HRA Business Plan

2020/21 to 2049/50

Sutton

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1 Introduction

1.1 This document sets out Sutton Council's plans for managing and maintaining over the coming years its housing stock of around 6,000 rented and 1,400+ leasehold properties held in the Housing Revenue Account (HRA). Its fundamental purpose is to ensure the efficient use of the Authority's housing assets.

Aims Objectives

1.2 Set within the national, regional and local policy context and the Council's overall housing strategic aims (see below), our aim as a landlord is:

To deliver excellent, cost effective housing management services that improve the quality of life of the Council's tenants and leaseholders and provide a decent home for all

1.3 The more specific objectives which underlie the thrust and purpose of this Business Plan are:

1. To maintain all dwellings at the decent homes standard as a minimum and continue to improve and maintain them as an asset for the future
2. To regenerate homes where required and develop and acquire new local authority owned housing subject to funding and land availability
3. To invest in and improve estate grounds and the communal areas of flatted blocks
4. To provide high quality responsive repairs and cyclical maintenance services
5. To provide excellent tenancy management and leaseholder services and create attractive neighbourhoods where people feel safe and want to live
6. To ensure all customers have access to services and that the diverse needs of tenants and leaseholders are fully met
7. To promote and maximise the opportunities for customer involvement with service delivery

NB: The aims and objectives also apply to 's16 freeholders' who have purchased houses within estates and who pay a service charge to the Council

Background

1.4 This version of the HRA Business Plan is a substantial revision to the last iteration published in March 2019, in particular with regard to the Council's programme of HRA new build and property acquisitions that will be funded through the HRA and its approach to debt management. It also reflects a further review of the investment needed to the existing stock including taking account of additional fire safety measures to be provided.

1.5 As with previous iterations, this document provides the latest information on the make up and condition of the housing stock and the position regarding investment needs into the future. It also contains details of our revised 30 year financial modelling, based on current and projected resources, now covering the period 2020/21 to 2049/50.

1.6 The HRA Business Plan has been produced jointly with Sutton Housing Partnership (SHP), the Council's arms-length management organisation or 'ALMO which manages the stock on the Authority's behalf. Up to date information on day to day service delivery and performance, which seek to address objectives 4 to 7 of the HRA Business Plan, can be found in SHP's latest annual delivery plan at: https://www.suttonhousingpartnership.org.uk/our-plans-performance

Strategic and Policy Context

Local context

1.7 At the local level, the Council's housing strategy, published in 2015, takes into account wider corporate objectives; it also makes links with a number of its other strategies. Covering the housing function in its widest sense, the housing strategy contains five broad strategic aims or priorities, most of which have a bearing on, or implications for, the Authority's responsibilities as a landlord:

A. *Increase the supply of affordable housing*

B. *Invest in and make best use of the borough's existing housing stock*

C. *Promote excellent housing management standards across all types of housing*

D. *Provide housing options advice and address homelessness*

E. *Provide housing support and improve the health and wellbeing of residents*

1.8 The HRA Business Plan, and its delivery through SHP, will help to realise these wider housing strategic objectives, as summarised in table 1.1 below.

Table 1.1: HRA Business Plan Contribution to the Council's Strategic Housing Priorities

Strategic housing priority	HRA Business Plan contribution
Increase the supply of affordable housing	As part of the asset management process, through identifying land that could be used for new affordable housing development; also potentially through the use of HRA funding and RTB receipts to develop and acquire new local authority-owned homes
Invest in and make best use of the borough's existing housing stock	Through programmes of major repairs and improvements to the council stock including works to improve energy efficiency. Through the redevelopment of estates to provide more appropriate housing, from the re-provision of shared facility sheltered housing and through the conversion and de-conversion of individual dwellings
Promote excellent housing management standards across all types of housing	Through SHP's policies and procedures for managing the Council stock and its service improvement planning process.
Provide housing options advice and address homelessness	Through the provision of Council accommodation for homeless applicants and the work done to support vulnerable tenants to maintain their tenancies and prevent homelessness.
Provide housing support and improve the health and wellbeing of residents	Through the support provided to vulnerable council tenants by SHP as part of its independent living and other housing management services and also from its wider work with other social housing providers around health promotion, tackling domestic abuse etc.

1.9 SHP has recently reviewed its asset management strategy setting out the strategic framework within which it will manage the Council's HRA assets over the coming years.

The latest version can be found at: **https://www.suttonhousingpartnership.org.uk/our-plans-performance**

1.10 Feeding into and informing the HRA Business Plan, it sets out how the ALMO will deliver repairs and improvements to the stock in a structured and sustainable way while maximising performance and value for money, with the ultimate aim of making best use of the assets to meet current and future demand.

Regional context

1.11 Along with investment powers for new affordable housing, the Mayor of London had responsibility for allocating decent homes backlog funding, and the Council was ultimately successful in securing almost £70m from the programme. It also secured over £5m of extra HRA borrowing capacity for new build through the Government's Local Growth Fund, also administered by the Mayor.

1.12 A further £496k of grant has been obtained from the GLA towards the capital cost of a pilot project to explore the potential of a Dutch retrofitting methodology (Energiesprong) to achieve zero carbon homes. Additionally, we have been successful in securing £2.34m BEIS funding to support rolling out the pilots to a wider project to begin to meet the environmental challenges of decarbonising the property portfolio (see chapter 4).

1.13 Last year the Mayor invited London boroughs to bid for grant to support his programme for producing social rented homes, offering up to £100k of subsidy per unit. Sutton successfully secured £6.5m to fund a programme of 81 units. This is discussed further in chapter 5.

National Context

1.14 Despite the freedoms granted under HRA self-financing back in 2012, the Government has retained control over social housing rents and imposed a 1% p.a. reduction over four years commencing in 2016/17. Notwithstanding the subsequent announcement that social rents will be allowed to increase by up to CPI + 1% for at least five years from 2020/21 the impact of the reduction period has had significant implications for the HRA Business Plan and the housing management service offered to residents.

1.15 In April 2012 the Government introduced its "reinvigorated" Right to Buy (RTB) policy aimed at increasing home-ownership amongst social tenants while at the same time replacing, on a one-for-one basis nationally, the additional homes sold. The policy has already had a significant impact, with the Council seeing a very substantial increase in RTB sales over the last six years, albeit that sales have recently been dropping off.

1.16 The Social Housing Green Paper, published in August 2018, proposed a number of changes in relation to the landlord-tenant relationship, giving greater power to residents, improving the mechanisms for resolving complaints and strengthening the role of the Regulator. It also seeks to expand social housing supply, including local authority-owned accommodation and raises the possibility that the decent homes standard may be reviewed. However, there has yet to be any policy follow up from the government.

1.17 The lifting of the HRA borrowing cap has changed the financial landscape for stock-owing authorities, releasing significant potential capacity for housing investment, including in new homes, albeit that there is no government revenue support for borrowing being offered. This is discussed further in chapter 3. Another national policy development has been the publication of a consultation paper on the use of RTB receipts, with the potential for greater flexibility in how, and by when, these resources can be deployed. Again, there has yet to be any further government response to this.

2 The Council's Housing Stock

Stock Make Up

2.1 As at 1 April 2019, the Council's housing stock held in the HRA comprised 5,926 rented homes, 12 shared ownership properties (the equivalent of 6.75 rented units) and 1,433 flats and maisonettes sold on long leases. Also, within various estates are 114 houses sold freehold where the owner pays a service charge to the Council (commonly referred to as 's16 freeholders'). The rented portfolio includes 508 independent living units for older people (commonly referred to as sheltered units); also held within the HRA are around 1,200 garages and a number of commercial units.

2.2 The Council's rented stock has reduced considerably since the inception of the Right to Buy in the early 80s when Sutton owned around 9,000 homes. The local authority stock now comprises just 7% of the borough's housing but none of our homes are classified as unfit or designated as difficult-to-let.

2.3 We anticipate the number of rented units to increase slightly during the next five years where RTB sales and other disposals are set against greater numbers of new build homes and acquired units (see chapter 5). However, this doesn't take into account the potential impact of proposed estate regeneration set out in the Council's recently adopted Local Plan (see chapter 4).

2.4 Council housing is located in most parts of the borough. There are, however, a number of larger estates or concentrations of stock, the principal ones being:

- Around 2,600 interwar cottages and low rise flats at St Helier in the north of the borough;
- the Benhill estate in central Sutton, built in the late 1960s and comprising 429 flats and maisonettes;
- 'Shanklin Village' in Belmont, made up of 424 deck-access designed, 70s-built flats maisonettes and houses.

2.5 The following table gives a breakdown of the stock of HRA rented dwellings by type, size and age as at 1 April 2019.

Table 2.1: Breakdown of the HRA Rented Housing Stock by Type, Size and Age

	Pre 1945	1945-64	1965-74	1975-84	Post 1985	All ages
Houses (traditionally built)						
Terraced -1 bed					19	19
Terraced -2 bed	1,016	6	12	8	26	1,068
Terraced -3 bed	1,048	62	48	34	25	1,217
Terraced -4+ bed	14	11	1	1		27
Semi-detached -2 bed	50	1		1		52
Semi-detached -3 bed	154	44	2	4	6	210
Semi-detached -4+ bed	5	2				7
Detached -3 bed	3					3
Detached -4 bed	1					1
Houses (non-traditionally built)						
3 bed	5	60	1			66
All Houses	2,296	186	64	48	76	2,670
Bungalows						
1 bed	5	25	10	17	7	64
2 bed	2	1		3	2	8
3 bed	9	1		5		15
4 bed	1					1
All Bungalows	17	27	10	25	9	88
Flats and Maisonettes						
Low Rise Bedsit/ studio	12	21	61			94
Low rise -1 bed	435	54	108	180	148	925
Low rise -2 bed	61	83	14	21	12	191
Low rise -3 bed	14	8				22
Low rise -4 bed	1					1
Med Rise Bedsit/ studio	7	16	41	3		67
Med Rise -1 bed	8	134	330	108	34	614
Med Rise -2 bed	111	329	118	22	22	602
Med Rise -3 bed	19	143	201	21		384
Med Rise -4+ bed	5	4	4			13
High Rise Bedsit/ studio		5		18		23
High rise -1 bed		25	26			51
High rise -2 bed		156	18	7		181
All Flats and Maisonettes	673	978	921	380	216	3,168
All dwellings	**2,986**	**1,191**	**995**	**453**	**301**	**5,926**

2.6 Flats and maisonettes comprise 53% of the stock, with houses and bungalows making up the remaining 47%. Of particular note is that over half of the stock was built before 1945, and only 12% was built since 1974. Within the total, 508 (8.5%) are independent living dwellings, grouped within 13 schemes.

2.7 In terms of property size, Sutton's HRA stock contains 1,967 'family-sized' units (3+ bedrooms) representing one third of the total. However, of this number, only 50 dwellings have four or more bedrooms, amounting to less than 1% of the stock.

Stock Condition

2.8 In 2018, as part of a refresh of SHP's asset management strategy following completion of decent homes* works, a rolling programme of stock surveys has been carried out comprising 20% of internal areas and 100% external areas, this reflecting industry good practice. However, the last major comprehensive independent survey was carried out back in 2004. Given the need for accurate and comprehensive integrated stock data to plan future investment programmes, a new major survey is required, and funding for this will be set aside in 2020/21.

*The 'decent homes standard' was introduced by Government in 2001 to ensure all social homes meet basic standards of fitness, repair, thermal comfort and modern amenities

2.9 Now that 100% decency has been achieved, SHP's asset management strategy will, in addition to maintaining full decency and meeting all health and safety requirements, seek to ensure that in future an appropriate portion of the annual investment programme is focused on communal services and areas of estates not covered by the decent homes standard. It also established a 'just in time' approach to investment in order to make the most efficient use of resources.

2.10 The works outside of individual homes will include repairs to mechanical and electrical plant and equipment, repairs and upgrades to communal areas, and works to ensure that our estates meet the needs of residents in the 21st century. Most importantly, in light of the fire at Grenfell Tower and emerging new requirements arising from the tragedy, the programme will have a renewed focus on fire safety measures in flatted blocks, and increased resources for fire safety and other health and safety compliance related works have been given the highest priority.

Sustainability

2.11 In terms of assessing sustainability SHP has classified each property as either 'Green', 'Amber' or 'Red'. The definition of the three categories is as follows:

Green – Those properties that are in high demand and that require average or below average levels of investment. This category may otherwise be described as 'core stock' and is of low risk.

Amber – Those properties that offer peripheral performance and that require further investigation to be reclassified as either red or green.

Red – Those properties deemed to be 'high risk' in that they require significantly higher than average levels of investment in order to bring them up to or maintain them in a good lettable condition and/or that are in low demand (i.e. are difficult to let or have an unjustifiably high void turnover rate).

2.12 Generally those properties designated ‘Green’ will continue to receive investment given their commercial viability. Those classified as ‘Amber’ or ‘Red’ are effectively highlighted for further consideration, option appraisals and ultimate decision making in terms of their long term future.

2.13 Taking into account works undertaken to the stock in recent years, properties that remain designated as ‘Red’ or ‘Amber ‘are listed in Appendix A. As can be seen, only three properties are showing as ‘Red’, these being the vacant property 110 London Road, Hackbridge (Culvers Lodge), which is earmarked for major refurbishment and partial redevelopment, and two vacant houses on the St Helier estate in very poor condition.

2.14 There are 142 properties that are currently designated as ‘Amber’, these being mainly the Unity system-built homes on the Clockhouse estate and the 50 units at Rosehill Court. However, this is not to suggest that all these units should receive no further investment but it triggers a need to consider the causes of their relative unsustainability and what can be done to improve viability.

2.15 In both cases the estates are being considered for extensive refurbishment or regeneration as part of a wider programme of area improvement (see chapter 4). It should also be noted that investment costs for properties designated ‘Amber’ are still included in the depreciation calculation for the stock (see chapter 3). Further, the list of ‘amber’ properties excludes homes that form part of ongoing or agreed regeneration or redevelopment schemes.

Future investment requirement

2.16 Set out in Table 2.2 is a summary of the latest estimate of the need for capital investment in the housing stock, by type of work over the 30-year time span where Year 1 is 2020/21. Full details of this, by building element and including a breakdown for Years 1 - 5, is set out in Appendix B. It should be noted that this is based on the assumption that all existing homes, with the exception of those designated for or currently undergoing redevelopment, are maintained into the future. Should further elements of the stock be redeveloped the overall investment needs will change accordingly.

2.17 It should be noted that Appendix B excludes provision for any estate re-modelling, conversions of properties or the creation of new homes or communal facilities within estates. Such opportunities are flagged up in SHP’s asset management strategy and, subject to resources being available, will be considered by the Council at the appropriate juncture. It also, at this stage, takes no account of the proposed redevelopment over the next 15 years of a number of estates close to Sutton town centre (see chapter 4).

Table 2.2: Summary of Stock Investment Needs 2020/21 to 2049/50 (Years 1 - 30)

Element	Years						
	2020/21 – 2024/25 (1 to 5) (£)	2025/26 – 2029/30 (6 to 10) (£)	2030/31 – 2034/35 (11 to 15) (£)	2035/36– 2039/40 (16 to 20) (£)	2040/41 – 2044/45 (21 to 25) (£)	2045/46– 2049/50 (26 to 30) (£)	2020/21 – 2049/50 (1 to 30) (£)
Major Repairs	19,382,435	22,126,799	31,681,858	20,445,785	24,680,996	28,688,231	146,986,104
Contingent Major Repairs	771,000	771,000	1,080,400	1,014,100	1,102,500	1,102,500	5,841,500
Improvements	8,169,876	4,999,876	3,500,000	2,750,000	2,750,000	2,750,000	24,919,751
Estate Works and Related Assets	2,046,508	1,979,016	2,100,976	1,661,698	7,678,389	3,914,626	19,381,21
Exceptional Extensive Works	7,875,000	0	0	0	0	0	7,875,000
Adaptations	2,000,000	2,000,000	1,601,560	1,950,000	1,950,000	1,950,000	11,451,560
Total	**39,743,111**	**31,876,691**	**39,964,794**	**27,821,583**	**38,161,885**	**38,385,357**	**215,953,420**
Adjusted Totals*	**47,696,700**	**46,127,600**	**65,831,300**	**54,809,600**	**84,770,000**	**98,803,600**	**398,038,800**

*These adjusted totals include fees and preliminaries (averaging at 8.75%), allow for building cost inflation (at a rate of 4.0% for 2020/21 to 2022/23, 3.5% for 2023/24 to 2024/25 to 2022/23 and then 3.0% for 2025/26 and thereafter) and allow for projected stock number changes. They also exclude associated costs of management.

2.18 As can be seen, the overall investment requirement over 30 years now amounts to £216m. When other elements such as fees and preliminaries (associated set up costs), inflation, adjustments for changing stock numbers are factored in, the adjusted total rises to £398m. However, it should be noted that this excludes associated costs of management.

2.19 The average estimated level of fees and preliminaries of 8.75% has been maintained for the purposes of projecting over the 30 year life of the Business Plan. Clearly this rate may vary over the coming years, but it is felt to be a reasonable estimate of the likely average rate over the period.

2.20 Based on the latest building cost indices provided by the Royal Institute of Chartered Surveyors, and taking account of long term trends, building cost inflation has been maintained at 4.0 % for 2020/21, reducing to 3.0% by 2025/26.

2.21 In terms of projected stock number changes, for the modelling of future resources (discussed in chapter 3) an estimate of the number of RTB sales together with other known future disposals and projected property acquisitions has been used. At this stage, no assumptions are made regarding any stock losses from future potential regeneration programmes (see chapter 4).

2.22 The average energy efficiency rating of the stock under the Government's Standard Assessment Procedure (SAP) methodology was 72.2 out of 100 at the beginning of 2019/20. The SAP methodology, established by the Building Research Establishment, measures the amount of energy an individual home would consume to maintain a given level of thermal comfort. The current score represents a significant improvement on the position two years ago (71.6) as a result of properties benefitting from energy efficiency works such as loft insulation along with data validation from the recent independent survey of the stock.

2.23 A breakdown of the stock by energy rating, using the A to G classification system as well as the SAP rating scores, is set out in Appendix C. This shows that the large majority of the stock is rated as B, C or D, with just 12 properties having a lower rating. However, it must be understood that none of the stock is zero carbon. To achieve this or even close to zero carbon across the whole stock in order to meet the Council's climate emergency objectives would require considerable additional investment. This is discussed further in chapter 4.

Housing Supply and Demand

2.24 Sutton's latest Strategic Housing Market Assessment, published in 2016, identified a requirement for over 1,000 new affordable homes per annum over the next 18 years. The demand for affordable housing is further evidenced by the large number of households in need of social housing on the Housing Register (currently around 1,600) and continuing high numbers of homeless households in temporary accommodation (now running at over 700).

2.25 The Council has lost large numbers of its homes through the Right to Buy and other disposals over time, with the rented stock reducing from a figure in excess of 9,000 in the 1980s to around 6,000 today. This reduction has resulted in a gradual decrease in permanent lettings becoming available each year, which has not always been compensated for by nominations to new social housing in the form of housing association units. Notwithstanding this, the HRA stock has been added to by a significant number of acquired ex-council homes (96 as at end November 2019) albeit that these units are currently used solely for temporary accommodation (see chapter 5).

2.26 Trends suggest that the local authority housing stock is likely to remain in high demand, at least for the medium term and probably into the longer term. On that basis the Council needs to ensure its continued maintenance as an asset for the full 30 year period of the business plan.

3 Resources and Financial Modelling

3.1 Since the introduction of HRA self-financing in 2012 the Council has been able to retain for use locally all of its rental income. It is also now free to undertake HRA borrowing within prudential limits. As well as rental income and borrowing, resources for council housing in Sutton include an element of Right to Buy (RTB) receipts and certain external funding sources. Each of these, are briefly discussed in turn. The remainder of this chapter then focuses on financial modelling over the 30 year period of the Business Plan, taking into account projected resources and investment requirements.

Revenue Resources

3.2 The cessation of the national HRA subsidy system, in March 2012, enabled stock-owning authorities to retain all their rental income locally going forward. Councils like Sutton that were deemed to be in 'negative subsidy' under the old subsidy regime (i.e. their rental income was considered to exceed their investment needs and were thus required to pay into a national pot) were required to make a one off payment to the government to buy themselves out of the system. Sutton's allocated self-financing debt settlement or buy out payment was set at £141.1m, and to enable it to make this payment the Council took out a single 30 year loan for that amount from the Public Works Loans Board. The Government agreed a special one-off reduced interest rate at that time of 3.5% p.a. for the purpose.

3.3 The taking out of the self-financing loan resulted in interest and debt management expenses of around £5.8m p.a. over the remaining loan period. However, this is significantly outweighed by the extra rental income retained (in the last year of the old national subsidy system Sutton was contributing over £10m p.a. to the Exchequer).

3.4 In terms of the loan principal, in previous iterations of the Business Plan the Council made provision within the financial modelling to pay this off during the 30 year term by setting sums aside annually. Under the latest modelling, however, it is proposed that the loan be paid back over a 50 year period through refinancing the debt when it becomes due, which reduces the set aside amounts from around £6.8m to just over £4m. This will free up resources that are needed in the early years of the Plan. Importantly, although the sums are set aside they will earn interest for the HRA.

Borrowing

3.5 In September 2018, the then Prime Minister announced that the HRA borrowing cap, which had remained in place with self-financing, would be lifted completely to allow stock-owning authorities unlimited HRA borrowing subject to Prudential Borrowing rules. However, any further HRA borrowing will not be 'supported', which means the revenue costs need to be found from within the authority's HRA.

Rental income

3.6 Under the Coalition Government social rents were set to increase by CPI plus 1% p.a. for 10 years from 2015/16. However, the Government changed its policy in 2015 and imposed a rent reduction of 1% p.a. for a period of four years, which commenced in 2016/17. Last year the Government announced that following the end of the reduction period rents would be allowed to rise by up to CPI + 1% for a period of at least five years. However, the reduction has had a significant impact on the funding available within the

HRA, not just during the four years to 2019/20 but across the whole 30 year period since it is unlikely that council rents will be allowed to go up sufficiently in future years to compensate for the loss.

3.7 Assuming a CPI + 1% increase in rents in April 2020 and taking into account other income sources, it is projected that the total HRA income in 2020/21 will amount to £39.2m. The Base Model (see below) prudently assumes that rents annually will go up by CPI only following the five year period of CPI + 1% increases.

3.8 Under HRA accounting, a depreciation cost (the amount required to maintain the stock) is calculated on a formulaic basis and an equivalent amount of income is set aside into a Major Repairs Reserve (MRR) to cover this. The current cost of replacing each major building component is annualised over the expected life of the component and then averaged across all dwellings to derive an annual amount per property. At £6.959m in Year 1 the sum set aside works out at £1,136 per rented dwelling per annum.

Right to Buy Receipts

3.9 Under the Government's "reinvigorated" RTB policy, introduced in March 2012, where authorities entered into an agreement with Government to retain the additional or 'net' receipts for investment locally, the receipts must be spent within three years of their arising, otherwise they have to be returned to the Exchequer with a high level of interest payable (4% above Base Rate). A further stipulation is that additional RTB receipts can be used to fund no more than 30% of the cost of new housing including land acquisition costs where applicable. However, it should be noted that this, along with other limitations, was the subject of a government review last year which may in due course result in some relaxation.

3.10 The numbers of RTB sales over the last seven years are set out in the table below. As can be seen, annual sales peaked at 75 in 2014/15 but have been gradually dropping since, with the 2019/20 sales projected to remain at just 27 and to drop to 20 the following year.

Table 3.1: RTB Sales 2012/13 to 2018/19

2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
35	65	75	59	51	37	27

3.11 The sales over the seven years to 2018/19 have given rise to a net receipt of £27.5m This is the proportion of the gross receipt which the local authority is allowed to use for investment in new homes. The net receipt is calculated in accordance with a prescribed government methodology whereby the gross receipt is reduced by a standard administrative allowance per property sold, attributable debt, the share retained by the local authority usable for any capital purpose, the HM Treasury share, and the allowance for buy backs where applicable. Some £2m of the £27.5m was deployed in 2015/16 to support the regeneration of the Orlit homes in Carshalton, while £70,000 was provided to local housing association, Sutton Housing Society, leaving approximately £25m for HRA investment.

3.12 Set out at Appendix D is the latest projection of RTB sales and net receipt income available for investment over the Business Plan period, based on the current pipeline of applications and assumptions regarding the likely trends over the longer term. It shows that £88.7m of net receipts are estimated to accrue by the end of the Business Plan period, this figure including amounts that arose prior to 2020/21 (Year 1).

3.13 Appendix D also includes the amounts of RTB net receipts actually spent and projected to be spent on HRA new build, HRA-funded acquisitions and other expenditure. The funding for new build is limited to Phases 1 and 2 while the funding deployed on HRA acquisitions is based on a very broad estimate of ex-council homes that will become available for buying back over the next 30 years: 20 p.a. up until Year 11 (2030/31) and then 10 p.a. thereafter.

3.14 The final column within Appendix D shows, on a cumulative basis, the RTB net receipts that remain available to be applied. The amounts gradually reduce down from £9.6m in Year 1 to just £12k at Year 14 as they are taken up by the assumed 20 acquisitions p.a. However, from that point they then begin to rise again in light of the halving of the assumed number of annual acquisitions after Year 11.

Other Funding Sources

Local Growth Fund

3.15 In 2014 the Council successfully secured £4.050m of funding in the form of borrowing approval under the Government's Local Growth Fund initiative. This was then supplemented by a further award of £1.257m. These funds were deployed on the, now completed, Phase 1 of the HRA new build programme, which is discussed in chapter 5.

GLA grant and additional HRA borrowing

3.16 Last year the Council secured £6.5m of grant funding from the GLA, to be used alongside its other resources, in order to fund a second phase of HRA new build, the homes to be let at social rent, and with the stipulation that a minimum of 81 units are developed.

3.17 It should be noted that GLA grant can be used alongside additional HRA borrowing to fund a scheme. But although the grant can be mixed with RTB net receipts within a scheme both cannot be used to fund an individual property, thus borrowing will need to be applied to each property. However, the Government is considering allowing greater flexibility in this area.

3.18 The funding of a programme of 81 new build social rented homes is incorporated into the Base Model (see below). However, the Business Plan also discusses, in chapter 5, the possibility of further new build investment later on.

Funding for energy efficiency works

3.19 SHP has worked with the Council in successfully securing funding from the GLA for a pilot programme of whole house energy efficiency works, based on the Dutch Energiesprong whole house retrofit methodology and focussed on addressing fuel poverty and climate change. The GLA's match funding, amounting to £496k, along with £434k of HRA funding will allow SHP to undertake whole house retrofit refurbishments to an initial eight properties.

3.20 The pilot project will test the viability of the model prior to a wider programme of refurbishments being run. To that end, in conjunction with Energiesprong UK, we made a successful bid for additional match funding from the Department for Business, Energy &

Industrial Strategy (BEIS) and have been awarded circa £2.34m subject to agreements being signed. We have also received some ECO3i funding (the government's latest Energy Company Obligation scheme) from British Gas. The retrofit programme is discussed further in chapter 4.

Base Model

3.21 The Council, working with SHP, has produced a new 30 year 'Base' financial model, where Year 1 becomes 2020/21. The Base Model is predicated on the following:

- that sums are set aside throughout the period to only partially repay the £141.126m self-financing loan when it matures in 2042, this on the assumption that the debt will be refinanced over a 50 year period. Interest will accrue on these sums and is added into the working balance;
- that HRA borrowing is applied to new build and acquisitions in the early years, with an interest rate of 2.0% assumed in relation to this borrowing;
- that the HRA new build borrowing is paid back after 30 years, i.e. outside the period of the Business Plan;
- that the Major Repairs Reserve (MRR) is applied to investment in the existing stock along with leaseholder contributions and additional revenue contributions to capital outlay (RCCO), the latter where it is both needed and available;
- that an annual general inflation rate of 2.0% over the whole of the 30 year period will be applied to revenue costs, given that HRA income and significant HRA costs are now more closely linked to CPI;
- that a 4.0% p.a. uplift to major works costs is applied between 2020/21 and 2022/23, 3.5% is applied for 2023/4 and 2024/25 after which 3.0% p.a. building cost inflation is assumed (see chapter 2);
- that rents will increase by CPI + 1% over the next five years (commencing in 2020/21) and then increase at CPI only each year thereafter;
- that sufficient allowances are made for bad debt in light of the effects of changes to the welfare benefit systems that could impact negatively on rent collection: £371k (1%) for 2020/21; £428k (1.1%) for 2021/22; £419k (1%) for 2022/23; and £405k (0.9%) for 2023/24 and each year thereafter;
- that the amounts set to cover the cost of depreciation of assets from Year 1 are calculated using a 'component approach' which takes account of element lifetimes and building costs;
- that the costs of management (SHP's management fee and Council HRA costs) and the amount set for capital investment are linked to the remaining resources available.

3.22 It should be noted that a higher level of the SHP management fee has been allowed for in 2020/21 than was previously the case, this to reflect a number of emerging cost pressures on the revenue services provided by the ALMO. Notably are the costs of bringing the repairs service in house following the notice given by the repairs contractor, Mears and the costs of digitizing the service to help deliver SHP's 'New Deal' for residents.

3.23 In relation to new build, the following assumptions are made:

- that new build is limited to the Phase 2 programme of 81 HRA homes provided at a number of sites, some of which are to be confirmed;
- that 65 of the Phase 2 new build homes are let at the Mayor's London Affordable Rent, with the remainder likely to let at around 65% of market rents;
- that the averaged assumed rent levels for the Phase 2 new homes are as set out in Appendix E;
- that none of the new build units are subsequently sold under the Right to Buy.

3.24 In relation to the HRA acquisition programme (see chapter 5), the Base Model assumes that during Years 1 to 9 RTB net receipts fund 30% of the total cost, with the remaining 70% funded through HRA borrowing, which is now available as a result of the lifting of the cap. From Year 10 onwards, however, the programme is funded from a combination of RTB net receipts and RCCO given the revenue available.

3.25 The revenue modelling also factors in appropriate management and maintenance costs for the new build and acquired units while the capital modelling allows for renewal of building elements according to standard cycles.

3.26 Summary output sheets from the Base Model, for both revenue and capital, are set out in Appendices F (i) and F (ii) respectively. A schedule of all the assumptions within the Base Model is set out at Appendix G.

3.27 From the revenue summary, the following can be seen:

I. Total annual income amounts to £38.8m in Year 1, and rises gradually over the period to £138.2m in Year 30.

II. SHP's management fee (excluding contributions to major works) is set at £16.2m in Year 1 and rises to £50.7m in Year 30. The Council's management costs amount to £2.4m in Year 1 and increase with inflation to £6.7m by Year 30.

III. Depreciation increases from £7.0m in Year 1 to £18.5m in Year 30. The significant increase is driven by the stream of new build and acquired homes coming into the HRA portfolio. The depreciation figures transfer across to the MRR in the capital summary (see below).

IV. Debt management costs and interest payments on historic debt (including the self-financing debt) are approximately £5.8m p.a. up to and including Year 22; they then fall substantially in Year 23 of the Business Plan period after the self-financing debt is partially paid off. The costs from Year 24 are to support the remaining historic debt which has been refinanced. The costs of borrowing to support the new build and acquisition programmes are shown separately as "New Debt" (column 9).

V. Amounts of RCCO are applied to investment in the existing stock in Years 1, 3 and 4 and 13 - 15 to supplement the MRR when this is needed. No further RCCO is applied to the new build programme after Year 1 (the last year of Phase 1) but substantial sums are applied to acquisitions from Year 10 onwards.

VI. Amounts are set aside to repay the self-financing debt throughout the 30 year period (column 19) albeit that the debt will be refinanced and partially paid off when due in Year 23. The working balance carry forward (into Year 1) includes set aside from previous years (amounting to £6.586m).

VII. A minimum HRA balance is maintained throughout the Business Plan period.

VIII. Finally, an 'investment reserve' begins to build up from Year 1, reaching almost £570m by Year 30. This is significantly greater than the equivalent amount in the last iteration of the Business Plan, the principal reason for this being the substantial increase in income from the newly acquired units included in Year 1 of the 'Original Income' column, which now accumulates to £2.3bn over the 30 year period.

3.28 From the capital summary, the following can be seen:

I. The existing stock investment requirement, shown in column 1, reflects the amounts as set out in Table 2.2/Appendix B. However, additional amounts are included in later years to take into account the future investment needs of the new build stock while the future investment needs of the stock to be acquired (mainly flats) is factored into the purchase costs and the depreciation allowance. The amount in Year 1 also includes £500k to fund a new independent stock condition survey.

II. Column 2 shows the funding required to cover the cost of acquisitions while column 3 shows the costs of the new build programme (from 2020/21 onwards).

III. Borrowing is applied to new build, and now also acquisitions (up to Year 9) given the lifting of the HRA borrowing cap. As previously, no borrowing is applied to investment in the existing stock.

IV. The existing stock investment requirement is inclusive of the cost of works to leasehold units, with these costs offset by leaseholder contributions (column 8).

V. As can be seen from columns 9 and 10, RTB net receipts are applied to both acquisitions and new build, funding up to 30% of the total cost.

VI. The MRR column reflects the depreciation figures set out in the revenue summary (see above).

VII. The summary confirms that RCCO is now only used to fund works to the existing stock in specific years where it is required to supplement the MRR (Year 1, Year 3, Year 4 and Years 13 - 15); RCCO also funds the acquisition programme from Year 10 onwards.

VIII. The difference between the total investment requirement and the total funding available is reflected in the 'In Year Surplus/(Shortfall)' column, and subsequently in the 'Cumulative Surplus/(Shortfall)' column. The latter shows various surplus amounts over the years, which finally reduce to zero at Year 30.

4 Stock Investment

4.1 Considerable investment has been made in the Council's housing stock in recent years, with 100% decency being achieved and huge numbers of improvement works made to tenants' homes. Nevertheless, as discussed in chapter 2, the stock remains in continual need of capital investment to both maintain and improve on the decent homes standard and to undertake works of a health and safety nature, in particular in relation to fire safety. We also need to address the climate change agenda and the wider aspirations and expectations of residents in terms of environmental improvements and other works to dwellings and the communal parts of flatted blocks and estates.

Current Investment

4.2 The overall HRA capital programme projected outturn for 2019/20, together with the outturn for the previous two years is set out in the following table.

Table 4.1: HRA Capital Programme Outturn 2017/18 to 2019/20

	2017/18 outturn (£000s)	2018/19 outturn (£000s)	2019/20 projected outturn (£000s)
Expenditure			
Major repairs programme (incl. decent homes works)	6,165	7,722	11,288
Adaptations for disabled tenants	362	483	350
Richmond Green redevelopment	1,914	3,240	912
New Build (Ludlow Lodge and Fellowes Rd sites)	8,543	6,532	3,847
Property Acquisitions	5,417	16,589	7,700
Total	**22,401**	**34,566**	**24,097**
Resources			
Major Repairs Reserve (MRR)	3,989	6,568	10,554
Revenue Contributions to Capital Outlay (RCCO)	3,792	5,323	1,834
Borrowing	7,724	13,454	7,816
RTB net receipts	4,358	7,268	2,883
Leaseholder contributions	2,396	1,600	294
s106 receipts	0	0	673
Other	142	353	43
Total	**22,401**	**34,566**	**24,097**

4.3 The above table shows that £81m has been invested in the stock over the last three years - £26.3m on major repairs, improvements and adaptations to existing dwellings and £54.7m on new build and acquisitions.

4.4 The proposed major works programme for 2020/21 amounts to £13.1m (see below). The programme will result in over 200 homes having new windows or doors installed, 23 new kitchens and 23 new bathrooms provided, heating improvements for over 500 properties and 163 properties being improved electrically. In addition, £450k is earmarked to fund adaptations. It also makes provision for fire safety works, including over £3m to be spent on replacement fire doors and a further £1.6m on other fire safety-related works over Years 1 to 5.

Future Investment

4.5 As discussed in the previous chapter, a new Base Model has been developed taking into account the latest assessment of resources, stock investment needs and the funding of the current and approved new build and acquisition programmes. A significant element of the investment requirement during the next five years is major repairs, the costs of which totals £41.5m (before fees and inflation etc are factored in). The other major area of spend is improvements, with £9m of spend identified over the first five years.

4.6 On the basis of the funding position under the Base Model, the Council and SHP have been examining how best the anticipated resources available for capital investment in the existing stock might be deployed over the coming years, with the aim, firstly, of ensuring that all essential health and safety related and other legally required works, including all required fire safety works, are carried out. This forms a key element of SHP's review of its asset management strategy, with the initial result of this set out in Appendix H and summarised in Tables 4.2 and 4.3 below, the latter table showing the numbers of homes benefitting from each key building element repair/replacement.

Table 4.2: Outline Investment Programme 2020/21 to 2024/25

	2020/21 £m	**2021/22 £m**	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**	**Total £m**
Planned major repairs	3,407,618	2,867,743	5,077,183	8,917,367	3,386,240	23,656,150
Contingent major repairs	168,302	180,920	187,705	194,744	202,047	933,717
Improvements	1,937,324	2,082,577	1,976,002	2,050,102	1,799,409	9,845,414
Estate works and related assets	484,157	439,416	478,606	585,970	486,439	2,474,588
Exceptional extensive works	6,685,131	1,026,622	1,065,121	0	0	8,776,875
Aids and adaptations	452,350	469,313	486,912	505,172	524,116	2,437,863
All	**13,134,882**	**7,066,591**	**9,271,528**	**12,253,355**	**6,398,250**	**48,124,606**

NB: Figures in the above table include adjustments for inflation, fees and preliminaries and the associated costs of management. Totals may not add up exactly due to rounding. Fire safety works are included in Improvements.

Table 4.3: Outline Investment Programme – Key Building Elements

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Bathrooms/WCs	23	17	182	105	22	**349**
Kitchens	23	18	161	114	28	**344**
Heating	503	503	503	503	503	**2,515**
Electrics	163	176	183	189	196	**908**
Front doors etc	226	66	224	454	63	**1,033**
Windows etc	25	19	65	93	11	**213**
Roofs/canopies/balconies	63	66	87	290	100	**606**

4.7 Table 4.4 (below) gives a breakdown of the average costs for the key building elements, while Table 4.5 indicates the life cycles of some of the elements used for asset management purposes, based on the decent homes methodology. It should be noted that although a building element may reach the end of its life cycle, when it is actually replaced will depend upon its condition. Some elements may need replacing before the end of the cycle while others may have a longer effective life. Importantly, following completion of the decent homes programme, SHP has adopted a 'just in time' approach to replacing building elements (see below), which should help to reduce expenditure.

Table 4.4: Key Building Element Unit Costs

	Average cost per unit / dwelling (£)
Bathrooms/WCs	3,000
Electrics	2,200
Front doors	1,000
Heating systems (inc boiler)	2,000
Kitchens	4,000
Windows (inc patio/French doors)	4,000

Table 4.5: Decent Homes Life Cycles of Key Building Elements

	Life cycle (years)
Bathrooms/WCs	40
Boiler	15
Electrics	30
Front doors	40
Heating systems	40
Kitchens	20
Roof coverings	70
Windows (inc patio/French doors)	40

4.8 The total cost of the modelled programme shown in Appendix H broadly matches the resources assumed to be available within the Base Model over Years 1 - 5. The amounts, over the period, also equates approximately to the investment requirement, as set out in Appendix B. As mentioned in the previous chapter, the sources of funding for investment in the existing stock comprises the MRR, available RCCO and leaseholder contributions. No borrowing or RTB net receipts are applied to the existing stock.

Asset Management Policy

4.9 Last year SHP updated its asset management strategy for the Council's housing stock, which can be found at: www.suttonhousingpartnership.org.uk/our-plans-performance The strategy includes a number of principles or policy proposals; the key ones are summarised below.

Stock decency

4.10 Having achieved 100% decency, subject to a small number of allowable exceptions, a key principle objective of the asset management strategy (and the HRA Business Plan) is to maintain the property portfolio at the decent homes standard as a minimum, but also to widen the scope of investment to include estate grounds and a more sustainable and improved living environment for residents. Should there be any future revision of the standard, as has been proposed by the Government, the priority will be to achieve and adhere to it.

Planned and responsive repairs integration

4.11 Planned major works programmes will in future be developed in coordination with management data from the day to day or responsive repairs service. SHP will accordingly be undertaking regular cross data analyses to ensure that major works programmes are not only mitigating both component remaining life failures and combating potential decency failures, but also efficiently resolving responsive repairs in a more holistic fashion.

'Just in time' approach to building element renewal

4.12 The traditional approach to renewing building components according to their industry standard lifetimes has now been re-appraised to take into account actual 'real world' component failure rates. Before works are commissioned, inspections will be carried out to obtain a real time view of condition and the need for component replacement/repair or otherwise.

4.13 Additionally, during 2020/21 SHP intends to commission specialist surveyors to undertake a new independent stock condition survey in order to validate and reset the stock condition data it holds. This external validation will reinforce data confidence and be used to undertake projections for anticipated spend and investment needs.

Energy efficiency and fuel poverty

4.14 There has been steady improvement in the energy efficiency of the housing stock in recent years, which now has an average SAP (Standard Assessment Procedure) rating of 72.2 (out of 100), which compares very favourably with the private sector. However, there are a number of properties that have complex requirements that must be addressed in order to allow this improvement to continue. SHP is aiming for a minimum SAP target of

69 across the entire stock, to be reached by 2023, which represents an achievable improvement target.

4.15 SHP will also undertake customer and asset analyses to allow it to understand more about how energy efficiency improvements can not only improve thermal comfort but alleviate the consequences of fuel poverty. However, in order to meet the demands of the climate emergency, innovative measures will need to be employed to address the decarbonisation of the housing portfolio.

4.16 One way of achieving this aim is to deliver major retrofits of ill-performing properties using the Dutch Energiesprong methodology aimed at achieving zero carbon or close to zero carbon performance. To that end a pilot Energiesprong project is being run to deliver retrofits to eight homes - two in Worcester Park and six at Clockhouse - with over 50% of the £800k estimated cost funded by the GLA. These are due to complete by the summer of 2020.

4.17 The agreement with the GLA has since been extended to support the retrofitting of up to a further 34 homes at Clockhouse with the opportunity to further extend the scheme to homes at St Helier to address up to 100 properties in total. The unit costs of retrofitting will reduce considerably with increasing numbers of homes included in the programme. Initial cost projections for 100 units are in the region of £8.1m; however, over 50% of the necessary funding would be provided externally through successful capital bids - along with the £800k for the pilots these comprising £2.34m from BEIS and £800-900k from British Gas through the ECO 3i scheme. The balance of £3.5m will need to come from the HRA and has been included in the Base Model.

4.18 A preliminary assessment of the costs of decarbonising all of our houses, which account for 47% of the stock, estimates this to be in the region of £144m or around £50k per house; however, this is calculated using existing costings for this approach. The unit cost of decarbonising flatted homes, which form the remaining 53% of the stock, is likely to be significantly higher.

Fire safety

4.19 There are approximately 320 housing sites with communal areas which require a fire risk assessment (FRA), and SHP has carried out assessments at all of these. The ALMO also runs an annual programme to update 100% of the assessments and undertakes remedial actions as they arise. The programme is closely monitored by the London Fire Brigade (LFB), and SHP holds regular strategic and operational meetings, involving the LFB, to ensure that communication channels are maintained. Higher risk buildings are reassessed each year and lower risk buildings every three years. FRAs are now openly published on SHP's website.

4.20 In addition to FRA assessments and remedial works to address any issues, SHP will be continuing its programme of replacing fire doors that do not meet the required government standards. The programme for the coming year is likely to see another 1,000 doors being installed.

4.21 Next year SHP will begin undertaking fire compartmentalisation works that were identified in a specialist consultancy report for blocks of five storeys and above. Continuing its work to ensure all properties meet the highest standard of fire safety SHP will ensure the confidence of residents and the safety of their homes. Alongside, this programme of work, the remedial works to be undertaken at Chaucer House will be completed ensuring that the final building elements, identified following the tragic events at Grenfell Tower, are dealt with.

Properties off of the gas main

4.22 The Council has around 300 properties that do not have a gas supply readily available for heating and hot water and where heating and hot water is electrically provided, normally by storage heaters. By their nature these systems are often more expensive to run and less energy efficient, and our policy objective is to improve the thermal efficiency of dwellings and help to alleviate fuel poverty.

4.23 Some residents living in these homes have asked if gas heating could be provided when packages of works are undertaken to their homes. If gas supply pipework is present but unconnected, it is relatively easy and inexpensive to convert the home to gas heating and hot water. However, if pipework isn't present, a new supply needs to be taken from the main network, which can be expensive and time consuming. Also, once gas is installed there will be a capital cost for the provision of a central heating boiler and ancillary systems as well as the consequent increase in programmed renewal costs and servicing arrangements.

4.24 Based on the likely take up, a provision of £700k over the next five years has been made for the installation of new gas supply and heating upgrades to electrically heated properties, with a further £29m being required over the 30 year Business Plan period to cover the cost of elemental renewals in domestic systems. In addition, a prudential assumption of around £600k would be required on an annual basis to carry out routine gas servicing and maintenance assuming that gas is installed in all properties.

Door entry systems

4.25 Security is a high priority for residents, and there is a demand to have door entry systems where none exist. In many cases, there is no door at all to common areas, which are therefore open to the elements and vulnerable to anti-social behaviour. To address this, SHP will canvass the views of residents, and gain an understanding from the police and other agencies about crime or antisocial behaviour, in order to inform decision making. Subject to funding being available, SHP will provide new door entry installations on a scheme by scheme basis.

Specific stock issues

4.26 Although the majority of the Council's housing provides good homes for residents there are occasions where the costs of maintaining a property outstrips the value of retaining it. In these instances an evaluation of a number of both economic and social factors will be undertaken by SHP to assess the viability of the property over the Business Plan period. Where the costs of maintaining the property exceed its value and the associated rental income then consideration will be given to disposal, with a view to recycling the capital receipt to provide new housing.

Garages

4.27 The majority of our garages are now beginning to require extensive repairs and maintenance. In most cases these garages are of a 'battery' form (i.e. build in strips) and constructed of reinforced concrete panels that are coming to the end of their serviceable lifespan. In increasing numbers repairs are either not possible or are so extensive as to make it non-viable to undertake them. In addition, the majority of these garages are too small to accommodate modern cars and therefore, as opposed to being used for their intended purpose, are often just used for storage.

4.28 Given growing pressures on parking within the borough SHP will be commencing a programme to demolish all battery garage sites over a period, subject to being able to negotiate the re-acquisition of individual garages where they have been sold. Where appropriate, the sites vacated may be considered for re-development, and some already have been (see chapter 5). Otherwise the land vacated will be created as off-street parking for the residents of the estates, or otherwise landscaped.

Voids

4.29 There may be occasions when a property or group of properties become empty or void and for various reasons are assessed as 'high risk' (i.e. classified as 'red') under the sustainability modelling criteria. Where these arise, option appraisals will be undertaken by SHP in relation to their future use. Where considered appropriate, they will be recommended to the Council for redevelopment or disposal.

Independent housing for older people

4.30 The portfolio of 500+ independent living units for older people (formerly known as sheltered housing), much of which was built many decades ago, presents issues around the suitability of the accommodation for the purpose that it is being used. In recent years a number of such schemes have been redeveloped or re-modelled to make the accommodation more suitable for 21st century living. In conjunction with the Council SHP will undertake an ongoing review of the layout of these buildings in order that they can assess the viability of remodelling to make them fit for modern day living.

Clockhouse 'Unitys'

4.31 The precast reinforced concrete Unity system-built homes in the Clockhouse area were last subject to detailed review in 2001. Although at the time a decision was taken to dispose of some other system built homes designated under the Defective Dwellings Act, these properties were retained, and some works have been undertaken in recent years, such as window replacement, in order to extend their life. Decisions will be required in the near future regarding further planned repair works and improvements to the thermal efficiency of these homes, notwithstanding their inclusion in the Energiesprong pilot (see above). Given their condition, these properties are all classed as 'Amber' under the sustainability modelling process.

4.32 To determine the best option for the future of these dwellings in terms of refurbishment vs redevelopment, an appraisal of the stock condition, tenure and occupancy position on the estate has been undertaken. Alongside the retrofitting option, a number of potential redevelopment opportunities have been identified.

Estate re-modelling

4.33 SHP's asset management strategy acknowledges that the number of homes on certain estates could be increased through imaginative design solutions, re-modelling existing buildings or through 'infill' developments. Such initiatives could not only add to the social rented stock but could also help to improve the environment and positively contribute to the life of the community. As mentioned, an earlier review of under-used garage sites has already yielded a number of potential plots which are being considered for redevelopment. SHP will continue to explore and develop ideas for further estate re-modelling in conjunction with the Council's wider regeneration agenda.

Regeneration

4.34 The Council has a long track record of housing regeneration, with the wholesale redevelopment of the 2,000 home Roundshaw estate in Wallington over recent decades, the ownership of which was transferred to the housing association sector. A more recent major project has been centred on the former Durand Close estate in Carshalton, in which 295 unattractive system-built maisonettes has been replaced with a mix of new social and private housing.

4.35 The Lavender Housing Partnership, comprising the Council, Clarion, Rydon Construction Ltd, Pollard Thomas Edwards architects and the local residents association, in addition to redeveloping Durand Close has also provided new homes at a number of associated sites mainly in The Wrythe and St Helier areas. The Partnership is due to complete the remaining project sites in 2020, incorporating the last of the Orlit system-built houses located in the Carshalton area. The flats at Corbet Close in Carshalton, now demolished and which were of an identical built form to the former Durand Close, were also included in the programme.

4.36 To date 619 new homes have been completed at the Durand Close site (now "The Lavenders") and 13 other sites, with a further 93 on site or in the pipeline. Of the total, 73% of the new homes will be affordable rent or shared ownership.

Potential future schemes

4.37 The Council's aspirations for the future of the borough and its residents are set out in its adopted Local Plan *Sutton 2031*. As part of this vision the Council also approved a Town Centre Master Plan in 2016 which identifies over 40 potential development sites in Sutton town centre including council owned assets. The seven housing estates included give us an opportunity, working with residents, to achieve some exciting and ambitious transformations as well as our wider place-making aspirations over the next 10 to 15 years.

4.38 Two of the estates are listed as site allocations for redevelopment in the Local Plan (Beech Tree Place and Elm Grove). A further five estates (Benhill, Rosebery Gardens, Collingwood, Chaucer Gardens and Sutton Court) have been identified as potential renewal areas and, subject to viability and detailed resident engagement, may be brought forward through an Area Action Plan.

4.39 In taking its regeneration plans forward the Council is committed to early and ongoing engagement with communities and other local stakeholders. This is clearly set out in the Master Plan, which states that "the Council will explore with its tenants and leaseholders the options available for change" and adds that "redevelopment will only be considered if community engagement and viability assessments demonstrate a case for development."

4.40 Working with SHP, the Sutton Federation of Tenant and Resident Associations, the Sutton Leaseholders Association and ward councillors, the Council is rolling out a programme of engagement with residents on those estates, at this stage Beech Tree Place, Elm Grove and Benhill Estate, centred around the formation of resident steering groups with whom the Council will work in partnership to select Independent Tenant and Homeowner Advisers, prepare estate option appraisals and produce Resident and Community Charters, the latter two respectively describing the steering group's vision for their estates and the Council's offer.

5 Local Authority New Build and Acquisitions

New Build

5.1 The Council's corporate plan *Ambitious for Sutton* has as one of its key objectives the delivery of affordable housing to support the borough's housing needs, and for the first time in decades the Council is now building new homes again. To best achieve its objective Sutton took a decision to adopt a 'twin track' approach, delivering new homes within the HRA and separately within its General Fund through the setting up of a wholly-owned development company, Sutton Living. The HRA Business Plan, however, is focused solely on the former.

5.2 Set out in Appendix E is a summary of the outturn of the Phase 1 programme of HRA new build together with an outline of the approved Phase 2, comprising 81 units, of which 65 will receive £6.5m of GLA grant subsidy (£100,000 per unit). For convenience the programme is summarised in the table below.

Table 5.1: Outline HRA New Build Programme (Phases 1 and 2)

Year	Scheme						Total spend (£000s)	Total no. units
	Richmond Green		Ludlow Lodge		Fellowes Road			
	Spend (£000s)	No. units	Spend (£000s)	No. units	Spend (£000s)	No. units		
Phase 1								
2013/14	42		0		0		42	
2014/15	60		10		9		79	
2015/16	188		296		83		567	
2016/17	782		4,633		1,500		6,915	
2017/18	1,914		5,706		2,270		9,890	
2018/19	3,759		5,139		1,258	15	10,156	15
2019/20	888	21	1,450	57	162		2,500	78
2020/21	105		247		0		352	
Totals	**7,738**		**17,481**		**5,282**		**30,501**	**93**
Phase 2								
2018/19							134	
2019/20							4,331	
2020/21							10,017	
2021/22							8,340	65
2022/23							2,178	16
Total							**25,000**	**81**

5.3 As can be seen, the Phase 1 programme, which was completed in October 2019, comprised 93 units across three sites or schemes, two of which (Ludlow Lodge and Fellowes Rd) were General Fund sites; the other (Richmond Green) was an HRA-owned site. Rents were all set at around 65% of market.

5.4 The full range of sites for the Phase 2 new homes is yet to be finalised but so far eight sites have been identified for new build development, together providing for 39 new homes. These are:

Assembly Walk, Carshalton - 10 no. mainly two bedroom flats

Bisham Close, Carshalton - 4 no. two bedroom houses

Lynwood Avenue, Coulsdon - 4 no. two bedroom houses

Radcliffe Gardens, Carshalton Beeches - 4 no. two bedroom houses

Southway, Wallington - 5 no. two bedroom houses

Wellesley Court, Stonecot Hill - 6 no. two bedroom flats

Woodbine Lane, Worcester Park - 2 no. two bedroom houses

Wrythe Lane, Carshalton (Rose Hill) - 4 no. two bedroom houses

5.5 In addition, there are a number of other sites undergoing feasibility assessments, including: land at Buckingham Way, Wallington; Bishopsford Rd, Carshalton; Beddington Lane, Beddington; and Gower House in Wallington.

5.6 As discussed in chapter 3, the Base Model shows a significant 'investment reserve' building up over the next 30 years, reaching £570m at the end of the Business Plan period. The previous iteration of the Business Plan modelled an illustrative Phase 3 new build programme comprising a further 120 units. However, the investment reserve as it now stands, taken together with arising RTB net receipts, could support a substantially larger programme, potentially over 300 units up to Year 15, subject to viability assessments and other calls on the resource.

Acquisitions

5.7 In June 2017 the Council agreed to commence a programme of property acquisitions aimed primarily at providing an alternative source of housing for families that would otherwise need to be housed in expensive nightly paid temporary accommodation such as B&B, often out of borough. Another important objective was to ensure the longer term viability of the HRA, which would otherwise be at risk from ongoing diminishing stock numbers.

5.8 The proposal was that properties be acquired through two funding stream combinations: (i) HRA revenue and RTB net receipts and (ii) General Fund borrowing and RTB net receipts. In the case of the latter, properties would be purchased on the open market, and all General Funded purchased properties would need to be held outside of the HRA. In the case of the former, the acquired units would principally be ex-council homes that had been sold under RTB.

5.9 Homes purchased with HRA revenue become HRA units and therefore form part of the HRA business plan modelling. The modelling over the next 30 years allows for the investment of £210m in HRA-funded acquisitions, the funding being a combination of borrowing (£48.4m), revenue contributions (£98.6m) and RTB net receipts (£63m), the latter funding 30% of the cost.

5.10 Currently the average cost of an acquisition, including all ancillary costs in addition to the purchase price, is around £300,000. During the first year of operation (2017/18) 19 properties were acquired. In 2018/19 there were a further 59 acquisitions. An additional

30 acquisitions are expected this year (2019/20). For simplicity the modelling assumes 20 acquisitions p.a. from Year 1, dropping to 10 p.a. from Year 12. These are funded from a combination of HRA borrowing and RTB net receipts up to Year 9 and then from RCCO and RTB net receipts from Year 10 onwards.

5.11 The acquisition programme will be kept under review, balanced against the investment needs of the existing stock and the potential to support further new build. This may include consideration of using General Fund borrowing, which could free up HRA resources for other investment. An update on progress will be reported as part of the next iteration of the HRA Business Plan.

6 Strategic Options for the Future

6.1 In terms of the condition of the existing stock, the latest modelling shows almost all of the Council's homes to be viable into the future. Only a small number of properties have been classified as either 'Red' or 'Amber' due mainly to relatively high level of required investment per unit. The future of these homes will be addressed within SHP's revised asset management strategy.

6.2 In terms of investing in the existing stock, under the Base Model there are sufficient resources to deal fully with all investment needs in each year of the 30 year period. However, the proposed new external stock condition survey, due to take place next year, may reveal further investment needs as yet not identified. In addition to this, the climate change agenda may necessitate a much more significant investment requirement should there become a need to 'decarbonise' the stock over a period of time.

6.3 There is now in place a proposed programme of local authority new build within the HRA, the first phase of which has yielded 93 new homes, with a second phase set to deliver a further 81 units by 2022/23. At the same time, the HRA is funding a significant programme of acquisitions of ex-council stock, principally to provide a more cost effective alternative to expensive forms of temporary accommodation but also to secure the viability of the HRA into the longer term.

6.4 In order to free up resources for investment in the early years of the Business Plan and ensure that HRA revenue spending pressures can be met through an uplift of the SHP management fee, it is now proposed that the self-financing loan be partially refinanced when it becomes due for repayment in 2042 (Year 23), which will extend the loan period outside of the Business Plan period.

6.5 Under the Base Model an 'investment reserve' builds up from Year 1, reaching £570m by Year 30, an amount significantly greater than arose previously due essentially to the coming on stream of income from the acquired properties. This is revenue available for any legitimate HRA purpose, which could include further improvements to the stock, management services to tenants, additional new build or, potentially, an increase in the HRA funded acquisition programme, although the number of ex-council homes becoming available for purchase is likely to continue to reduce over time.

7 Monitoring and Review

7.1 The HRA Business Plan sets the broad strategic context for the delivery of, primarily, investment in Sutton Council's housing stock in both the medium and long term. As discussed in chapter 1, actual service delivery, in terms of housing management services to tenants and leaseholders and the day-to-day repair and routine maintenance of the stock, is carried out on the Council's behalf by SHP and is reflected in the ALMO's delivery plans.

7.2 The Council and SHP work together in this process, with the latter having been closely involved in the detailed production of this Business Plan. Fundamental to the relationship between the two organisations is the management agreement and, within that, the agreed monitoring arrangements. These set out, through the annual delivery planning process, performance standards and targets and programmes of work against which the Council monitors the services delivered by SHP.

7.3 In light of this relationship, the delivery of this Business Plan, and in particular the programmes of capital investment, will be monitored closely through the existing performance management arrangements, these involving resident representatives, senior officers of the Council and SHP as well as the ALMO board and Council Members via the Capital Monitoring Board.

7.4 The Council intends to produce revised versions of its HRA Business Plan on an annual basis, which will include an updated 30-year model with Year 1 moved on each new financial year. These will be able to take into account any changes to government policy, the latest revenue and capital funding positions, an updated understanding of our stock investment requirement and decisions in relation to investment in new build and property acquisitions.

Glossary

Affordable Rent	A new form of social housing introduced by the Government in 2011 where rents can be set at up to 80% of market values. Under the Mayor's latest Affordable Housing programme these can either be set at "capped" (traditional social rent) or "discounted" (at up to 80% of market rent) levels
Arms length management organisation (ALMO)	A body set up to manage a council's housing stock on its behalf
Building Cost Information Services	A service which advises on future inflation levels in the building industry
Capital/capital expenditure	Spending on infrastructure items such as major repairs or new homes
Capital Grant	An amount of money given to a local authority or other body to spend on major works or other substantial project
Capital Monitoring Board	The Council's Member and officer group which oversees the Authority's spend on capital projects
Capital receipt	Money received as a result of the sale of an asset such as a house or other building
Corporate Plan	The Council's overarching (high level) plan for the delivery of its services to the community
CPI	Consumer Price Index (A measure of general inflation used to determine social rent increases)
DDA	Disability Discrimination Act
Decent homes backlog funding	The Government pot of money earmarked for local authority landlords to help bring their housing stock up to the decent homes standard (in London now allocated via the Mayor)
Ministry for Housing, Communities and Local Government (MHCLG)	Government department responsible for local government and housing amongst other areas
Contingencies	Amounts of money included in a repairs budget for unforeseen works that might arise
Cyclical maintenance	Periodic maintenance of property such as decorating and annual gas boiler servicing

Decent homes standard	The Government standard that all social housing must reach –requiring properties to be fit, in reasonable repair, have reasonably modern facilities and be thermally efficient
Difficult-to-let	Homes that the council cannot readily let to tenants
Disabled adaptations	Adaptations to a property, such as a level access shower, that make living easier for disabled occupants
Energiesprong	Energiesprong is a unique holistic approach to the retrofitting of energy efficiency measures, taking the whole house and applying the most appropriate measures all at the same time, within a cost effective financial model, causing minimal disruption to the residents, but providing a property that will meet 2050 targets.
Environmental improvements	Improvements to the grounds or surrounding areas of flatted blocks or estates
Exceptional extensive works	Large scale unforeseen repairs and other works such as underpinning
Greater London Authority (GLA)	The body responsible under the Mayor of London for the delivery of his functions including funding affordable housing and the decent homes programme
Housing Revenue Account (HRA)	The statutory account for income and expenditure relating to the management and maintenance of local authority housing
Housing Register	A council's waiting list of households seeking social housing
Local Growth Fund	A government initiative providing funding for new council housing
Major Repairs Reserve (MRR)	A sub-account within the HRA where depreciation of assets is accounted for and funding for capital works is held
Negative subsidy	Where under to old national HRA subsidy system a housing authority was required to pay to the Exchequer, for redistribution to other councils, an amount of their rental income deemed not required by that authority
Net present value	In effect a calculation of an income stream over a period of years to gives its value were it to be all available now
Non-decent	A home not meeting the decent homes standard (see above)
Orlit	A make of system built housing of which Sutton Council holds a portfolio located in the Carshalton area

Preliminaries	Initial general costs of building or major works
Public Works Loan Board (PWLB)	The government body from which local authorities are able to borrow money for investment
Related assets	Non dwelling buildings and other parts of estates - e.g. garages, parking bays etc
Revenue/revenue expenditure	Money spent on day-to-day services rather than longer term investment
Revenue contributions to capital outlay (RCCO)	Revenue funds from within the HRA that are deployed on capital schemes such as major repairs and improvements
Right to Buy (RTB)	The statutory right for council tenants to purchase their homes
s16 freeholder	A freeholder who is required to pay a service charge to the Council
Self-financing	The new methodology for funding council housing following HRA reform
Shared ownership	A home which is part sold, part rented to the occupier
Sheltered housing	Specialist housing for older tenants
Standard Assessment Procedure (SAP)	A method of assessing a property's energy efficiency, on a scale 1 – 100
Statutorily unfit	A home deemed under the Housing Health and Safety Rating System as having a 'category 1 hazard' present (e.g. a dangerous structure or severe damp)
Subsidy Capital Financing Requirement (SCFR)	A technical accounting term used within local government for the amount of indebtedness
Supported borrowing	Borrowing undertaken by an authority where the interest costs are met by government
Sutton Housing Partnership (SHP)	Sutton Council's ALMO
Unity	A make of system built housing of which Sutton Council holds a portfolio located in the Clockhouse area
Universal Credit	The new wide-ranging welfare benefit payment for working age households, to be introduced from October 2013
Void	An empty council property

Appendix A

Sustainability Modelling

Properties classified as 'Red'

110 London Road, Hackbridge

234 & 238 Middleton Road

Properties classified as 'Amber'

332 Croydon Road, Wallington

Beech Tree Place, Sutton (20 units)

Clarence House, Clarence Road, Wallington (10 properties)

Downland Close (various addresses), Coulsdon (8 houses)

June Close (various addresses), Coulsdon (4 houses)

Lloyd Avenue (various addresses), Coulsdon (7 houses)

Longlands Avenue (various addresses), Coulsdon (30 houses)

Pembury Close (various addresses), Coulsdon (9 houses)

Middleton Road (various addresses), Carshalton (3 properties)

Rosehill Court, St Helier Avenue, Carshalton (50 properties)

120a Robin Hood Lane, Sutton

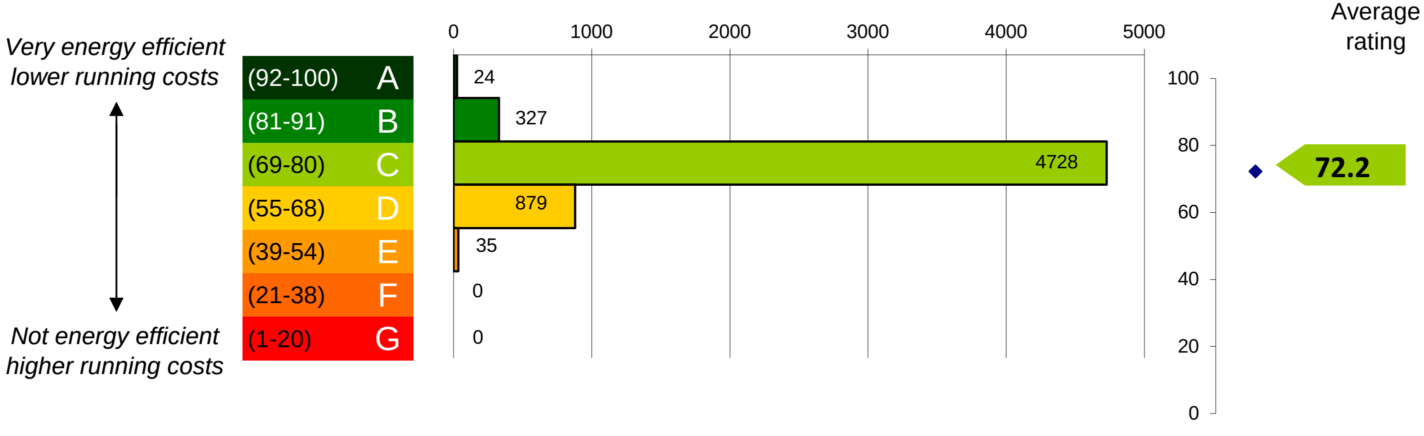
Appendix B

Stock Investment Requirement - Years 1 to 30

	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21 - 2024/25	2025/26 - 2029/30	2031/32 - 2035/36	2036/37 - 2039/40	2040/41 - 2044/45	2045/46 - 2050/51	2020/21-2050/51
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total Yrs 1 - 5	Yr 6 - 10	Yr 11 - 15	Yr 16 - 20	Yr 21 - 25	Yr 26 - 30	Total Yrs 1 - 30
	£	£	£	£	£	£	£	£	£	£	£	£
Major Works and Planned Repair Works	3,122,102	2,444,204	4,170,921	7,060,862	2,584,346	19,382,435	22,126,799	31,681,858	20,445,785	24,680,996	28,668,231	146,986,104
Box bathrooms	180,000	0	0	30,000	0	210,000	30,000	210,750	211,500	460,500	10,530,000	11,652,750
Bathrooms / WCs	62,700	43,950	447,700	249,250	50,850	854,450	482,400	632,100	585,600	617,250	956,200	4,128,000
Kitchens	84,000	60,000	528,000	360,000	84,000	1,116,000	2,720,000	15,956,000	2,036,000	1,732,000	2,772,000	26,332,000
Heating	995,000	995,000	995,000	995,000	995,000	4,975,000	4,975,000	3,389,250	3,389,250	3,389,250	3,389,250	23,507,000
Electrics	300,000	300,000	300,000	300,000	300,000	1,500,000	1,500,000	189,800	195,350	1,075,230	710,150	5,170,530
Emergency lighting and fire alarms	175,000	175,000	175,000	175,000	175,000	875,000	875,000	1,482,320	100,480	874,320	810,480	5,017,600
Front doors and repairs general	207,400	56,180	183,840	359,860	48,140	855,420	704,510	676,710	1,298,650	1,249,910	1,213,870	5,999,070
Windows, french doors, etc	92,525	64,050	213,570	295,232	33,510	698,887	1,382,032	2,745,905	4,212,998	8,775,856	1,664,038	19,479,716
Roofs, canopies and balconies	401,596	396,546	498,962	2,294,424	535,415	4,126,943	4,599,053	4,184,293	4,947,380	3,743,994	2,944,764	24,546,427
Scaffolding costs associated with roofs	41,650	38,540	188,180	275,830	94,730	638,930	726,940	284,850	650,390	538,830	209,080	3,049,020
Wall finishes and repairs	185,565	48,632	83,820	1,000,378	65,286	1,383,681	2,801,037	1,487,105	2,135,118	1,419,605	2,698,596	11,925,142
Communal repairs	396,666	266,306	556,849	725,888	202,415	2,148,124	1,330,827	442,775	683,069	804,251	769,803	6,178,849
Contingent Major Repairs	154,200	154,200	154,200	154,200	154,200	771,000	771,000	1,080,400	1,014,100	1,102,500	1,102,500	5,841,500
Drain Failure (30% of pre 1964 assets)	44,200	44,200	44,200	44,200	44,200	221,000	221,000	530,400	464,100	552,500	552,500	2,541,500
Asbestos	50,000	50,000	50,000	50,000	50,000	250,000	250,000	250,000	250,000	250,000	250,000	1,500,000
Uninsured Structural Works - Subsidence Lintels etc.	60,000	60,000	60,000	60,000	60,000	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
Improvements	1,775,000	1,775,000	1,623,292	1,623,292	1,373,292	8,169,876	4,999,876	3,500,000	2,750,000	2,750,000	2,750,000	24,919,751
Central heating improvements	130,000	130,000	130,000	130,000	130,000	650,000	650,000	0	0	0	0	1,300,000
Common door entry system improvements	200,000	200,000	200,000	200,000	250,000	1,050,000	770,000	250,000	250,000	250,000	250,000	2,820,000
Energy efficiency works and insulation	545,000	545,000	593,292	593,292	593,292	2,869,876	1,979,876	1,000,000	1,000,000	1,000,000	1,000,000	8,849,751
Environmental improvements	500,000	500,000	500,000	500,000	200,000	2,200,000	600,000	1,250,000	500,000	500,000	500,000	5,550,000
Fire safety works	400,000	400,000	200,000	200,000	200,000	1,400,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,400,000
Estate Works and Related Assets	443,591	374,518	393,176	463,977	371,246	2,046,508	1,979,016	2,100,976	1,661,698	7,678,389	3,914,626	19,381,213
Garages	193,591	124,518	143,176	213,977	121,246	796,508	852,462	148,100	227,113	511,618	421,777	2,957,578
Boundary walls / fencing / paths	150,000	150,000	150,000	150,000	150,000	750,000	750,000	1,452,876	934,585	6,666,771	2,992,849	13,547,081
Unadopted roads and paths	100,000	100,000	100,000	100,000	100,000	500,000	376,554	500,000	500,000	500,000	500,000	2,876,554
Exceptional Extensive Works	6,125,000	875,000	875,000	0	0	7,875,000	0	0	0	0	0	7,875,000
Fire door replacement	875,000	875,000	875,000	-	-	2,625,000	-	-	-	-	-	2,625,000
Shanklin Village walkways	1,750,000	-	-	-	-	1,750,000	-	-	-	-	-	1,750,000
Non-traditional repairs - Coulsdon Unitys (6 Energiesprong pilots)	3,500,000	-	-	-	-	3,500,000	-	-	-	-	-	3,500,000
Aids and Adaptations	400,000	400,000	400,000	400,000	400,000	2,000,000	2,000,000	1,601,560	1,950,000	1,950,000	1,950,000	11,451,560
TOTAL WORKS EXPENDITURE	**12,019,893**	**5,871,214**	**7,616,589**	**9,452,331**	**4,783,084**	**39,743,111**	**31,876,691**	**39,964,794**	**27,821,583**	**38,161,885**	**38,385,357**	**215,953,420**

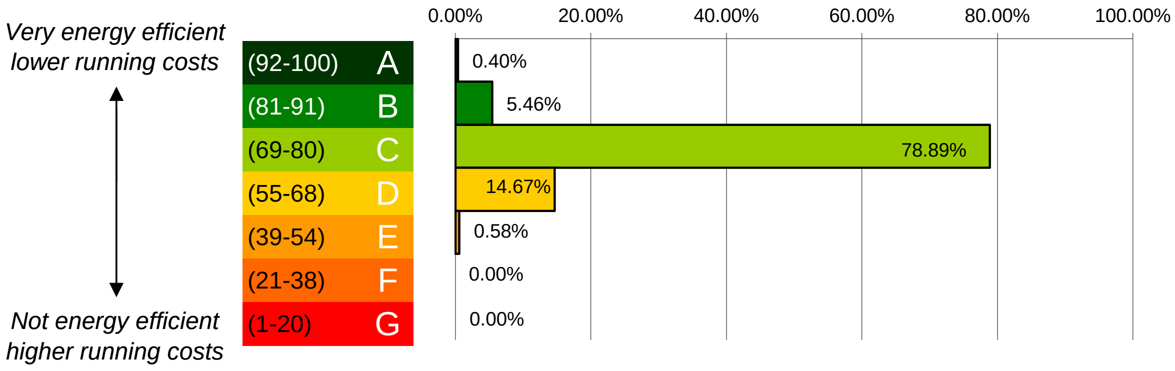
Adjusted Totals												
Total Works Expenditure	12,019,893	5,871,214	7,616,589	9,452,331	4,783,084	39,743,111	31,876,691	39,964,794	27,821,583	38,161,885	38,385,357	215,953,420
Consultancy	480,796	234,849	304,664	378,093	191,323	1,589,724	1,275,068	1,598,592	1,112,863	1,526,475	1,535,414	8,638,137
Project Management Fees	650,000	650,000	650,000	650,000	650,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	19,500,000
Programme Current Cost	13,150,689	6,756,062	8,571,252	10,480,424	5,624,407	44,582,835	36,401,758	44,813,386	32,184,446	42,938,360	43,170,771	244,091,557
Total Programme Cost with Inflation	**13,150,700**	**7,026,300**	**9,270,700**	**11,732,400**	**6,516,600**	**47,696,700**	**46,127,600**	**65,831,300**	**54,809,600**	**84,770,000**	**98,803,600**	**398,038,800**

Energy Efficiency Rating of HRA Stock (SAP) Apr 2019



No. Properties

2018/19 outturn	2019/20 outturn
304	24
1212	327
3421	4728
892	879
12	35
0	0
0	0
5841	5993



% of stock

2018/19 outturn	2019/20 outturn
5.20%	0.40%
20.75%	5.46%
58.57%	78.89%
15.27%	14.67%
0.21%	0.58%
0.00%	0.00%
0.00%	0.00%
100%	100%

Appendix D

Actual and Projected Right to Buy Income and Expenditure

HRA BP Year	Year	No. Sales	Net Receipt	Cumulative Sales	Cumulative Net Receipt	Actual and Planned Capital Expenditure					Expenditure of Net Reciepts					Net Reciepts Available (cumulative)
						Annual				Cumulative	Annual				Cumulative	
			£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
						New Build	Acquisition	Other*	Total	Total	New Build	Acquisition	Other*	Total	Total	
	2012.13	35	2,070	35	2,070	0	0	0	0	0	0	0	0	0	0	2,070
	2013.14	65	2,780	100	4,850	42	0	0	42	42	0	0	0	0	0	4,850
	2014.15	75	4,254	175	9,104	79	0	0	79	121	19	0	8	27	27	9,077
	2015.16	59	4,355	234	13,459	567	0	6,900	7,467	7,588	89	0	2,070	2,159	2,186	11,273
	2016.17	51	5,672	285	19,131	6,915	0	3,553	10,468	18,056	1,713	0	1,064	2,777	4,963	14,168
	2017.18	37	4,837	322	23,968	9,890	5,417	2,139	17,446	35,502	2,145	1,625	642	4,412	9,375	14,593
	2018.19	27	3,577	349	27,545	10,290	16,589	743	27,622	63,124	2,278	4,977	223	7,478	16,853	10,692
	2019.20	27	2,866	376	30,411	6,831	7,700	0	14,531	77,655	507	2,310	0	2,817	19,670	10,741
1	2020.21	20	2,038	396	32,450	10,369	9,102	0	19,471	97,126	473	2,731	0	3,204	22,874	9,576
2	2021.22	17	1,708	413	34,158	8,340	6,354	0	14,694	111,820	697	1,906	0	2,603	25,477	8,681
3	2022.23	15	1,498	428	35,656	2,178	6,667	0	8,845	120,665	308	2,000	0	2,308	27,785	7,871
4	2023.24	15	1,583	443	37,239	0	6,987	0	6,987	127,652	0	2,096	0	2,096	29,881	7,358
5	2024.25	15	1,670	458	38,909	0	7,316	0	7,316	134,968	0	2,195	0	2,195	32,076	6,833
6	2025.26	15	1,761	473	40,670	0	7,653	0	7,653	142,621	0	2,296	0	2,296	34,372	6,298
7	2026.27	15	1,855	488	42,525	0	7,999	0	7,999	150,620	0	2,400	0	2,400	36,772	5,753
8	2027.28	15	1,952	503	44,477	0	8,354	0	8,354	158,974	0	2,506	0	2,506	39,278	5,199
9	2028.29	10	1,094	513	45,572	0	8,718	0	8,718	167,692	0	2,616	0	2,616	41,894	3,678
10	2029.30	10	1,161	523	46,733	0	9,093	0	9,093	176,785	0	2,728	0	2,728	44,622	2,111
11	2030.31	10	1,231	533	47,964	0	9,476	0	9,476	186,261	0	2,843	0	2,843	47,465	499
12	2031.32	10	1,303	543	49,267	0	4,935	0	4,935	191,196	0	1,481	0	1,481	48,945	322
13	2032.33	10	1,379	553	50,646	0	5,137	0	5,137	196,333	0	1,541	0	1,541	50,486	160
14	2033.34	10	1,456	563	52,102	0	5,344	0	5,344	201,677	0	1,603	0	1,603	52,090	12
15	2034.35	10	1,537	573	53,639	0	5,002	0	5,002	206,679	0	1,501	0	1,501	53,590	49
16	2035.36	10	1,621	583	55,260	0	5,199	0	5,199	211,878	0	1,560	0	1,560	55,150	110
17	2036.37	10	1,707	593	56,968	0	5,401	0	5,401	217,279	0	1,620	0	1,620	56,770	198
18	2037.38	10	1,798	603	58,765	0	5,608	0	5,608	222,887	0	1,682	0	1,682	58,453	312
19	2038.39	10	1,891	613	60,656	0	5,821	0	5,821	228,708	0	1,746	0	1,746	60,199	457
20	2039.40	10	1,988	623	62,644	0	6,039	0	6,039	234,747	0	1,812	0	1,812	62,011	633
21	2040.41	10	2,088	633	64,732	0	6,264	0	6,264	241,011	0	1,879	0	1,879	63,890	842
22	2041.42	10	2,192	643	66,924	0	6,494	0	6,494	247,505	0	1,948	0	1,948	65,838	1,086
23	2042.43	10	2,300	653	69,224	0	6,730	0	6,730	254,235	0	2,019	0	2,019	67,857	1,367
24	2043.44	10	2,411	663	71,635	0	6,973	0	6,973	261,208	0	2,092	0	2,092	69,949	1,686
25	2044.45	10	2,527	673	74,162	0	7,222	0	7,222	268,430	0	2,167	0	2,167	72,116	2,046
26	2045.46	10	2,647	683	76,809	0	7,477	0	7,477	275,907	0	2,243	0	2,243	74,359	2,450
27	2046.47	10	2,771	693	79,580	0	7,744	0	7,744	283,651	0	2,323	0	2,323	76,682	2,898
28	2047.48	10	2,899	703	82,479	0	8,014	0	8,014	291,665	0	2,404	0	2,404	79,086	3,393
29	2048.49	10	3,032	713	85,511	0	8,290	0	8,290	299,955	0	2,487	0	2,487	81,573	3,938
30	2049.50	10	3,170	723	88,682	0	8,574	0	8,574	308,529	0	2,572	0	2,572	84,145	4,537

Actual spend to date

Planned spend during new build Phase 2 (including Phase 1 spend in 2019/20 and 2020/21

Projected spend (beyond new build Phase 2)

*Expenditure and use of RTB receipts on various housing association new build schemes in the borough

Appendix E

HRA New Build Programme - Phase 1 and Phase 2 Summary

Year	Net RTB receipts used (max 30% of total funding) (£000s)*	Borrowing HRA** (£000s)	Borrowing LGF*** (£000s)	s106 funding (£'000s)	Other capital funding **** (£000s)	Revenue funding (GF) (£000s)	Revenue funding (HRA) (£000s)	GLA Grant	Total funding (£000s)	Spend of schemes (incl land appropriation costs) and nos/sizes etc of units							
										Richmond Green		Ludlow Lodge		Fellowes Road		All schemes	
										Spend (£000s)	Nos/sizes/ tenure/ rents etc of units	Spend (£000s)	Nos/sizes/ tenure/ rents etc of units	Spend (£000s)	Nos/sizes/ tenure/ rents etc of units	Spend (£000s)	No. units
Phase 1																	
2013/14	0	42	0	0	0	0	0	0	**42**	42		0		0		**42**	
2014/15	19	60	0	0	0	0	0	0	**79**	60		10		9		**79**	
2015/16	89	0	478	0	0	0	0	0	**567**	188		296		83		**567**	
2016/17	1,713	1,761	2,485	0	0	0	956	0	**6,915**	782		4,633		1,500		**6,915**	
2017/18	2,145	5,380	2,344	0	21	0	0	0	**9,890**	1,914		5,706		2,270		**9,890**	
2018/19	2,278	4,462	0	519	370	0	2,527	0	**10,156**	3,759		5,139		1,258	15 units (2 and 3 bed rented flats and houses) Average rent £217 pw	**10,156**	15
2019/20	451	314	0	673	43	0	1,044	0	**2,525**	913	21 units (2 and 3 bed rented houses) Average rent £217 pw	1,450	57 units (1, 2 and 3 bed rented flats) Average rent £177 pw	162		**2,525**	78
2020/21	74	0	0	105	0	0	173	0	**352**	105		247		0		**352**	
Total	**6,769**	**12,019**	**5,307**	**1,297**	**434**	**0**	**4,700**	**0**	**30,526**	**7,763**		**17,481**		**5,282**		**30,526**	**93**

Phase 2 Summary

Year	Net RTB receipts used (max 30% of total funding) (£000s)*	Borrowing HRA** (£000s)	Borrowing LGF*** (£000s)	s106 funding (£'000s)	Other capital funding **** (£000s)	Revenue funding (GF) (£000s)	Revenue funding (HRA) (£000s)	GLA Grant	Total funding (£000s)	All sites	
										Spend (£000s)	Nos/sizes/ tenure/ rents etc of units
2018/19	0	134	**0**	**0**	**0**	**0**	**0**	0	**134**	**134**	
2019/20	56	1,775	**0**	**0**	**0**	**0**	**0**	2,500	**4,331**	**4,331**	
2020/21	399	8,868	**0**	**0**	**0**	**0**	**0**	750	**10,017**	**10,017**	
2021/22	697	5,143	**0**	**0**	**0**	**0**	**0**	2,500	**8,340**	**8,340**	65 properties London Affordable rent - ave rent £166.02 pw
2022/23	308	1,120	**0**	**0**	**0**	**0**	**0**	750	**2,178**	**2,178**	16 properties 65% Market rent - ave rent £201.37 pw
Total	**1,459**	**17,039**	**0**	**0**	**0**	**0**	**0**	**6,500**	**25,000**	**25,000**	

*Net RTB receipts cannot be used to fund the Richmond Green redevelopment (Phase 1) nor units that will receive GLA grant (Phase 2).

**The first call on borrowing is from the Local Growth Fund 'pot' (£5.307m) and then from the HRA. The HRA borrowing excludes the cost of land appropriation of £1.9m for Ludlow Lodge and £0.9m for Fellowes Road.

***The Local Growth Fund is allocated by scheme. The original amount awarded (£4.050m) was applied as follows: Richmond Green £1.260m; Ludlow Lodge £2.115m; Fellowes Road £0.675m. A subsequent award of £1.527m was applied to Richmond Green.

****Other Capital Funding relates to miscellaneous housing receipts, LBS balance from Oakleigh, Elizabeth House balance and Miscellaneous Grant

NB: The model is estimated as at September 2019 and may be subject to further change

NB: Numbers may not add up exactly due to rounding.

NB: For phase 2 of the new build programme, 50% of the GLA grant, totalling £6.5m, will be paid at start on site, the other 50% upon completion.

Appendix F (i)

Base Model Revenue Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Year	Year	Original Income £,000	Additional Acquisitions Income £,000	Total Income £,000	SHP Costs £,000	Council Costs £,000	Tenants Heating, Water & Other Charges £,000	Provision for Bad Debts £,000	Depreciation £,000	Debt Management and Interest New Debt £,000	Debt Management and Interest Historic Debt £,000	RCCO - Current Stock £,000	RCCO - New Build £,000	RCCO - Acquisitions £,000	Total RCCO £,000	Total expenses £,000	Surplus (Deficit) for the Year £,000	Balance £,000	Interest on Working Balance £,000	Set Aside for Debt Repayment £,000	Working Balance C/Fwd £,000	Minimum Balance Required £,000	Investment Reserve £,000
																					6,586		
1	2020.21	38,651	191	38,842	16,220	2,398	415	366	6,959	1,037	5,778	6,442	173	0	6,615	39,787	(944)	5,641	57	2,825	2,874	1,942	931
2	2021.22	40,841	535	41,376	16,910	2,262	385	424	7,339	1,253	5,781	0	0	0	0	34,354	7,022	9,896	74	2,825	7,145	2,069	5,076
3	2022.23	43,581	804	44,385	17,692	2,298	350	417	7,785	1,395	5,786	643	0	0	643	36,367	8,018	15,163	120	2,825	12,458	2,219	10,239
4	2023.24	45,993	1,126	47,119	18,364	2,389	372	405	8,083	1,520	5,786	3,370	0	0	3,370	40,289	6,830	19,288	163	2,825	16,627	2,356	14,271
5	2024.25	47,939	1,470	49,409	19,062	2,484	396	424	8,391	1,651	5,789	0	0	0	0	38,198	11,212	27,838	221	2,825	25,234	2,470	22,764
6	2025.26	49,695	1,877	51,571	19,790	2,583	420	443	8,679	1,789	5,792	0	0	0	0	39,496	12,076	37,310	297	4,096	33,511	2,579	30,932
7	2026.27	51,612	2,300	53,912	20,544	2,686	447	463	8,975	1,932	5,798	0	0	0	0	40,845	13,067	46,579	379	4,096	42,862	2,696	40,166
8	2027.28	53,660	2,728	56,387	21,324	2,793	475	485	9,274	2,082	5,797	0	0	0	0	42,230	14,158	57,020	462	4,096	53,386	2,819	50,567
9	2028.29	55,533	3,170	58,702	22,154	2,904	505	505	9,591	2,238	5,801	0	0	0	0	43,697	15,005	68,391	559	4,096	64,855	2,935	61,920
10	2029.30	57,883	3,460	61,343	23,036	3,020	537	527	9,929	2,238	5,804	0	0	6,365	6,365	51,455	9,888	74,742	644	4,096	71,290	3,067	68,223
11	2030.31	60,444	3,598	64,042	23,951	3,140	571	551	10,276	2,238	5,807	0	0	6,634	6,634	53,167	10,876	82,166	707	4,096	78,777	3,202	75,575
12	2031.32	63,198	3,753	66,951	24,893	3,266	607	576	10,616	2,238	5,810	0	0	3,455	3,455	51,459	15,491	94,268	785	4,096	90,957	3,348	87,609
13	2032.33	65,715	3,892	69,607	25,864	3,396	645	599	10,953	2,238	5,814	1,344	0	3,596	4,940	54,448	15,159	106,116	886	4,096	102,906	3,480	99,426
14	2033.34	68,405	4,048	72,452	26,873	3,531	685	624	11,301	2,238	5,817	1,871	0	3,741	5,612	56,681	15,771	118,678	983	4,096	115,564	3,623	111,941
15	2034.35	71,331	4,210	75,541	27,925	3,672	729	650	11,665	2,238	5,821	1,901	0	3,501	5,402	58,102	17,439	133,003	1,091	4,096	129,998	3,777	126,221
16	2035.36	74,401	4,390	78,791	29,008	3,819	774	679	12,024	2,238	5,824	0	0	3,639	3,639	58,004	20,787	150,784	1,219	4,096	147,907	3,940	143,967
17	2036.37	77,178	4,553	81,731	30,138	3,971	823	704	12,401	2,238	5,828	0	0	3,781	3,781	59,884	21,847	169,754	1,365	4,096	167,023	4,087	162,936
18	2037.38	80,458	4,735	85,193	31,312	4,129	875	734	12,791	2,238	5,832	0	0	3,926	3,926	61,837	23,356	190,379	1,519	4,096	187,802	4,260	183,542
19	2038.39	83,766	4,925	88,691	32,531	4,294	930	764	13,192	2,238	5,836	0	0	4,075	4,075	63,860	24,830	212,632	1,683	4,096	210,219	4,435	205,784
20	2039.40	87,365	5,136	92,500	33,798	4,465	989	798	13,606	2,238	5,840	0	0	4,227	4,227	65,961	26,539	236,758	1,859	4,096	234,521	4,625	229,896
21	2040.41	90,789	5,326	96,116	35,115	4,644	1,051	829	14,033	2,238	5,844	0	0	4,385	4,385	68,138	27,978	262,499	2,047	4,096	260,450	4,806	255,644
22	2041.42	94,390	5,540	99,930	36,477	4,829	1,117	862	14,463	2,238	6,283	0	0	4,546	4,546	70,814	29,116	289,566	2,169	4,096	287,639	4,996	282,643
23	2042.43	98,152	5,761	103,913	37,893	5,021	1,188	897	14,909	2,238	3,822	0	0	4,711	4,711	70,678	33,235	320,874	1,535	4,096	318,313	5,196	313,117
24	2043.44	102,554	6,008	108,561	39,369	5,222	1,263	937	15,376	2,237	5,333	0	0	4,881	4,881	74,617	33,944	352,257	1,766	4,096	349,927	5,428	344,499
25	2044.45	106,432	6,231	112,663	40,902	5,430	1,342	973	15,858	2,237	5,338	769	0	5,055	5,824	77,904	34,759	384,686	2,011	4,096	382,601	5,633	376,968
26	2045.46	110,860	6,480	117,341	42,495	5,646	1,427	1,014	16,355	2,237	5,343	1,716	0	5,234	6,950	81,467	35,874	418,475	2,264	4,096	416,643	5,867	410,776
27	2046.47	115,505	6,746	122,251	44,192	5,872	1,517	1,057	16,868	2,237	5,348	1,745	0	5,421	7,167	84,256	37,995	454,638	2,528	4,096	453,069	6,113	446,956
28	2047.48	120,484	7,042	127,526	45,957	6,248	1,611	1,103	17,397	2,237	5,353	1,775	0	5,610	7,385	87,289	40,236	493,306	2,808	4,096	492,017	6,376	485,641
29	2048.49	125,375	7,311	132,686	47,798	6,453	1,710	1,149	17,943	2,237	5,358	1,786	0	5,803	7,590	90,237	42,448	534,466	3,105	4,096	533,474	6,634	526,840
30	2049.50	130,618	7,610	138,229	50,664	6,656	1,816	1,093	18,509	2,237	5,363	1,795	0	6,002	7,797	94,135	44,094	577,568	3,385	4,096	576,857	6,911	569,946
Totals:		**2,312,805**	**124,954**	**2,437,759**	**902,251**	**119,522**	**25,969**	**21,050**	**365,539**	**61,883**	**169,523**	**25,158**		**98,588**	**123,919**	**1,789,655**				**116,525**			

Appendix F (ii)

Base Model Capital Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Year	Year	Existing Stock Investment Requirement £,000	Funding Required - Acquisitions £,000	New Build Development Costs £,000	**Total Investment Requirement £,000**	Borrowing - New Build £,000	Borrowing - Acquisitions £,000	GLA Grant £,000	Leaseholder Contributions & Match Funding £,000	RTB Receipts - Acquisitions £,000	RTB Receipts - New Build £,000	Total RTB Receipts £,000	MRR £,000	RCCO - Existing Stock £,000	RCCO - New Build £,000	RCCO - Acquisitions £,000	Total RCCO £,000	**Total Financing £,000**	**In Year Surplus / (Shortfall) £,000**	**Cumulative Surplus / (Shortfall) £,000**
1	2020.21	13,651	9,102	10,369	33,122	8,868	6,371	750	355	2,731	473	3,204	6,959	6,442	173	0	6,615	33,122	**0**	**0**
2	2021.22	7,026	6,354	8,340	21,721	5,143	4,448	2,500	260	1,906	697	2,603	7,339	0	0	0	0	22,293	**572**	**572**
3	2022.23	9,271	6,667	2,178	18,115	1,120	4,667	750	270	2,000	308	2,308	7,785	643	0	0	643	17,543	**(572)**	**0**
4	2023.24	11,732	6,987	0	18,719	0	4,891	0	280	2,096	0	2,096	8,083	3,370	0	0	3,370	18,719	**0**	**0**
5	2024.25	6,517	7,316	0	13,832	0	5,121	0	290	2,195	0	2,195	8,391	0	0	0	0	15,997	**2,165**	**2,165**
6	2025.26	8,688	7,653	0	16,341	0	5,357	0	298	2,296	0	2,296	8,679	0	0	0	0	16,630	**289**	**2,454**
7	2026.27	8,949	7,999	0	16,948	0	5,599	0	307	2,400	0	2,400	8,975	0	0	0	0	17,281	**333**	**2,787**
8	2027.28	9,218	8,354	0	17,572	0	5,848	0	317	2,506	0	2,506	9,274	0	0	0	0	17,944	**373**	**3,160**
9	2028.29	9,494	8,718	0	18,212	0	6,103	0	326	2,616	0	2,616	9,591	0	0	0	0	18,635	**423**	**3,583**
10	2029.30	9,779	9,093	0	18,871	0	0	0	336	2,728	0	2,728	9,929	0	0	6,365	6,365	19,357	**486**	**4,068**
11	2030.31	12,400	9,476	0	21,876	0	0	0	346	2,843	0	2,843	10,276	0	0	6,634	6,634	20,098	**(1,778)**	**2,290**
12	2031.32	12,772	4,935	0	17,707	0	0	0	356	1,481	0	1,481	10,616	0	0	3,455	3,455	15,907	**(1,799)**	**491**
13	2032.33	13,155	5,137	0	18,292	0	0	0	367	1,541	0	1,541	10,953	1,344	0	3,596	4,940	17,801	**(491)**	**0**
14	2033.34	13,549	5,345	0	18,894	0	0	0	378	1,604	0	1,604	11,301	1,871	0	3,741	5,612	18,894	**0**	**0**
15	2034.35	13,956	5,002	0	18,958	0	0	0	389	1,501	0	1,501	11,665	1,901	0	3,501	5,402	18,958	**0**	**0**
16	2035.36	11,743	5,199	0	16,942	0	0	0	401	1,560	0	1,560	12,024	0	0	3,639	3,639	17,623	**682**	**682**
17	2036.37	10,633	5,401	0	16,034	0	0	0	413	1,620	0	1,620	12,401	0	0	3,781	3,781	18,215	**2,181**	**2,863**
18	2037.38	10,952	5,608	0	16,561	0	0	0	425	1,682	0	1,682	12,791	0	0	3,926	3,926	18,824	**2,264**	**5,126**
19	2038.39	11,281	5,821	0	17,102	0	0	0	438	1,746	0	1,746	13,192	0	0	4,075	4,075	19,451	**2,349**	**7,475**
20	2039.40	11,619	6,039	0	17,659	0	0	0	451	1,812	0	1,812	13,606	0	0	4,227	4,227	20,097	**2,438**	**9,913**
21	2040.41	18,986	6,264	0	25,249	0	0	0	465	1,879	0	1,879	14,033	0	0	4,385	4,385	20,761	**(4,488)**	**5,425**
22	2041.42	16,446	6,494	0	22,940	0	0	0	479	1,948	0	1,948	14,463	0	0	4,546	4,546	21,435	**(1,504)**	**3,921**
23	2042.43	16,939	6,730	0	23,669	0	0	0	493	2,019	0	2,019	14,909	0	0	4,711	4,711	22,132	**(1,537)**	**2,383**
24	2043.44	17,447	6,973	0	24,420	0	0	0	508	2,092	0	2,092	15,376	0	0	4,881	4,881	22,857	**(1,563)**	**820**
25	2044.45	17,971	7,222	0	25,193	0	0	0	523	2,167	0	2,167	15,858	769	0	5,055	5,824	24,373	**(820)**	**0**
26	2045.46	18,610	7,477	0	26,088	0	0	0	539	2,243	0	2,243	16,355	1,716	0	5,234	6,950	26,088	**0**	**0**
27	2046.47	19,168	7,744	0	26,913	0	0	0	555	2,323	0	2,323	16,868	1,745	0	5,421	7,167	26,913	**0**	**0**
28	2047.48	19,744	8,014	0	27,757	0	0	0	572	2,404	0	2,404	17,397	1,775	0	5,610	7,385	27,757	**0**	**0**
29	2048.49	20,336	8,290	0	28,626	0	0	0	606	2,487	0	2,487	17,943	1,786	0	5,803	7,590	28,626	**0**	**0**
30	2049.50	20,946	8,574	0	29,520	0	0	0	642	2,572	0	2,572	18,509	1,795	0	6,002	7,797	29,520	**0**	**0**
Totals:		**402,977**	**209,988**	**20,887**	**633,852**	**15,131**	**48,405**	**4,000**	**12,386**	**62,996**	**1,478**	**64,474**	**365,539**	**25,158**	**173**	**98,588**	**123,919**	**633,852**		

Appendix G

Base Model Assumptions

Item	Assumption	Comments
Start Year In Model	2020/21	
General Inflation 2020/21 onwards		
2020/21	2.0%	Consumer Price Index (CPI) forecasts
2021/22 onwards	2.0%	
SHP Management Fee		
2020/21		Move to cost per unit
2021/22 onwards	2.0%	Linked to CPI
LB Sutton Expenses		
2020/21 onwards	2.0%	Linked to CPI
Inflation on capital works		
2020/21 - 2022/23	4.0%	Forecast Building Cost Inflation rates
2023/24 – 2024/25	3.5%	
2025/26 onwards	3.0%	
Interest Rates		
Consolidated Rate of Interest (CRI) on pre-settlement debt	3.8%	Based on the detailed loan portfolio of the council
Self-Financing Payment	3.5%	Fixed rate
Subsequent borrowing	2.5% - 3.8%	Based on latest Treasury advice
Interest on Balances		
2020/21 onwards	0.65%	
Opening stock at 1st April 2020		
Tenanted	5,977	Includes 6.0 full dwelling equivalent Shared Ownership properties + 93 acquired properties + 74 new build
Leasehold	1,444	
Section 16 Freehold	84	
Opening Rent (2020/21)		
Social rent	£107.39	Existing stock
LHA level rent	£227.29	Acquired properties
Affordable Rent	£194.52	New Build
Real (above inflation) Rent Growth		
2020/21 - 2024/25	1.0%	CPI + 1%
2025/26 onwards	0.0%	CPI only
Voids losses	0.60%	

Provision for Bad Debts		
2020/21	1.0%	c. £371k
2021/22	1.1%	c. £428k
2022/23	1.0%	c. £419k
2023/24 onwards	0.9%	c. £405k
Service Charges – 2020/21		
Tenanted	£2.89	Per week
Leasehold	£246.98	Per quarter
Service Charge Growth		
2020/21	2.7%	
2022/22 -2023/24	CPI + 50p per week	Move towards full recovery
2023/24 onwards	2.0%	CPI
Other Income 2020/21		
Commercial Properties	£265k	
Heating Charges	£278k	
Garages	£496k	
Rechargeable Works	£41k	
Intensive Housing Management Charge	£392k	
Real Other Income Growth		Dependent on the individual source of income.
Financing		
Self-financing settlement	£2,825k	Annual set aside for repayment over 50 years
New build	£505k	
Acquisitions	£766k	
Opening Debt 2019/20		
HRA Capital Financing Requirement	£182,960,000	
New Borrowing		
2020/21	£8.87m	New Build
	£6.37m	Acquisitions
RTB Sales (per annum)		
2020/21 – 2027/28	20	10 freehold, 10 leasehold
2028/29 onwards	10	5 freehold, 5 leasehold
Real RTB Sales Growth	Nil	
Acquisitions		
2020/21	30	
2021/22-2030/31	20	
2031/32 onwards	10	

Other Stock Movements 2021/22 2022/23	 65 16	 Phase 2 new build rented stock completions (81 units in total)
SHP Management Fee 2020/21	£16,220,00	Plus capital works management
LB Sutton Management Costs 2020/21	£2,398,000	
Service Costs 2020/21 Heating Communal Alarm (Eldercare) Cost of Housing Benefit	 £311k £170k £104k	 Effect of limit rent
Real Service Cost Growth	RPI/CPI	Actuals dependent on supplier costs.
Depreciation Dwellings Non Dwelling Assets 2019/20	 £1,136 £61k	 Annually per property Per annum
New Build Phase 2 Borrowing: 2020/21 2021/22 2022/23 Interest rate Dwellings Rent Service Charge	 £8,868k £5,143k £1,120k 2.5% 81 £173 £2.76	 From 2022 per week per week

Appendix H

Outline Major Works Programme 2020/21 to 2024/25

	2020/21		2021/21		2022/23		2023/24		2024/25		
	Yr 1		Yr 2		Yr 3		Yr 4		Yr 5		
	£	units	£	units	£	units	£	units	£	units	Total Yrs 1 - 5 (£)
Major Works and Planned Repair Works	**3,407,618**		**2,867,743**		**5,077,183**		**8,917,367**		**3,386,240**		**23,656,150**
Box bathrooms	196,461	7	0		0		37,888	1	0		234,349
Bathrooms / WCs	68,434	23	51,566	17	544,977	182	314,785	105	66,628	22	1,046,390
Kitchens	91,682	23	70,397	18	642,724	161	454,654	114	110,064	28	1,369,522
Heating	1,085,993	503	1,167,416	503	1,211,195	503	1,256,614	503	1,303,737	503	6,024,955
Electrics	327,435		351,985		365,184		378,879		393,087		1,816,569
Emergency Lighting and Fire Alarms	191,004	218	205,324	235	213,024	243	221,013	253	229,301	262	1,059,666
Front doors and repairs general	226,367	226	65,915	66	223,785	224	454,478	454	63,077	63	1,033,622
Windows, french doors, etc	100,986	25	75,149	19	259,975	65	372,857	93	43,908	11	852,875
Roofs, canopies and balconies	438,322	63	465,261	66	607,377	87	2,897,694	290	701,548	100	5,110,202
Scaffolding costs associated with Roofs	45,459		45,218		229,068		348,354		124,124		792,222
Wall finishes and repairs	202,535		57,059		102,032		1,263,406		85,544		1,710,576
Communal	432,941		312,452		677,842		916,745		265,222		2,605,202
Contingent Major Repairs	**168,302**		**180,920**		**187,705**		**194,744**		**202,047**		**933,717**
Drain Failure (30% of pre 1964 assets)	48,242		51,859		53,804		55,821		57,915		267,641
Asbestos	54,573		58,664		60,864		63,146		65,514		302,762
Uninsured Structural Works - Subsidence Lintels etc.	65,487		70,397		73,037		75,776		78,617		363,314
Improvements	**1,937,324**		**2,082,577**		**1,976,002**		**2,050,102**		**1,799,409**		**9,845,414**
Central heating Improvement	141,889		152,527		158,247		164,181		170,338		787,180
Common door entry system improvement	218,290		234,657		243,456		252,586		327,572		1,276,561
Energy Efficiency Works & Insulation	594,840		639,439		722,203		749,286		777,384		3,483,152
Environmental improvements	545,725		586,641		608,640		631,464		262,058		2,634,529
Fire safety works	436,580		469,313		243,456		252,586		262,058		1,663,993
Estate Works and Related Assets	**484,157**		**439,416**		**478,606**		**585,970**		**486,439**		**2,474,588**
Garages	211,295		146,095		174,285		270,238		158,867		960,780
Boundary walls / fencing / paths	163,718		175,992		182,592		189,439		196,543		908,285
Unadopted roads and paths	109,145		117,328		121,728		126,293		131,029		605,523
Exceptional Extensive Works	**6,685,131**		**1,026,622**		**1,065,121**		**0**		**0**		**8,776,875**
Fire Door Replacement	955,019		1,026,622		1,065,121		0		0		3,046,762
Shanklin walkways	1,910,038		0		0		0		0		1,910,038
Non-traditional repairs - Coulsdon Unitys (8 energiesprong)	3,820,075		0		0		0		0		3,820,075
Aids and Adaptations	**452,350**		**469,313**		**486,912**		**505,172**		**524,116**		**2,437,863**
TOTAL EXPENDITURE	**13,134,882**		**7,066,591**		**9,271,528**		**12,253,355**		**6,398,250**		**48,124,606**