repay the £31.8million loan that falls due in Year 8.

4.7.3 In order to achieve this (inclusive of the removal of any provision for service enhancements) we calculate that only Phase 1 could be afforded, delivering only 23 of the 215 homes.

4.7.4 The major implication with this would be the return to the Government of '1-4-1' right to buy receipts that will and have accumulated. We estimate that this could be in the region of £7.329million. In addition under current legislation the return of such receipts would attract interest at a rate of 4% above base rate (0.5%) and is compounded from when they were originally received. We estimate this to be £1.034million and it is assumed that this would have to be met by the HRA, of which there are marginally sufficient resources to do so.

4.7.5 In addition to the interest charge and return of receipts, the Council would also have to cancel its agreement with the HCA for the £0.5million grant and would have paid for costs incurred to date. This, of course, is against the loss of providing new affordable homes.

4.7.6 Option 4b

Given that Option 4a, without any provision for service enhancements, decimates the new build programme it would prove impossible to fund the option of funding £1million per annum of contributions and therefore we see no reason to identify the borrowing that would be required to deliver this.

Option 5 – To reduce the level of capital expenditure in existing stock whilst delivering the new build programme to ensure no borrowing

4.8.1 A further option is to consider what action the Council would need to take in order to avoid any additional borrowing whilst still delivering the new build plan. This is in addition to the withdrawal of future uncommitted service enhancements.

4.8.2 As identified in Section 4.7.4, if the required level of new build (i.e. Phases 2 to 6) were not delivered, a potential £1.034million would have to be returned of receipts and interest to the Government along with the loss of the £0.5million HCA grant for Phase 2.

4.8.3 Therefore we consider that the Council should consider its new build programme ahead of its investment in existing stock, if no borrowing is stipulated, given the monies that would be lost.

4.8.4 In order to ensure that there is a correct provision made for the repayment of the £31.8million loan in Year 8 with no additional borrowing required, we have estimated that the following expenditure would need to be reduced from the capital investment in existing stock:

Year	Reduction Required to Capital Programme	% of Original Programme
4 - 2017.18	£3.606m	32%
5 - 2018.19	£3.813m	33%
6 - 2019.20	£3.978m	32%
7 - 2020.21	£3.991m	31%
8 - 2021.22	£4.036m	32%
TOTAL	**£19.424m**	**32%**

4.8.5 In direct comparison to Option 2, the reduction needed from the capital programme is less than the £20.837million, on account of no additional interest charges needing to be factored in.

4.8.6 Our projections show that, after Year 9, the HRA is able to meet its full in-year capital expenditure requirements and set aside provisions for debt repayment and there will be surpluses within the HRA that could be used to catch up on the shortfall of expenditure identified in section 4.8.4 and or consider a re-introduction of service enhancements.

4.8.7 Another option would be to reduce the levels of new build slightly to allow for a smaller reduction in capital expenditure, though this would carry the risk of having to return some right to buy receipts to the Government along with interest, depending on the level sales in the near future.

5. Potential Changes to the Welfare Reform and Work Bill

5.1 In Section 2.5 we have highlighted that currently the Bill states that rent levels as at the 8th July 2015 will be used for the basis of rent reductions for the four years from April 2016. Therefore, if the Council were to continue to re-let its properties at formula rent levels rather than at the outgoing level, the benefit would be lost from April 2016 onwards.

5.2 Epping Forest have been instrumental in working with the Association of Retained Council Housing (ARCH) in challenging the Government in allowing local authorities to continue with allowing re-let properties to be let at formula rent (obviously allowing for a 1% reduction to this).

5.3 At the time of writing, it is understood that an amendment to the Bill is being considered, though cannot be relied upon for the purposes of modelling. However, we estimate that should this be allowed to continue this would provide additional revenue in the region of £1.467million up to and including Year 8 of the Plan, given this a key milestone in terms of the first loan repayment.

6. Future Challenges

6.1 There are some further developments which the Government has proposed that will have an impact on the Plan, that cannot be costed yet, and we have identified these below.

6.2 As part of the Conservative Party's manifesto it was announced that the Right to Buy policy would extend to Housing Association tenants. However to enable this policy to work, Housing Associations would need to be fully compensated for the sale of their properties at the much higher discounted rates than the Right to Acquire rates currently applied. This is because the Government has to demonstrate that it does not have overall control of the assets of Housing Associations or else their debt, some £60billion, would be considered as public borrowing. So in order to avoid this, full compensation has to be paid to Housing Associations so there is no demonstrable loss.

6.3 In order to fund these compensation payments the Conservative manifesto detailed that Local Authorities would be forced to sell their "high-value" voids, with the Government collecting the majority of the receipt to fund this policy.

6.4 Initial information produced prior to the election with regards to how a high value void would be identified was by region, not at a local level. This would see authorities in higher value areas (such as Epping Forest) selling more stock in a region than those with lower values.

6.5 It is clear that since this Government took power much more work is required around how the policy would work for both Local Authorities and Housing Associations. This is still in development and may appear closer to when the new Housing Bill is published later this Autumn.

6.6 We therefore expect a consultation to be published that will determine how at a local level a property could be considered high value but also how the receipt will be treated, given that part should be retained by the Local Authority, but also how much will be pooled for the Housing Association compensation and contributions for brownfield site development.

6.7 Given this position it is difficult for us to model any potential impact of these sales of high value voids and whether match funding is required, as with the current '1-4-1' reserve arrangements. Therefore we need to identify this as a risk to the Business Plan in terms of loss of income and the need for additional expenditure on replacement. The simple contingency plan to meet any net loss in rental income would be to either reduce provision for service enhancements and/or increase borrowing further.

6.8 The Government is also introducing a 'Pay to Stay' policy which means that properties that have household income over £30,000 per annum will be subject to market rent (or near market rent) rather than the current social rent. It is anticipated that a sliding scale will be introduced where, if the income is £40,000 or over, 100% of market rent should be charged. The onus will be on landlords to identify the tenants affected through changes to tenancy agreements to supply earnings information, which will obviously involve additional time and costs to the current housing service. Apart from this cost, the Government's proposals should have a neutral effect on the Council's Plan, since the potential additional income is forwarded to the Government and not for the Council to retain, unlike with Housing Associations.

7. Commentary

7.1 This paper provides officers and members with options to consider against the backdrop of the Government's new rents policy.

7.2 The key conclusions that need to be drawn from this is that, even with removing service enhancements, but delivering the new house building programme, there will be the need for some short to medium term borrowing. The alternative would be to reduce the projected levels of investment in the current stock and re-profile this to later years within the Plan.

7.3 It must be remembered that the loans arranged to finance the original self-financing transaction of £185.6million were done on the basis of:

- Rents that would increase above the rate of inflation
- That existing rents would eventually move to their formula rent
- Right to Buy levels would have been less than assumed in the self-financing calculation

Instead we have seen a complete overhaul of the rents system, which has stripped the HRA of up to a potential £225.8million. The additional loss of stock through Right to Buy does not fully compensate the HRA and, of course, replacement housing costs the HRA 70% of the build costs.

7.4 Therefore it is unavoidable that to deliver the new affordable homes programme, and even make some provision for service enhancements or improvements, that borrowing will be required to provide resources within the Plan, particularly in the early years.

7.5 A further consideration is that if additional borrowing is not preferred, Option 4a has identified that there is the potential for £1.034million in interest charges to be paid to the Government for non-use of receipts. Whilst the additional borrowing in Option 1 would cost in the region of £4.04million, it would deliver in excess of £32.5million of investment in new homes.

7.6 Whilst we have identified the risks that the Plan faces in terms of sale of high value voids, possibly partially offset by being able to re-let current properties at formula rent, there is no immediate action that Epping Forest need to take now.

7.7 Therefore the options and associated results can be considered by the Council at this stage, but they do not need to be enacted upon at present. This is demonstrated in each of the options where Year 4 (2017.18) is perhaps when decisions will need to be made in terms or borrowing or reducing expenditure.

8. Extending the New Build Programme

8.1 In 2014 we provided a funding report on extending the then new build programme which included Phases 3 to 6 to ensure that the additional homes proposed could be afforded.

8.2 We modelled an additional set of Phases, 7 to 10, which could deliver a further 105 properties. At that stage we demonstrated that in order to deliver the properties in addition to Phases 3 to 6 that additional borrowing would be required.

8.3 The same holds true whatever the option chosen from those identified above. We have modelled the additional properties within Phases 7 to 10 for each option and the debt cap is not breached, and with adjustments to future service enhancements and improvements the plan can still repay its loans within the 30 year period.

Simon Smith
September 2015