

HRA Business Plan

2023/24 to 2052/53

January 2023



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1 Introduction

- 1.1 This document sets out Sutton Council's plans for managing and maintaining its housing stock of just over 6,000 rented and around 1,340 leasehold properties held in the Housing Revenue Account (HRA). Its fundamental purpose is to ensure the efficient use of the Authority's housing assets, covering the 30 year period 2023/24 to 2052/53.

Aims and Objectives

- 1.2 Set within the national, regional and local policy context and the Council's overall Ambitious for Sutton housing priorities, 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 in accordance with s16, Greater London Council (General Powers) Act 1974

Background

- 1.4 This version of the HRA Business Plan is a revision to the last iteration published in December 2021, in particular with regard to the Council's programme of HRA new build and property acquisitions and the prevailing economic climate. It also reflects a review of the investment needed to the existing stock following a major condition survey carried out during 2021 and taking into account the current economic climate and building cost inflation.
- 1.5 As with previous versions of the Business Plan, 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 2023/24 to 2052/53.

- 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 seeks to address objectives 4 to 7 of the HRA Business Plan, is set out in SHP's latest annual delivery plan at:
<https://www.suttonhousingpartnership.org.uk/download.cfm?doc=docm93jijm4n4643>

Strategic and Policy Context

- 1.7 At the local level, the Council's housing strategy takes into account the wider Ambitious for Sutton corporate priorities. It also makes links with a number of its other strategies. Covering the housing function in its widest sense, the housing strategy contains the following five broad strategic aims, 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 and the Council's housing development and regeneration teams, 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 Right to Buy 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.

Strategic housing priority	HRA Business Plan contribution
Provide housing options advice and address homelessness	Through the provision of council accommodation for homeless households and the work done to support vulnerable tenants in all tenures 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, community development and tackling social issues such as domestic abuse.

1.9 SHP’s asset management strategy sets out the strategic framework within which it will manage the Council’s HRA assets over the coming years. The latest version of the strategy can be found at:

<https://moderngov.sutton.gov.uk/documents/s81626/11a%20Final%20Board%20-%20SHP%20Asset%20Management%20Strategy%202022%20to%202026%2027.pdf>

1.10 Feeding into and informing the HRA Business Plan, SHP’s asset management strategy 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.

2 The Council's Housing Stock

Stock Make Up

- 2.1 As at 1 October 2022, the Council's housing stock held in the HRA comprised 6,055 rented homes (including ex-council buybacks), 11 shared ownership properties (the equivalent of six rented units) and 1,343 flats and maisonettes sold on long leases. Also, within various estates are 116 houses sold freehold where the owner pays a service charge to the Council (commonly referred to as 's16 freeholders').
- 2.2 The rented portfolio includes 503 independent living units for older people (previously referred to as sheltered housing) clustered within 13 schemes. Also held within the HRA are around 850 garages and parking spaces, and a number of commercial units.
- 2.3 The Council's rented stock has reduced considerably since the inception of the Right to Buy (RTB) in the early 1980s when it owned around 9,000 homes. There has been a small net increase in recent years as a result of the programme of buying back ex-council homes, with the council stock now comprising approximately 7% of the borough's housing.
- 2.4 Due to the Government now precluding, since April 2021, the application of Right to Buy receipts when units are used for temporary accommodation, the Council is no longer acquiring or buying back ex-council homes. To date 221 such homes have been acquired, with the intention, when market conditions allow, to transfer almost all of these units to the Council's housing development company, Sutton Living Ltd, changing their use to permanent housing and letting them on assured shorthold tenancies at Local Housing Allowance levels.
- 2.5 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 2,500 interwar cottages and low rise flats at St Helier and surrounding wards 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 393 deck-access designed, 70s-built flats and maisonettes and a number of houses.
- 2.6 The following table gives a breakdown of the stock of HRA rented and shared ownership dwellings by type, size and age as at 1 October 2022.

Table 2.1: Breakdown of the HRA 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	986	6	12	8	55	1067
Terraced -3 bed	1032	58	46	34	33	1203
Terraced -4+ bed	14	11	1	1		27
Semi-detached -2 bed	48	1		1	1	51
Semi-detached -3 bed	149	44	2	4	7	206
Semi-detached -4+ bed	5	2				7
Detached -3 bed	3					3
Detached -4 bed	1					1
Houses (non-traditionally built)						
3 bed	3	58	1			62
All Houses	2,241	180	62	48	115	2,646
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	442	53	110	179	149	933
Low rise -2 bed	65	89	14	23	15	206
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	9	136	332	107	56	640
Med Rise -2 bed	115	348	128	22	46	659
Med Rise -3 bed	19	146	225	22	17	429
Med Rise -4+ bed	5	3	4			12
High Rise Bedsit/ studio		5		18		23
High rise -1 bed		26	27			53
High rise -2 bed		158	17	7		182
All Flats and Maisonettes	689	1009	959	381	283	3,321
All dwellings	2,947	1,223	1031	447	407	6,055

- 2.7 Flats and maisonettes comprise 55% of the stock, with houses and bungalows making up the remaining 45%. Of particular note is that almost half of the stock was built before 1945, and only 14% was built since 1974. Within the total, 503 (8.35%) are independent living (sheltered) dwellings, grouped within 13 schemes.
- 2.8 In terms of property size, Sutton's HRA stock contains 1,995 'family-sized' units (3+ bedrooms) representing 34% of the total. However, of this number, only 49 dwellings have four or more bedrooms, amounting to just 0.8% of the stock.

Stock Condition

- 2.9 A major new stock condition survey was carried out in 2021 by specialist surveying firm Faithorn Farrell Timms (FFT). The sample comprised 77% of individual homes and 100% of estate external and communal areas. This has provided the Council with some of the best stock condition data for social housing in the country. In addition to the standard property components, (e.g. windows, kitchens etc) being assessed, the survey also provided an updated assessment of the energy performance of properties via the Government's Reduced data Standard Assessment Procedure (RdSAP) methodology equating to the Energy Performance Certificate (EPC) banding.
- 2.10 SHP's latest asset management strategy seeks to balance a number of priorities. In addition to maintaining 100% compliance with the Decent Homes Standard and ensuring the requirements of the new building safety regulations are being met, it aims to ensure 100% of properties achieve EPC C or above by 2030, with the aspiration of achieving an average rating of B by this time in accordance with the London Housing Retrofit Action Plan commitment. It also aims to ensure an element of investment in maintaining and improving common spaces.
- 2.11 The investment 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 fatal fire at Grenfell Tower and the new legislation in place, the programme has a renewed focus on fire and building safety measures in flatted blocks, and resourcing health and safety compliance related works in being given the highest priority.
- 2.12 The Council also faces the huge challenge of meeting the government target that all homes should be net zero carbon by 2050. As before, the Business Plan attempts to model the cost of this based on the latest industry understanding, applying £25,000 per property spread over the 30 year period from Year 5.

Sustainability

- 2.13 The enhanced quality of our stock condition data has allowed us to review how we analyse the sustainability of our housing stock. Appendix A identifies those estates or dwellings that have been identified as requiring significantly above average investment over the next 10 years, (i.e. at least 50% above the average for all stock). There may be simple and logical reasons for this investment need. For example, these estates or properties have benefitted from little funding in recent years and therefore the next 10

years is their “investment cycle”, or the estates may comprise significantly larger than average properties, driving the unit investment cost up.

- 2.14 A further analysis of these homes will be carried out over the coming months by SHP, while ensuring that they remain compliant with all safety, legislative and regulatory requirements, including in relation to the Decent Homes Standard. Once complete, this initial analysis will be the subject of further consideration within the context of SHP’s asset management strategy and the Council’s regeneration programme. In the case of Shanklin Village, which represents by far the largest number of homes listed in Appendix A, funding has been included in the outline major works programme (see chapter 5) to tackle the defective walkways, which is the principal reason for the estate’s significantly above average investment need.

Future investment requirement

- 2.15 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 2023/24. The calculation takes into account works anticipated to be carried out in 2022/23. Full details of the investment requirement, 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 currently undergoing redevelopment, are maintained into the future. Should further elements of the stock be earmarked for redevelopment the overall investment needs will change accordingly.
- 2.16 It should also 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 will be flagged in iterations of SHP’s asset management strategy and, subject to resources being available, can be considered by the Council at the appropriate juncture. Also, at this stage, Appendix B only takes account of the imminent redevelopment of Beech Tree Place in central Sutton and not the other Sutton Town Centre estates identified for potential regeneration over the next 15 years.

Table 2.2: Summary of Stock Investment Needs 2023/24 to 2052/53 (Years 1 - 30)

	Years 1 - 5	Years 6 - 10	Years 11 - 15	Years 16 - 20	Years 21 - 25	Years 26 - 30	Years 1 - 30
	2023/24 - 2027/28	2028/29 - 2032/33	2033/34 - 2037/38	2038/39 - 2042/43	2043/44 - 2047/48	2048/49 - 2052/53	2023/24 - 2052/53
	£	£	£	£	£	£	£
Building Safety, and Compliance	14,444,956	20,691,526	15,309,560	9,789,637	12,872,393	10,007,437	83,184,509
Major Repairs	16,316,252	27,462,425	25,304,781	31,480,782	26,078,362	28,012,530	154,655,133
Contingent Major Repairs	1,960,263	1,299,404	1,367,140	1,331,780	1,402,500	1,122,000	8,483,087
Improvements	11,140,975	39,859,398	39,445,497	38,845,947	22,062,500	21,762,500	173,116,367
Estate Works and Related Assets	7,284,550	5,817,293	2,336,628	4,101,144	1,980,190	5,156,872	26,676,677
Exceptional Extensive Works and Surveys	14,959,321	1,500,000	1,500,000	1,500,000	1,500,000	1,200,000	22,159,321
Aids and Adaptations	2,000,000	1,920,312	1,671,248	1,950,000	1,950,000	1,560,000	11,051,560
Mechanical and Electrical Works	818,440	2,282,000	435,445	830,875	946,335	529,840	5,842,935
Total	68,921,758	100,832,358	87,370,300	89,829,715	68,792,280	69,423,179	485,169,589
Total incl enabling works at 20% and project mgt fees at 10%	90,976,721	133,098,713	115,328,796	118,575,224	90,805,810	91,638,597	640,423,858
Totals adjusted for inflation	113,074,300	196,768,100	197,653,600	235,583,800	209,147,600	244,179,500	1,196,406,900

2.17 As can be seen, the overall investment requirement over 30 years, including enabling works and project management fees, now amounts to £640.4m (at current prices). The additional cost of achieving the 2050 net zero carbon target accounts for £151.4m of this figure (24%). When inflation is factored in, however, the £640.4m total rises to £1.196bn, and this figure excludes associated costs of management.

2.18 This level of investment requirement is significantly higher than was projected in the last iteration of the Business Plan and fundamentally reflects three factors: (i) the much more thorough understanding of the investment needs resulting from the stock condition survey and subsequent analysis, (ii) the recent impact of significantly increased building costs due to external economic drivers, and (iii) the inclusion of very substantial sums to achieve net zero carbon by 2050.

2.19 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 has been used. At this stage, no assumptions are made regarding any stock losses from regeneration programmes, with the exception of Beech Tree Place as current residents on the estate will need to be rehoused for the reconstruction to take place.

Stock energy efficiency

- 2.20 The average energy efficiency rating of the stock under the Government's Reduced data Standard Assessment Procedure (RdSAP) methodology is 67.9 out of 100, while a breakdown of the stock by energy rating, using the Energy Performance Certificate (EPC) A to G classification system, is set out in Appendix C. This shows that 41% of homes are rated D or below, which is much higher than was previously estimated, and Sutton still has over 300 homes rated E, F or G. At the same time, only 102 homes achieve a B rating and none are A rated.
- 2.21 However, it must be understood that none of the stock is anywhere near zero carbon. To achieve this or even close to zero carbon across the whole stock in order to meet the Government's target and the Council's climate emergency objectives would require considerable additional investment in both energy efficiency and replacement non-fossil fuel heating systems. This is reflected by an amount of £25,000 per dwelling included in Appendix B spread across the Business Plan period from Year 5.

Housing Supply and Demand

- 2.22 Sutton's recently commissioned Local Housing Needs Assessment has identified a borough requirement for 1,078 new affordable homes per annum over the coming 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 over 2,700) and continuing high numbers of households in temporary accommodation (running at around 880 at the time of publication).
- 2.23 The Council has lost a significant number of 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 early 1980s to just over 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 over 100 new build homes and over 200 ex-council stock buy-backs to date, albeit the latter units are currently used solely for temporary accommodation.
- 2.24 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

- 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 instead of making 'negative subsidy' payments to the Exchequer. 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 various external funding sources. Each of these are briefly discussed in turn.

Revenue Resources

HRA self-financing

- 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 had to pay the balance 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 calculated 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 over the remaining loan period. However, these amounts are 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, previous iterations of the Business Plan have included provision within the financial modelling to fully pay the £141.1m debt off by the due date of 2042 by setting sums aside annually. However, two years ago it was agreed that the debt could be paid back over a longer period through partially refinancing the loan when it becomes due. This approach has the benefit of freeing up resources in the early years of the Plan, and moreover the set aside sums earn interest for the HRA. In the previous iteration, set aside provision was made to allow 50% of the loan to be repaid by the due date.

Borrowing

- 3.5 In September 2018, the Government lifted its long-standing cap on HRA borrowing 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 of the borrowing need to be found from within the Authority's HRA. To date, borrowing within the HRA has only been taken out to fund new housing supply and not for investment in the existing stock.

Rental income

- 3.6 After four consecutive years of 1% rent reductions, the Government announced that from 2020/21 rents would be allowed to rise by up to CPI + 1% for a period of at least five years. However, the four year reduction period had a significant impact on the funding available within the HRA, not just during those years but across the whole 30 year period since it is unlikely that social rents will be allowed to go up sufficiently in future years to compensate for the accumulated loss.
- 3.7 This year, however, in light of the very high level of inflation (CPI reached 11.1% in October 2022) and concerns around the effects of the cost of living crisis on low income households, the Government has imposed a cap of 7%. Given this, the Business Plan has been predicated on a rent increase of 7% next year, 4% the following year, returning to CPI thereafter (based on Treasury CPI projections). Two years of below inflation rent increases will impact negatively on the Business Plan since service cost increases, and building cost inflation in particular, have been considerably higher than 7%.
- 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 its expected life and then averaged across all dwellings to derive an annual amount per property. In light of the new stock condition survey and the increase in unit costs, depreciation has been increased significantly to £8.482m in Year 1. This sum works out at approximately £1,400 per rented dwelling.

Right to Buy Receipts

- 3.9 Under the Government's 'reinvigorated' RTB policy, introduced alongside self-financing in March 2012, which greatly increased the discounts offered to tenants, authorities were able to enter into an agreement with the Government to retain the additional net or 'reinvestable' receipts for spending locally. Following some relaxation of the rules around applying these receipts, the Council entered into a revised agreement last year within which it now has five years to spend the receipts from the time they arise, otherwise they have to be paid over to the Exchequer with a high level of interest incurred.
- 3.10 A further relaxation is that the net receipts can now be used to fund up to 40% of the cost of new housing, including land acquisition costs where applicable; previously the limit was 30%. However, the Government is also gradually restricting the amount of receipts that can be applied to acquisitions, and last year brought in a new restriction, which is that receipts arising since 1 April 2021 can no longer fund acquired properties that are used for temporary accommodation. This, together with the Department for Work and Pensions limiting housing benefit subsidy to 90% of 2011 Local Housing Allowance rates, called into question the future viability of the HRA acquisition programme, and led to the Council taking a decision last year to transfer its portfolio of ex-council stock buybacks to Sutton Living Ltd at a time when the prevailing market conditions are favourable.

3.11 The numbers of RTB sales over the last 10 years are set out in the table below. As can be seen, annual sales peaked at 75 in 2014/15 but have gradually dropped since then. Although they have stabilised recently, with the 2022/23 sales projected to reach 30, it is anticipated that they will drop further in the long term. For simplicity the modelling has assumed 30 p.a. for the period 2023/24 to 2027/28, dropping to 20 p.a. from 2028/29 onwards.

Table 3.1: Right to Buy Sales 2012/13 to 2021/22

2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
35	65	75	59	51	37	27	28	31	34

3.12 The 442 sales over the 10 years to 2020/21 have given rise to a net receipt of £39.1m. As mentioned above, this is the portion 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 or acquisitions where applicable.

3.13 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, as discussed above, regarding the likely trends over the longer term. It shows that over £212m of net receipts are estimated to accrue by the end of the Business Plan period, this figure including amounts that arose prior to 2023/24 (Year 1). This is considerably higher than was estimated in the last iteration due to much higher levels of assumed sales over the period in view of latest trends.

3.14 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. From 2021/22 no further funding is assumed to be deployed on HRA acquisitions due to the aforementioned viability issue.

3.15 The final column in Appendix D shows, on a cumulative basis, the net receipts that are either spent or remain available to be applied. As can be seen, from Year 9 (2031/32), shortly after the current new supply programme comes to an end, a ‘reserve’ of unused net receipts begins to build up, reaching almost £112m by Year 30.

Other Funding Sources

GLA grant for new supply

3.16 In 2018 the Council secured £6.5m of grant funding from the GLA to be used alongside its other resources to fund a second phase of HRA new build. The award required the homes to be let at social rent, with the stipulation that a minimum of 81 units be developed. However, the grant is likely to be negotiated down to £5.1m due to the limit of available sites.

3.17 It should be noted that GLA grant can be used alongside additional HRA borrowing to fund a scheme. However, 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 that is part funded by grant.

Funding for energy efficiency works

- 3.18 SHP has successfully secured funding from the GLA for a pilot programme of whole house energy efficiency works, based on the Dutch Energiesprong retrofit methodology and focussed on addressing fuel poverty and climate change. The GLA's match funding, amounting to £548k, along with £280k of HRA funding, has allowed SHP to undertake whole house retrofit refurbishments to an initial five properties with three more currently being targeted.
- 3.19 The pilot project has enabled the viability of the model for Sutton's homes to be tested prior to a wider programme of refurbishments being run. To that end, in conjunction with Energiesprong UK, the Council made a successful bid for additional match funding from the Department for Business, Energy & Industrial Strategy (BEIS) and were awarded £3.1m subject to agreements being signed. Sutton has also been awarded £480k of ECO3i funding (the government's latest Energy Company Obligation scheme) from British Gas and 1m Euros via Interreg European Union funding.
- 3.20 On behalf of the Council, SHP has worked with Kingston Council and Raven Housing Trust to submit a collaborative bid for further funding from the Government's Social Housing Decarbonisation Fund (Wave 2.1). The retrofit programme is discussed further in chapter 5.

4 Financial Modelling

Base Model

- 4.1 The Council, working with SHP, has produced a new 30 year 'Base' financial model, where Year 1 becomes 2023/24. The Base Model is predicated on the rent increase assumptions as discussed in chapter 3. It also models expenditure on the existing stock in accordance with the identified need, as set out in chapter 2 and Appendix B, and expenditure on the new build and regeneration schemes, as set out in Appendix E and discussed in chapter 6. This excludes the redevelopment of Elm Grove, which is the subject of separate modelling (see below).
- 4.2 The Base Model is predicated on the following:
- that a debt settlement reserve is built up during the Business Plan period to repay 50% of the £141.126m self-financing loan when it matures in 2042 as well as to repay other HRA loans that mature in the next 30 years. Interest will accrue on these sums and is added into the working balance;
 - that HRA borrowing is applied only to new build, with interest rates of between 3.4% and 3.8% assumed in relation to this borrowing;
 - that the borrowing taken out to fund new build schemes is paid back over 50 years, i.e. outside the period of the Business Plan;
 - that the amounts set to cover the cost of depreciation of assets from Year 1 are calculated using a 'component accounting approach', which takes account of element lifetimes and building costs;
 - that the Major Repairs Reserve (MRR), derived from the amounts set aside to cover depreciation, is applied to investment in the existing stock along with leaseholder contributions and revenue contributions to capital outlay (RCCO) when the latter are both available and required;
 - that annual general CPI inflation rates are assumed at 7.0% in 2023/24, 4.0% in 2024/25, 3.0% in 2025/26 and 2.0% thereafter;
 - that inflationary uplifts to major works costs are applied at a rate of 5.97% in 2023/24, progressively reducing to 3.0% from 2026/27;
 - that rents will increase by 7% in 2023/24, by 4% in 2024/25, by 3.0% in 2025/26 and then by the prevailing CPI rate thereafter (based on Treasury projections);
 - that allowances for bad debt are assumed at 1.2% in 2023/24, progressively reducing to 0.9% from 2026/27;
 - that the costs of management (SHP's management fee and Council HRA costs) and the amount set for capital investment are increased in line with the rent increase in 2023/24 but are then reduced by 15% progressively over the next three years.
- 4.3 In relation to new build, the following assumptions are made:
- that the new build modelled reflects the programme set out in Appendix E;

- that the Phase 2 new build homes are all let at Affordable Rent.
- 4.4 Regarding the estate regeneration programme, the Base Model takes into account the redevelopment of Beech Tree Place, which has now commenced, but no other schemes within the identified pipeline, including Elm Grove, the anticipated costs and timelines of which are included in Appendix E as they are taken into account in separate sensitivity modelling (see below).
- 4.5 In relation to the HRA acquisition programme, the Base Model assumes no further acquisitions within the Plan period and that the properties acquired to date remain in the HRA and continue to be let as temporary accommodation, with rents charged at 90% of current Local Housing Allowance (LHA) rates.
- 4.6 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; however, these are not reflected in the figures within Appendix B.
- 4.7 Summary output sheets from the Base Model for 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.
- 4.8 From the revenue summary, the following can be seen:
- I. Total annual income amounts to £44.035m in Year 1, and rises gradually over the period to £78.955m in Year 30.
 - II. SHP's costs or management fee (excluding contributions to major works) is set at £18.745m in Year 1 and rises to £27.760m in Year 30. The Council's HRA management costs amount to £2.950m in Year 1 and increase to £4.747m by Year 30.
 - III. Depreciation increases from £8.482m in Year 1 to £14.865m in Year 30. The depreciation figures (column 6) transfer across to the Major Repairs Reserve in the capital summary (see below).
 - IV. Debt management costs and interest on new debt, including debt on the acquired stock, reach £2.648m by Year 6 and remain at that level throughout the rest of the Plan period.
 - V. Debt management costs and interest payments on historic debt (including the self-financing debt) average at around £8.5m p.a. up to and including Year 19; they then fall to around £5.6m from Year 20 of the Business Plan period when 50% of the self-financing debt is paid off. The amounts thereafter are to support the remaining historic debt, which is set to be paid off when maturity dates are reached.
 - VI. As well as 50% of the self-financing settlement debt, in the Base Model all other HRA loans that mature in the next 30 years are paid off. This equates to £153.736m of debt repayment in that period leaving an outstanding loan balance of £186.597m at Year 30. This is estimated to represent just under 23% of the value of the stock at year 30, based on existing use value rises of an average 2% per year from April 2022. This compares to the 1 April 2022 total HRA debt representing

53% of the existing use asset value of HRA dwellings (i.e. an improved position).

- VII. Revenue Contributions to Capital Outlay (RCCO) are applied in both the early and the later years but only when it's both available and required.
- VIII. The working balance of £12.769m carried forward into Year 1 reflects the accumulated amounts set aside for debt repayment from previous years.
- IX. A minimum required HRA balance is applied throughout the Business Plan period and shown in the penultimate column. This has been set at 5% of the revenue budget but also seeks to achieve a balance that ensures the HRA generates sufficient surplus in each year of the plan to cover annual interest costs, with extra capacity to contribute to a reserve to be used to repay debt when the payments become due.
- X. The final column shows the funding available after the minimum working balance is taken into account, referred to as the Debt Settlement Reserve; this is money available to repay arising debt.

4.9 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 the modelling (but not in Table 2.2/Appendix B) in later years to take into account the future investment needs of the new build stock and new homes from the Beech Tree Place redevelopment. The future investment needs of the acquired stock (mainly flats) is factored into the purchase costs and the depreciation allowance.
- II. Column 2 shows the costs of the new build programme (from 2023/24 onwards).
- III. Borrowing is applied to new build, facilitated by the lifting of the HRA borrowing cap (column 4). As in previous iterations of the Business Plan, no borrowing is applied to investment in the existing stock.
- IV. GLA grant also partially funds the new build programme and is shown in column 5.
- V. The existing stock investment requirement is inclusive of the cost of works to leasehold units, with these costs offset by leaseholder contributions (column 6).
- VI. Receipts from new build shared ownership sales, arising in Year 3, are shown in column 7.
- VII. RTB net receipts are also applied to the new build programme and are shown in column 8.
- VIII. The Major Repairs Reserve (MRR) column reflects the depreciation figures set out in the revenue summary, and includes a carry forward of £770k from the previous year.

- IX. Column 10 shows the anticipated carry over of RCCO from 2022/23 (£8.876m) with subsequent amounts applied up to and including Year 13 and then again in the later years of the Business Plan period.
 - X. The difference between the total investment requirement and the total financing available is reflected in the 'In Year Surplus/(Shortfall)' column, and subsequently in the 'Cumulative Surplus/(Shortfall)' column. The latter shows a balanced position in Year 1 but then a substantial shortfall builds up over the years, reaching £588.133m by Year 30.
- 4.10 The Base Model position represents a significant worsening of the overall HRA financial position since the last iteration of the Business Plan. This is principally due to higher interest rates, the much greater existing stock investment need identified and included in the Base Model, which has now factored in the estimated cost of achieving net zero carbon by 2050, and the recent significant increase in the cost of building materials, which are reflected in higher depreciation figures.
- 4.11 The reduction in SHP's management fee over Years 2 to 4 reflects the level of savings being sought across all other council services and is also aimed at switching some resources from revenue into capital investment in light of the much greater stock investment requirement identified. It means that the ALMO will need to find medium term efficiency savings, and may have to reduce service levels in some areas. The approach to this will be set out in future iterations of SHP's annual delivery plan.
- 4.12 Resources for capital investment in the existing stock nevertheless still fall a long way short of the requirement. In the first five years, the funding available (from a combination of MRR, RCCO and leaseholder contributions) amounts to £89.6m, against an identified investment requirement of £113.074m over the period. This will mean prioritising health and safety and compliance related works, potentially re-phasing some programmes and making difficult choices regarding what other works such as improvements to estates should be undertaken. This is discussed further in the next chapter.

Sensitivity Modelling

- 4.13 The next estate regeneration scheme due to come on stream is at Elm Grove in central Sutton, where there was a successful resident ballot outcome last year. In light of the changing macroeconomic situation over recent months it has been necessary to reassess the viability of the redevelopment within the HRA. Accordingly, a variation or sensitivity to the Base Model has been produced within which the redevelopment of Elm Grove is modelled. Revenue and capital summaries derived from the sensitivity are set out in Appendices H (i) and H (ii) respectively.
- 4.14 Under this variation the revenue summary shows across the Plan period an increase in overall income (column 1) reflecting the net increase in new rented homes. Correspondingly it shows commensurate increases in SHP and Council HRA costs (columns 2 and 3) and an increase in the allowance for depreciation (column 6).
- 4.15 The cost of the Elm Grove redevelopment is also reflected in much higher new debt management and interest costs (column 7), the 30 year total having risen from £75.288m in the Base Model to £106.618m under the sensitivity. This in turn results in

less money available for RCCO (column 9), the 30 year total of which reduces by £15.159m (from £242.564m to £227.405m). This means that under the sensitivity there is £15.159m less to be applied to investment in the existing stock over 30 years (£505k p.a.). The position is also reflected in the capital summary, with the RCCO totals reducing accordingly and the Year 30 cumulative deficit increasing by almost £17m (from £588.133m to £605.121m). This doesn't equate exactly to the £15.159m reduction in RCCO because the Base Model does not take into account the future investment needs of the new Elm Grove stock, which *are* built into the Sensitivity Model.

- 4.16 It should be noted that the amounts included for repayment of the debt principal (totalling £153.736m) are unaffected since the loan redemption in relation to the Elm Grove development is not due until beyond the Business Plan's 30 year period. However, the additional borrowing capacity or headroom at Year 30 reduces by almost £48m (£341.681m - £293.725m) when the redevelopment of Elm Grove is factored in.

5 Stock Investment

5.1 Considerable investment has been made in the Council's housing stock in recent years, with 100% decency being achieved three years ago and huge numbers of major repair and improvement works undertaken 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 meet the emerging new standard when adopted), and also to undertake works of a health and safety nature, in particular in relation to building and fire safety. Further, we need to address the climate emergency 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

5.2 The overall HRA capital programme projected outturn for 2022/23, together with the outturn for the previous two years is set out in the following table.

Table 5.1: HRA Capital Programme Outturns 2020/21 to 2022/23

	2020/21 outturn (£000s)	2021/22 outturn (£000s)	2022/23 projected outturn (£000s)
Expenditure			
Major works programme	7,035	11,231	11,104
Adaptations for disabled tenants	387	507	485
Redevelopment of Richmond Green	5	105	25
Estate regeneration	1,215	3,087	6,439
New build	506	6,057	13,536
Property acquisitions	14,316	17,519	850
Total Expenditure	23,464	38,506	32,439
Resources			
Major Repairs Reserve (MRR)	5,229	9,704	9,093
Revenue contributions to capital outlay (RCCO)	1,746	156	1,575
Borrowing	11,475	21,689	13,191
RTB net receipts	0	142	419
Leaseholder contributions	250	260	240
s106 receipts	0	105	2
GLA Grant	439	6,450	7,919
Total Resources	23,464	38,506	32,439

5.3 The major works programme for 2022/23 amounts to over £11m and includes £4.5m on standard planned maintenance to residents' homes, (including £1m at Rosehill Court),

£2.3m on Fire Safety works, and £3.8m on energy efficiency works benefitting from match funded grant.

Future Investment

- 5.4 As discussed above, the Base Model, where all required investment to the stock is included within the expenditure, results in a financially unviable position from Year 2 onwards. A sensitivity was then produced within which incorporates the redevelopment of the Elm Grove estate. The effect of this is to reduce the amount for investment in the existing stock over the 30 year period by £15.1m.
- 5.5 In order to address this viability challenge, investment requirements in the existing stock were reviewed, with the aim, firstly, to ensure that all essential health and safety related and other legally required works, including all required fire safety works, are carried out. This reflects the approach to prioritisation in the SHP asset management strategy. However, beyond that, a very significant proportion of total stock investment requirement, including works to achieve net zero carbon are unfundable. Over the 30 year period, under the Base Model, only £614.8m (51%) of the estimated £1.196bn investment requirement can be funded.
- 5.6 On the basis of the funding available under the Base Model, a proposed outline five year programme of works is set out in Appendix I and summarised in Tables 5.2 and 5.3 below. The latter show the numbers of homes benefitting from each key building element repair/replacement. As can be seen, the programme totals £81.5m but when consultancy and project management fees are added on the total becomes £89.6m, matching the resources available under the Base Model. However, this falls short of the assessed Years 1 - 5 investment requirement of £113.4m by £23.8m or 21%.

Table 5.2: Outline Investment Programme 2023/24 to 2027/28

	2023/24 £	2024/25 £	2025/26 £	2026/27 m	2027/28 £	Total £
Building safety and compliance	3,288,370	3,549,870	5,809,070	5,191,370	2,233,500	20,072,180
Major repairs	3,430,624	3,755,380	4,979,256	5,888,801	2,503,803	20,557,846
Contingent major repairs	411,713	429,115	422,301	441,303	255,831	1,960,263
Energy efficiency and other improvements	4,690,000	1,650,000	1,550,000	950,000	7,170,000	16,010,000
Estate works and related assets	686,728	1,484,286	1,806,143	2,487,700	713,297	7,178,784
Exceptional extensive works and surveys	7,100,000	7,100,000	500,000	500,000	500,000	15,700,000
All works	19,607,435	17,968,651,	15,066,770	15,459,174	13,377,061	81,479,091

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

Table 5.3: Outline Investment Programme 2022/23 to 2026/27 – Key Building Elements

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Bathrooms/WCs	163	163	163	326	325	1140
Kitchens	123	122	122	148	147	662
Heating & Hot Water	290	290	290	333	333	1,536
Electrics	1,260	1,260	1,260	1,260	1,260	6,300
Windows and Doors*	95	551	102	599	37	1,384

*Assumes all properties have both windows and doors replaced. However, this will not always be the case so the total number of actual homes receiving work is likely to be higher than the number presented.

5.7 Table 5.4 (below) gives a breakdown of the average costs for the key building elements, while Table 5.5 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, since completion of the decent homes programme, SHP has adopted a 'just in time' approach to replacing building elements, which should help to reduce expenditure.

Table 5.4: Key Building Element Unit Costs

	Average cost per home (£)*
Bathrooms/WCs	3,055
Electric Rewire	2,373
Front doors	1,275
Heating Boilers	2,256
Kitchens	4,293
Windows (assumed 6 per home)	3,000

*As per the stock condition survey, at 2021/22 prices

Table 5.5: Decent Homes Life Cycles of Key Building Elements

	Life cycle (years)
Bathrooms/WCs	30
Boiler	15
Electrics	30
Front doors	20
Kitchens	20
Roof coverings	40 - 60
Windows	30

Asset Management Policy

- 5.8 SHP's asset management strategy for the Council's housing stock has recently been revised and takes into account the 2021 stock condition survey and a range of emerging issues.
- 5.9 SHP's key policy approaches to asset management in summary are:
- To maintain the stock to the decent homes standard and meet any future changes to the standard
 - To develop planned major works programmes in coordination with management data from the day to day or responsive repairs service
 - To adopt a 'just in time' approach to take into account actual 'real world' component failure rates rather than simply renewing building components according to their industry standard lifetimes
 - To adopt innovative measures to address stock decarbonisation including whole house retrofits and to pursue all options for increasing resources
 - To ensure all properties meet the highest standard of fire safety
 - Subject to the wishes of residents and funding being available, to provide home security measures such as door entryphone systems where none exist
 - Where the costs of maintaining properties exceed their value, to recommend options for disposal or alternative usage
 - When properties become empty or void and are considered unviable from an investment point of view, to undertake option appraisals in relation to their future use
 - To undertake a rolling review of independent living schemes (sheltered housing) to assess the viability of remodelling, or potential redevelopment, in order to make them better fit for purpose
 - Continue to explore options for further estate re-modelling
 - To review the future usage of battery garage sites including for redevelopment
- 5.10 Specifically in relation to energy efficiency and the net zero carbon agenda, the Energiesprong pilot project has delivered whole house retrofits to five homes at Clockhouse, with an additional three being targeted, and with over 50% of the estimated cost funded by the GLA. In addition to the whole house retrofit programme, funding has been secured from BEIS through the Social Housing Decarbonisation Fund Wave 1 to undertake targeted energy efficiency measures such as cavity wall insulation, loft insulation, external wall insulation and triple glazing, to help improve the thermal efficiency of 75 properties, 25 of which are at Clockhouse and 50 at St Helier.
- 5.11 The unit cost of whole house retrofitting is currently about £80k per property, with the targeted energy efficiency measures averaging around £25k per property, and with approximately 50% being funded by grant. The whole house retrofits typically achieve an EPC rating of B whilst the targeted energy measures will typically achieve a C rating. SHP has also submitted a bid in collaboration with Kingston Council and Raven

Housing Trust, for further resources under the Government's Social Housing Decarbonisation Fund Wave 2.1, which if successful will enable a further 62 homes to be brought up to a minimum EPC C rating.

6 New Local Authority Housing Supply

New Build and Conversions

- 6.1 The Council's corporate plan has as one of its key objectives the delivery of affordable housing to support the borough's housing needs and prevent homelessness including through a programme of local authority new build. To best achieve its aims Sutton took a decision to adopt a 'twin track' approach, delivering new homes within the HRA and separately within its General Fund through its wholly-owned development company, Sutton Living Ltd. The HRA Business Plan, however, is focused solely on the former.
- 6.2 Included in Appendix E is a summary of the HRA new build programme. With the 93 home Phase 1 programme having completed in 2019/20, the focus is now on the Phase 2 programme, which comprises 71 units, of which 51 are eligible to receive up to £5.1m of GLA grant subsidy at £100,000 per unit with the remaining 20 eligible to receive £3.5m of GLA grant subsidy at £175,000 per unit.
- 6.3 Phase 2 is divided into three sub-phases: Phase 2a - garage sites; Phase 2b - purchase of a new 23 home development at Alexandra Gardens in Wallington being developed by Sutton Living but to be transferred to the HRA; and Phase 2c - sites at Beddington Lane, Beddington and Woodcote Road, Wallington yielding 20 units.
- 6.4 Phase 2a, which has now completed, comprised five garage sites producing 28 new homes, these being:
- Assembly Walk, Carshalton - 10 no. mainly two bedroom flats
 - Bisham Close, Carshalton - 4 no. two bedroom houses
 - Radcliffe Gardens, Carshalton Beeches - 4 no. two bedroom houses
 - Wellesley Court, Stonecot Hill - 6 no. two bedroom flats
 - Wrythe Lane, Carshalton (Rosehill) - 4 no. two bedroom houses
- 6.5 Following the decision of its Strategy and Resources Committee in February 2022, the Council is also set to gain a large number of new homes as part of the redevelopment of the B&Q site in Sutton under a s106 agreement with the developer, Berkeley Homes. However, this is a medium term project with the new homes not expected to come on stream until 2027/28. For the purposes of the modelling, it is assumed that the new homes coming into the HRA will total 203, the latest estimate at the time of writing. This is a lower figure than that approved in February 2022 (circa 225) and the amended figure of 254. This reduced number of rented homes is a result of various economic factors affecting the proposed development and the number may reduce further.
- 6.6 Alongside its new build programme, the Council is in the process of converting the former Eagle Chambers commercial unit at Rosehill into temporary accommodation for rough sleepers. This will result in six one bedroom self-contained flats, and is currently anticipated to complete by March 2023.

Regeneration

- 6.7 As well as investing to maintain its existing housing stock the Council has identified a number of estates for potential regeneration, which will result in a net increase in the number of affordable homes. Two of the estates which are the most advanced - Beech Tree Place and Elm Grove, both located in Sutton town centre - have been included in the Business Plan modelling, the latter as a sensitivity to the Base Model in order to test its financial viability. A further five estates (Benhill, Rosebery Gardens, Collingwood, Chaucer Gardens and Sutton Court) have also been identified as potential redevelopment sites. However, the future of these schemes are set to be reviewed in light of the overall HRA financial position and other factors.
- 6.7 Appendix E shows the programming of the Beech Tree Place redevelopment, which officially started on site in September 2022. The work will be phased over a number of years and will replace the 20 outmoded older person units with a total of 92 new affordable homes, comprising 15 modern older person units, 42 affordable rented homes and 35 shared ownership units.
- 6.8 Also modelled (as a sensitivity) is the proposed redevelopment of Elm Grove in Sutton town centre. The existing 73 homes on the estate (including 57 let at a social rent) will be replaced by a new development of 279 homes, of which 136 will be new affordable homes. The new supply of new affordable housing will comprise 57 replacement affordable homes let at social rent, 62 additional new affordable homes let at an Affordable Rent and 17 shared ownership properties. In addition, the scheme will provide 131 new homes for private sale and 12 properties to be sold to returning homeowners on a shared equity basis.
- 6.9 The new supply programme, of both new build and estate regeneration, broken down by year, is summarised in the table below.

Table 6.1: Outline HRA New Supply Programme (from 2021/22)

Year	Scheme	Cost (£000s)	Affordable Units
2021/22	New build Phase 2	5,607	
	B&Q site redevelopment	52	
	Eagle Chambers scheme	110	
	Beech Tree Place	2,607	
2022/23	New build Phase 2	12,488	28
	B&Q site redevelopment	148	
	Eagle Chambers	900	6
	Beech Tree Place	4334	
	Property acquisitions	850	

Year	Scheme	Cost (£000s)	Affordable Units
2023/24	New build Phase 2	5,959	53
	B&Q site redevelopment	16,475	
	Eagle Chambers	100	
	Beech Tree Place	13,005	
	Elm Grove	7,592	
2024/25	New build Phase 2	108	
	B&Q site redevelopment	80	
	Beech Tree Place	14,780	15
	Elm Grove	3,273	
2025/26	B&Q site redevelopment	10,265	
	Beech Tree Place	8,916	77
	Elm Grove	9,859	
2026/27	B&Q site redevelopment	24,085	
	Beech Tree Place	569	
	Elm Grove	12,231	77
2027/28	B&Q site redevelopment	16,975	69
	Elm Grove	10,292	
2028/29	B&Q site redevelopment	956	134
	Elm Grove	3,038	59
Totals		182,453	

Property Acquisitions

- 6.10 In June 2017, the Council commenced a programme of property acquisitions aimed primarily at providing an alternative source of housing for homeless families that would otherwise need to be placed in expensive nightly paid temporary accommodation such as B&B, often out of the borough. Another important objective was to ensure the longer term viability of the HRA, which might otherwise be at risk from progressively diminishing stock numbers.
- 6.11 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 former, the acquired units would be ex-council

homes that had been sold under RTB, which would become HRA units and therefore form part of the HRA business plan modelling.

- 6.12 However, as discussed in previous chapters, due to a new Government restriction on the use of RTB net receipts, which precludes the funding of units used for temporary accommodation, and given the loss of housing benefit subsidy on rents charged at 90% of current LHA rates, a decision was taken to end the ex-council stock acquisition programme and, as part of the February 2022 budget report to Strategy and Resources Committee, to transfer almost all the buyback portfolio of homes to Sutton Living Ltd.
- 6.13 This was due to take place in February 2023 but it was agreed in October 2022 to pause this in view of the current market volatility, which would have affected the financial viability of the transfer. For the purposes of modelling, the Business Plan assumes that the acquisitions remain in the HRA and continue to be let as temporary accommodation. SHP's generic management and maintenance costs are factored into the Business Plan but the costs for these particular properties will be subject to agreement between the council and SHP during the pause period and then, along with the capital receipt, will be the subject of the transfer negotiations between the parties in due course.

7 Strategic Options for the Future

- 7.1 In terms of the condition of the existing stock, the latest modelling shows that the large majority of the Council's homes are viable into the future. However, there are a significant number of properties where the unit investment costs are at least 50% greater than the average. Consideration will be given to the future of these homes over the coming years, taken forward through SHP's new asset management strategy.
- 7.2 The Base Model includes the full investment requirement of the existing stock, which has increased significantly since the previous iteration of the Business Plan, partly due to much higher building cost inflation but also because the cost of delivering net zero carbon has now been factored in. At the same time, resources in net terms are set to decrease due to the below inflation rent increases next year, the effect of which is compounded over the Business Plan period.
- 7.3 The Base Model also includes the second phase of the new build programme, which is set to deliver up to a further 71 units by 2024/25, the purchase of 203 homes at the B&Q site in Sutton and the redevelopment of Beech Tree Place, which together will yield significant numbers of additional affordable homes.
- 7.4 When the above expenditure, along with the costs of day to day management and debt financing, are factored in, the Base Model shows, after inflation is built in, a very significant capital shortfall, amounting to £588m by Year 30. And this takes into account a significant switch of resources from revenue services into capital investment over Years 2 to 4.
- 7.5 A sensitivity model has been produced to financially reappraise the redevelopment of Elm Grove within the HRA in light of the changed economic situation since the ballot took place. Essentially the effect of this is that total resources for investment in the existing stock over the Business Plan period reduce by £15.1m.
- 7.6 The reduction in the SHP management fee will mean efficiency savings and possibly some reduction in service levels over the medium term. At the same time, funds for investment in the existing stock still fall a long way short of the total investment requirement, in both the short and the longer term, requiring difficult choices to be made. In so doing essential works such as those relating to building and fire safety, have been prioritised within the outline Years 1 to 5 programme of works.
- 7.7 In order to bring the HRA back into balance over the longer term it will be necessary to find ways of reducing expenditure and/or increasing resources. The options for the former are limited essentially to: (i) reducing investment in the existing stock, (ii) reviewing the stock portfolio and potentially disposing of or regenerating higher cost estates/blocks, (iii) further reducing day to day management costs and (iv) rephasing debt payments.
- 7.8 The options for increasing HRA resources are also limited, and as a legally ring-fenced account, there can be no cross-subsidy from the rest of the General Fund even if resources were available for this. Rents are likely to remain strictly controlled by the Government through the Regulator of Social Housing, although there may be some limited scope to increase certain service charges. Developing new homes, depending

upon the business model adopted for these, could result in a net financial gain over the long term. Similarly, further redevelopment of estates could result in a net financial benefit to the HRA depending upon the model adopted. It is likely that these and potentially other options will all need to be explored in future years.

8 Monitoring and Review

- 8.1 The HRA Business Plan sets the broad strategic context for the delivery of, primarily, capital investment in Sutton Council's housing stock in both the medium and long term and new affordable housing supply. 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 annual delivery plans.
- 8.2 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. The management agreement sets 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.
- 8.3 In light of this relationship, the delivery of this Business Plan, and in particular the programmes of capital investment undertaken on the Council's behalf by SHP, will be monitored closely through the existing performance management arrangements. These involve resident representatives, senior officers of the Council and SHP as well as the ALMO board. In addition, from 2023/24, we will be introducing a mid-year report to update the Council's Housing, Economy and Business Committee on the delivery of the HRA business plan for the first half of the financial year. As part of SHP's Delivery Plan, it is intended that a procurement plan for major works contracts will be included, setting out which programmes are likely to require Committee approval under Contract Standing Orders.
- 8.4 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 supply and regeneration schemes.
- 8.5 In-year monitoring of financial performance will also be captured in finance performance reports submitted to the Strategy and Resources (S&R) Committee alongside General Fund finance performance. The S&R Committee, in addition to monitoring the financial performance of the HRA compared to approved budgets, also has delegated authority to authorise additional budget requirements above £250,000 for capital and £500,000 for revenue expenditure. The Council will work with SHP to provide these reports.

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 London 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)	The former 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 the 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 give 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 (now referred to as Independent Living Schemes)
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 arms-length management organisation or ALMO
Unity	A make of system built housing of which Sutton Council holds a portfolio located in the Clockhouse area
Universal Credit	The wide-ranging welfare benefit payment for working age households, introduced from October 2013
Void	An empty council property

Sustainability Assessment

Estate		No. of Homes	Average investment required per home (over Years 1-10)	% above the average	
Average per all homes		6055	£14,861	0%	
1.	Abbotsleigh Close Estate	11	£27,159	83%	
2.	Cheam misc properties	46	£22,424	51%	
3.	Kedeston Court	19	£24,374	64%	
4.	Kingslee & Thorn Court	3	£62,272	319%	
5.	Lavender Road	3	£35,965	142%	
6.	Lorraine House, (Acre Lane)	10	£29,062	96%	
7.	Mellow View, (Sandy Lane North)	1	£84,140	466%	
8.	Muschamp Road	51	£22,942	54%	
9.	Shanklin Village (*)	277	£25,329	70%	
10.	Waleton Acres	46	£22,232	50%	
	Total	467			

Commentary

The enhanced quality of our stock condition data (via the condition survey) has allowed us to review how we analyse the sustainability of our housing stock.

We will be commissioning a detailed condition report and investment appraisal for Shanklin Village this year, where we are aware of significant water penetration and the need for concrete works.

We will use this as a pilot to inform future investment appraisals. As part of strengthening our approach to asset investment modelling, we will be developing a Net Present Value model to inform our Asset Management Strategy.

Stock Investment Requirement - Years 1 to 30

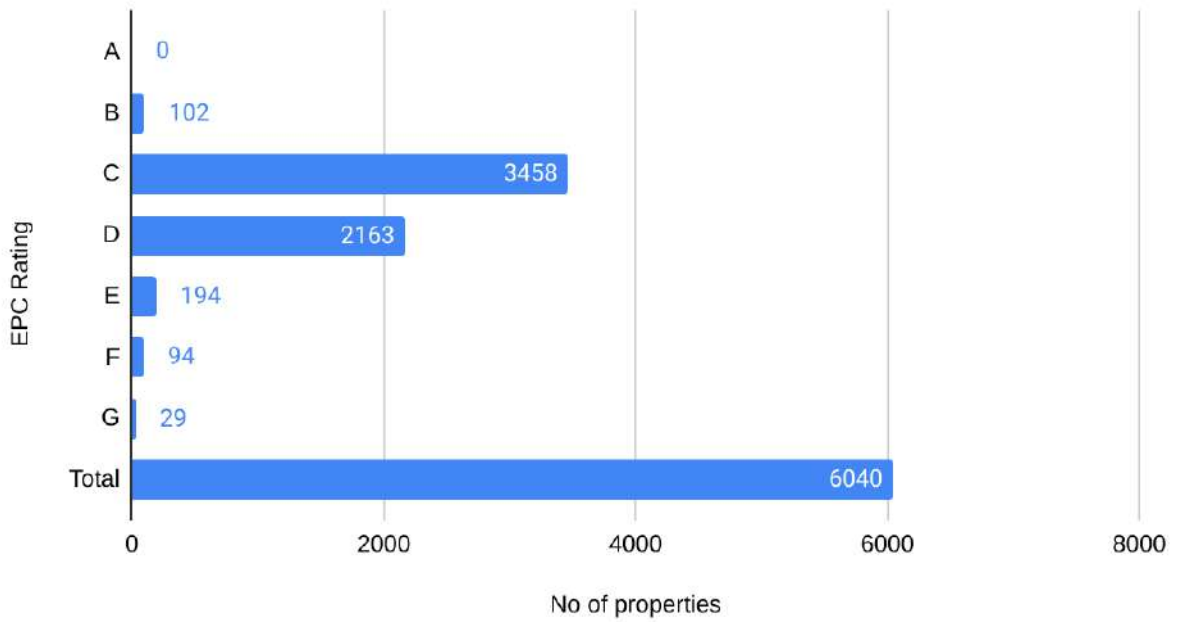
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total Yrs 1 - 5	Yr 6 - 10	Yr 11 - 15	Yr 16 - 20	Yr 21 - 25	Yr 26 - 30	Total Yrs 1 - 30
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24 - 2027/28	2028/29 - 2032/33	2033/34 - 2037/38	2038/39 - 2042/43	2043/44 - 2047/48	2048/49 - 2052/53	2023/24 -
	£	£	£	£	£	£	£	£	£	£	£	£
Building Safety - Risk and Compliance	3,222,533	3,161,583	3,537,333	3,034,584	1,485,925	14,441,956	20,691,526	15,309,560	9,789,637	12,872,393	10,079,437	83,184,509
FIRE SAFETY WORKS	1,427,486	1,427,486	1,427,486	1,427,487	200,000	5,909,945	1,000,000	1,000,000	1,000,000	1,000,000	800,000	10,709,945
ELECTRICS	576,060	580,660	575,410	580,660	151,400	2,464,190	6,155,625	6,181,775	4,976,150	3,188,400	1,982,450	24,948,590
FIRE DETECTION	195,195	195,195	195,195	195,195	191,125	971,905	395,325	1,050,475	494,375	1,050,975	421,875	4,384,930
LIFTS	10,500	0	101,500	0	0	112,000	234,000	541,500	922,000	369,000	91,500	2,270,000
LIFT REPLACEMENTS (Specialist Survey ?)	200,000	127,000	413,000	0	30,800	770,800	168,200	253,400	382,800	356,800	0	1,932,000
BUILDING MONITORING SYSTEMS	5,000	5,000	5,000	5,000	0	20,000	0	0	0	0	0	20,000
M&E EQUIPMENT UPGRADE (fire supression works)	400,000	400,000	400,000	400,000	400,000	2,000,000	1,600,000	0	0	0	0	3,600,000
WATER SERVICES	0	0	12,000	0	0	12,000	1,000	30,250	0	0	250	43,500
HEATING AND HOT WATER	408,292	426,242	407,742	426,242	512,600	2,181,116	11,137,376	6,252,160	2,014,312	6,907,218	6,783,362	35,275,544
Major Repairs	3,572,914	3,680,614	3,995,358	3,741,578	1,325,788	16,316,252	27,462,425	25,304,782	31,480,782	26,078,362	28,012,530	154,655,133
AERIALS	3,500	0	81,250	36,250	15,750	136,750	277,250	33,000	127,000	277,250	33,000	884,250
BALCONIES	161,488	161,488	161,488	161,488	161,488	807,440	1,718,100	358,520	724,280	109,040	388,260	4,105,640
BATHROOMS	562,750	577,950	572,350	577,950	163,000	2,454,000	3,582,700	1,129,600	7,926,100	7,295,700	2,647,300	25,035,400
DECORATIONS	717,200	776,200	3,825,700	2,924,800	779,900	3,825,700	2,924,800	2,914,400	3,021,900	3,330,000	2,831,600	18,848,400
EXTERNAL STAIRS	0	0	12,000	0	0	12,000	104,000	12,000	20,000	6,000	6,000	160,000
INTERNAL FINISHES	0	0	281,465	36,365	8,110	325,940	372,235	252,010	468,570	191,125	84,860	1,694,740
KITCHENS	629,625	666,625	666,625	666,625	132,000	2,761,500	10,639,500	8,765,000	3,339,500	2,966,500	10,666,000	39,138,000
LAUNDRY FACILITIES	0	0	4,075	0	0	4,075	0	0	1,575	0	0	5,650
ROOFS	624,657	624,657	570,337	618,006	7,440	2,445,097	2,643,730	2,643,730	4,160,210	2,813,800	6,094,785	20,801,352
WALLS EXTERNAL	262,674	262,674	258,548	257,674	0	1,041,570	2,026,360	974,655	3,407,880	802,380	1,514,275	9,767,120
WINDOWS AND DOORS	611,020	611,020	611,020	611,020	58,100	2,502,180	3,173,750	8,221,867	8,283,767	8,286,567	3,746,450	34,214,581
Contingent Major Repairs	411,713	429,115	422,301	441,303	255,831	1,960,263	1,299,404	1,367,140	1,331,780	1,402,500	1,122,000	8,483,087
DRAIN FAILURE REMEDIATION	104,500	109,203	114,117	119,252	52,816	499,888	317,346	517,140	481,780	552,500	442,000	2,810,654
ASBESTOS TREATMENT	57,029	59,595	62,277	65,079	59,711	303,691	288,842	250,000	250,000	250,000	200,000	1,542,533
UNINSURED STRUCTURAL WORKS	68,434	71,513	74,732	78,094	71,652	364,425	346,608	300,000	300,000	300,000	240,000	1,851,033
STATUTORY DISREPAIR WORKS	181,750	188,804	171,175	178,878	71,652	792,259	346,608	300,000	300,000	300,000	240,000	2,278,867
Improvements	781,250	781,250	781,250	781,250	8,015,975	11,140,975	39,859,398	39,445,497	38,845,497	22,062,500	21,762,500	173,116,367
ENERGY EFFICIENCY WORKS (INCLUDING	681,250	681,250	681,250	681,250	395,975	3,120,975	1,783,901	1,000,000	1,000,000	1,000,000	800,000	8,704,876
ENVIRONMENTAL IMPROVEMENTS	100,000	100,000	100,000	100,000	120,000	520,000	730,000	1,100,000	500,000	500,000	400,000	3,750,000
NET ZERO CARBON ALLOWANCE	0	0	0	0	7,500,000	7,500,000	37,345,497	37,345,497	37,345,497	20,562,500	20,562,500	160,661,491
Estate Works and Related Assets	1,580,169	1,586,767	1,623,228	1,598,183	896,203	7,284,550	5,817,293	2,336,628	4,101,144	1,980,190	5,156,872	26,676,677
BIN STORES	5,470	0	36,170	4,940	0	46,580	133,680	53,425	53,490	52,005	192,015	531,195
BOUNDARIES	755,133	765,033	765,033	765,033	500,000	3,550,232	1,641,550	1,057,225	703,150	396,600	3,126,675	10,475,432
GARAGE	33,900	36,400	58,695	65,110	15,400	209,505	175,350	73,340	89,060	56,680	258,685	862,620
HARDSTANDINGS	326,566	326,234	306,830	304,000	7,200	1,270,830	2,311,315	295,185	1,866,275	231,355	475,600	6,450,560
OUTBUILDINGS/STORES	51,811	51,811	49,211	51,811	35,400	240,044	240,090	40,405	122,525	92,730	185,650	921,444
PLAY AREAS	92,440	92,440	462,160	92,440	92,400	462,160	120,000	140,175	461,175	97,500	127,500	1,408,335
PRAM/BICYCLE SHEDS	14,849	14,849	14,849	14,849	0	59,396	82,475	12,970	21,630	59,670	53,325	289,466
GARAGES (E/O Costs from Garage Survey?)	150,000	150,000	150,000	150,000	170,492	770,492	711,590	163,903	284,014	493,650	337,422	2,761,071
UNADOPTED ROADS AND PATHS	150,000	150,000	150,000	150,000	75,311	675,311	401,243	500,000	500,000	500,000	400,000	2,976,554

Stock Investment Requirement - Years 1 to 30

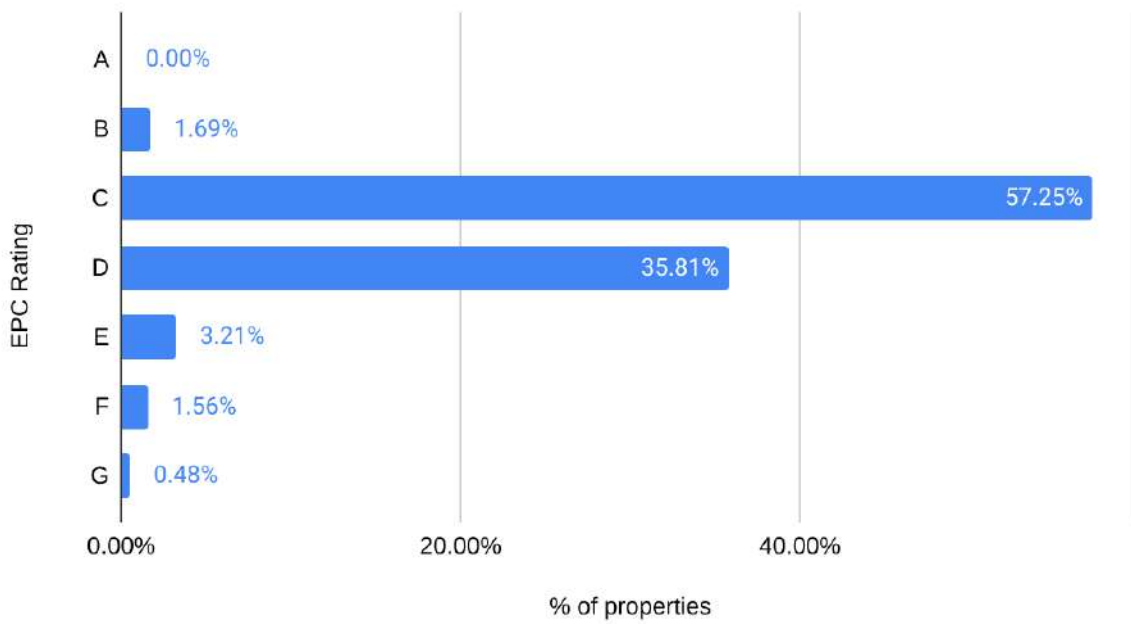
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total Yrs 1 - 5	Yr 6 - 10	Yr 11 - 15	Yr 16 - 20	Yr 21 - 25	Yr 26 - 30	Total Yrs 1 - 30
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24 - 2027/28	2028/29 - 2032/33	2033/34 - 2037/38	2038/39 - 2042/43	2043/44 - 2047/48	2048/49 - 2052/53	2023/24 -
	£	£	£	£	£	£	£	£	£	£	£	£
Exceptional Extensive Works and Surveys	7,459,321	6,300,000	300,000	600,000	300,000	14,959,321	1,500,000	1,500,000	1,500,000	1,500,000	1,200,000	22,159,321
SHANKLIN VILLAGE WALKWAYS	300,000	300,000	300,000	300,000	240,000	1,440,000	1,200,000	1,200,000	1,200,000	1,200,000	960,000	7,200,000
STOCK CONDITION SURVEYS	0	0	0	300,000	60,000	360,000	300,000	300,000	300,000	300,000	240,000	1,800,000
EXTERNAL WALL SURVEY	0	0	0	0	0	0	0	0	0	0	0	0
COULSDON UNITYS (8 Energiesprong pilots)	1,159,321	0	0	0	0	1,159,321	0	0	0	0	0	1,159,321
CHAUCER HOUSE & BALAAM HOUSE (fire safety and	6,000,000	6,000,000	0	0	0	12,000,000	0	0	0	0	0	12,000,000
Aids and Adaptations	400,000	400,000	400,000	400,000	400,000	2,000,000	1,920,312	1,671,248	1,950,000	1,950,000	1,560,000	11,051,560
Mechanical and Electrical Works	63,615	35,680	545,475	90,870	82,800	818,440	2,282,000	435,445	830,875	946,335	529,840	5,842,935
CCTV	0	0	52,500	1,500	0	54,000	4,500	57,000	4,500	57,000	4,500	181,500
DOOR ENTRY	41,600	25,200	118,400	55,200	82,800	323,200	428,000	47,600	242,000	428,000	47,600	1,516,400
DRAINAGE	22,015	10,480	374,575	34,170	0	441,240	1,849,500	330,845	584,375	461,335	477,740	4,145,035
TOTAL WORKS IDENTIFIED (EXCL ENABLING)	17,491,515	16,375,009	11,604,945	10,687,768	12,762,522	68,921,758	100,832,358	87,370,300	89,829,715	68,792,280	69,423,179	485,169,589
Grand Total	17,491,515	16,375,009	11,604,945	10,687,768	12,762,522	68,921,758	100,832,358	87,370,300	89,829,715	68,792,280	69,423,179	485,169,589
Enabling Works @20%	3,498,303	3,275,002	2,320,989	2,137,554	2,552,504	13,784,352	20,166,472	17,474,060	17,965,943	13,758,456	13,884,636	97,033,918
Total works identified	20,989,818	19,650,011	13,925,934	12,825,322	15,315,026	82,706,110	120,998,830	104,844,360	107,795,658	82,550,736	83,307,815	582,203,507
Total works identified	20,989,818	19,650,011	13,925,934	12,825,322	15,315,026	82,706,110	120,998,830	104,844,360	107,795,658	82,550,736	83,307,815	582,203,507
Project management fees (10%)	2,098,982	1,965,001	1,392,593	1,282,532	1,531,503	8,270,611	12,099,883	10,484,436	10,779,566	8,255,074	8,330,782	58,220,351
Programme estimated cost (2021/22 prices)	23,088,800	21,615,012	15,318,527	14,107,854	16,846,529	90,976,721	133,098,713	115,328,796	118,575,224	90,805,810	91,638,597	640,423,858
Total programme cost with Inflation uplift	26,286,600	26,053,200	19,448,000	18,514,600	22,771,900	113,074,300	196,768,100	197,653,600	235,583,800	209,147,600	244,179,500	1,196,406,900

Stock Energy Efficiency Rating

No of properties vs EPC Rating



% of properties vs EPC Rating



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 Receipts					Used/ (Unused) RTB receipts - the latter paid to Government (annual)
						Annual				Cumulative	Annual				Cumulative	
						£'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	
	2013.14	65	2,780	100	4,850	42	0	0	42	42	0	0	0	0	0	
	2014.15	75	4,254	175	9,104	79	0	0	79	121	19	0	8	27	27	
	2015.16	59	4,355	234	13,459	567	0	6,900	7,467	7,588	170	0	2,070	2,240	2,267	
	2016.17	51	5,672	285	19,131	6,915	0	3,553	10,468	18,056	1,713	0	1,064	2,777	5,044	
	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	9,456	
	2018.19	27	3,577	349	27,545	7,636	16,589	743	24,968	60,470	2,291	4,977	223	7,491	16,947	
	2019.20	28	3,516	377	31,061	1,644	9,173	96	10,913	71,383	493	2,752	29	3,274	20,221	
	2020.21	31	3,544	408	34,605	83	14,316	18	14,417	85,800	25	4,295	5	4,325	24,546	
	2021.22	34	4,523	442	39,128	309	0	110	419	86,219	98	0	44	142	24,688	
	2022.23	30	4,151	472	43,279	1,148	0	0	1,148	87,367	459	0	0	459	25,147	1,179
1	2023.24	30	4,317	502	47,595	16,128	0	0	16,128	103,495	6,427	0	0	6,427	31,574	4,029
2	2024.25	30	4,489	532	52,084	80	0	0	80	103,575	8	0	0	8	31,582	521
3	2025.26	30	4,669	562	56,753	17,068	0	0	17,068	120,643	6,803	0	0	6,803	38,385	3,780
4	2026.27	30	4,856	592	61,609	29,682	0	0	29,682	150,325	11,849	0	0	11,849	50,234	11,106
5	2027.28	30	5,050	622	66,658	20,806	0	0	20,806	171,131	8,298	0	0	8,298	58,532	15,253
6	2028.29	20	3,501	642	70,159	1,113	0	0	1,113	172,244	435	0	0	435	58,967	11,372
7	2029.30	20	3,641	662	73,801	0	0	0	0	172,244	0	0	0	0	58,967	6,882
8	2030.31	20	3,787	682	77,587	0	0	0	0	172,244	0	0	0	0	58,967	2,214
9	2031.32	20	3,938	702	81,526	0	0	0	0	172,244	0	0	0	0	58,967	(2,642)
10	2032.33	20	4,096	722	85,622	0	0	0	0	172,244	0	0	0	0	58,967	(7,692)
11	2033.34	20	4,260	742	89,881	0	0	0	0	172,244	0	0	0	0	58,967	(11,193)
12	2034.35	20	4,430	762	94,311	0	0	0	0	172,244	0	0	0	0	58,967	(14,834)
13	2035.36	20	4,607	782	98,919	0	0	0	0	172,244	0	0	0	0	58,967	(18,621)
14	2036.37	20	4,792	802	103,710	0	0	0	0	172,244	0	0	0	0	58,967	(22,559)
15	2037.38	20	4,983	822	108,693	0	0	0	0	172,244	0	0	0	0	58,967	(26,655)
16	2038.39	20	5,183	842	113,876	0	0	0	0	172,244	0	0	0	0	58,967	(30,915)
17	2039.40	20	5,390	862	119,266	0	0	0	0	172,244	0	0	0	0	58,967	(35,345)
18	2040.41	20	5,605	882	124,871	0	0	0	0	172,244	0	0	0	0	58,967	(39,952)
19	2041.42	20	5,830	902	130,701	0	0	0	0	172,244	0	0	0	0	58,967	(44,744)
20	2042.43	20	6,063	922	136,764	0	0	0	0	172,244	0	0	0	0	58,967	(49,727)
21	2043.44	20	6,305	942	143,069	0	0	0	0	172,244	0	0	0	0	58,967	(54,909)
22	2044.45	20	6,558	962	149,627	0	0	0	0	172,244	0	0	0	0	58,967	(60,299)
23	2045.46	20	6,820	982	156,447	0	0	0	0	172,244	0	0	0	0	58,967	(65,905)
24	2046.47	20	7,093	1,002	163,539	0	0	0	0	172,244	0	0	0	0	58,967	(71,734)
25	2047.48	20	7,376	1,022	170,916	0	0	0	0	172,244	0	0	0	0	58,967	(77,797)
26	2048.49	20	7,671	1,042	178,587	0	0	0	0	172,244	0	0	0	0	58,967	(84,103)
27	2049.50	20	7,978	1,062	186,566	0	0	0	0	172,244	0	0	0	0	58,967	(90,660)
28	2050.51	20	8,297	1,082	194,863	0	0	0	0	172,244	0	0	0	0	58,967	(97,480)
29	2051.52	20	8,629	1,102	203,492	0	0	0	0	172,244	0	0	0	0	58,967	(104,573)
30	2052.53	20	8,975	1,122	212,467	0	0	0	0	172,244	0	0	0	0	58,967	(111,949)

	Actual spend to date
	Planned spend during new build Phase 2 (including Phase 1 spend in 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

NB: Capital expenditure on new build only includes schemes that are part funded by RTB net receipts

HRA New Supply Programme

Year	Net RTB receipts used (max 40% of total funding) (£000s)	Borrowing HRA (£000s)	s106 funding (£'000s)	Revenue funding (HRA) (£000s)	GLA Grant	Capital receipt from shared ownership sales	Total funding (£000s)	Nos/sizes/types of units
New Build Phase 2								
2018/19	0	103	0	0	0	0	103	
2019/20	0	271	0	0	0	0	271	
2020/21	0	463	0	0	0	0	463	
2021/22	0	3,057	0	0	2,550	0	5,607	
2022/23	0	8,188	0	0	4,300	0	12,488	12 x 2 bed houses, 15 x 2 bed flats, 1 x 1 bed wheelchair adapted flat
2023/24	0	4,209	0	0	1,750	0	5,959	5 x 3 bed houses, 9 x 1 bed flats, 25 x 2 bed flats, 2 x 1 bed wheelchair adapted flats, 2 x 2 bed wheelchair flats
2024/25	0	108	0	0	0	0	108	
Total	0	16,400	0	0	8,600	0	25,000	
B&Q								
2021/22	21	31	0	0	0	0	52	
2022/23	59	89	0	0	0	0	148	

HRA New Supply Programme

Year	Net RTB receipts used (max 40% of total funding) (£000s)	Borrowing HRA (£000s)	s106 funding (£'000s)	Revenue funding (HRA) (£000s)	GLA Grant	Capital receipt from shared ownership sales	Total funding (£000s)	Nos/sizes/types of units
2023/24	6,566	9,909	0	0	0	0	16,475	
2024/25	8	72	0	0	0	0	80	
2025/26	4,082	6,183	0	0	0	0	10,265	
2026/27	9,610	14,475	0	0	0	0	24,085	
2027/28	6,766	10,209	0	0	0	0	16,975	35 x 1 bed, 17 x 2 bed, 11 x 3 bed and 6 x 4 bed
2028/29	373	584	0	0	0	0	956	24 x 1 bed, 71 x 2 bed, 25 x 3 bed and 14 x 4 bed
Total	27,485	41,552	0	0	0	0	69,037	

Eagle Chambers

2020/21	3	7	0	0	0	0	10	
2021/22	44	66	0	0	0	0	110	
2022/23	360	540	0	0	0	0	900	6 x 1 bed flats
2023/24	40	60	0	0	0	0	100	
Total	447	673	0	0	0	0	1,120	

HRA New Supply Programme

Year	Net RTB receipts used (max 40% of total funding) (£000s)	Borrowing HRA (£000s)	s106 funding (£'000s)	Revenue funding (HRA) (£000s)	GLA Grant	Capital receipt from shared ownership sales	Total funding (£000s)	Nos/sizes/types of units
Beech Tree Place Redevelopment								
2020/21	0	318	0	0	0	0	318	
2021/22	0	807	0	0	1,800	0	2,607	
2022/23	0	0	0	0	4,334	0	4,334	
2023/24	0	10,719	0	0	2,286	0	13,005	
2024/25	0	14,780	0	0	0	0	14,780	15 x 1 Bed Flats
2025/26	0	3,087	0	0	1,168	4,660	8,916	33 x 1 bed flat, 40 x 2 bed flats and 4 x 3 bed maisonettes
2026/27	0	569	0	0	0	0	569	
2027/28	0	0	0	0	0	0	0	
Grand Total	0	30,281	0	0	9,588	4,660	44,530	
Elm Grove Redevelopment								
2023/24	0	7,592	0	0	0	0	7,592	
2024/25	0	0	0	0	3,273	0	3,273	
2025/26	0	7,267	0	0	2,592	0	9,859	
2026/27	0	10,320	0	0	0	1,911	12,231	46 x 1 bed, 20 x 2 bed and 11 x 3 bed
2027/28	0	7,108	0	0	2,827	357	10,292	

HRA New Supply Programme

Year	Net RTB receipts used (max 40% of total funding) (£000s)	Borrowing HRA (£000s)	s106 funding (£'000s)	Revenue funding (HRA) (£000s)	GLA Grant	Capital receipt from shared ownership sales	Total funding (£000s)	Nos/sizes/types of units
2028/29	0	0	0	0	3,038	0	3,038	25 x 1 bed, 28 x 2 bed and 6 x 3 bed
Grand Total	0	32,287	0	0	11,730	2,268	46,285	
Property Acquisitions								
2022/23	0	850	0	0	0	0	850	
Grand Total	0	850	0	0	0	0	850	
Summary								
2018/19	0	103	0	0	0	0	103	
2019/20	0	271	0	0	0	0	271	
2020/21	3	788	0	0	0	0	791	
2021/22	65	3,961	0	0	4,350	0	8,376	
2022/23	419	9,667	0	0	8,634	0	18,720	
2023/24	6,606	32,489	0	0	4,036	0	43,131	
2024/25	8	14,960	0	0	3,273	0	18,241	
2025/26	4,082	16,537	0	0	3,760	4,660	29,040	
2026/27	9,610	25,365	0	0	0	1,911	36,886	
2027/28	6,766	17,318	0	0	2,827	357	27,268	

HRA New Supply Programme

Year	Net RTB receipts used (max 40% of total funding) (£000s)	Borrowing HRA (£000s)	s106 funding (£'000s)	Revenue funding (HRA) (£000s)	GLA Grant	Capital receipt from shared ownership sales	Total funding (£000s)	Nos/sizes/types of units
2028/29	373	584	0	0	3,038	0	3,994	
Grand Total	27,559	121,085	0	0	26,880	6,928	182,453	

NB: The figures are estimates as at December 2022 and may be subject to further change.

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

NB: New build Phase 2 is split into three separate programmes: Phase 2a - garage sites; Phase 2b Alexandra Gardens development; and Phase 2c Beddington Lane and Woodcote Road.

NB: Although £3.326m of GLA Grant funding is received in 2022/23 only £3.035m of it is applied that year.

NB: Although GLA Grant funding on Practical Completion is received in 2026/27 for the purpose of this model it will be applied in 2025/26, 2026/27 and 2027/28.

NB: Initial borrowing for Beech Tree Place is £8.582m, which includes £10.3m of temporary borrowing until the capital receipt from the shared ownership element is received.

Base Model Revenue Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Year	Year	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 £,000	Total Expenses £,000	Surplus (Deficit) for the Year £,000	Balance £,000	Interest on Working Balance £,000	Debt Repayment £,000	Working Balance C/Fwd £,000	Minimum Balance Required £,000	Debt Settlement Reserve £,000
1	2023.24	44,035	18,745	2,950	983	517	8,482	946	8,675	7,896	49,194	(5,159)	7,610	495	(340,333)	12,769	2,202	5,903
2	2024.25	45,675	18,631	2,952	1,022	495	8,821	1,455	8,678	9,620	51,673	(5,998)	2,107	179		8,105	2,284	2
3	2025.26	46,933	18,236	2,926	1,053	468	9,065	1,770	8,680	4,741	46,938	(5)	2,281	68		2,286	2,347	1
4	2026.27	48,321	17,780	2,879	1,074	450	9,293	2,281	8,681	5,883	48,321	0	2,348	69		2,348	2,416	1
5	2027.28	49,744	18,140	2,933	1,095	463	9,514	2,629	8,637	5,241	48,652	1,092	3,509	49	1,070	2,417	2,487	1
6	2028.29	52,441	18,686	2,988	1,117	473	9,894	2,648	8,639	7,931	52,376	65	2,553	71		2,488	2,622	1
7	2029.30	53,483	19,009	3,045	1,139	483	10,069	2,648	8,640	8,471	53,504	(21)	2,602	73		2,675	2,674	1
8	2030.31	54,384	19,327	3,102	1,162	491	10,238	2,648	8,594	7,562	53,124	1,260	3,935	60	1,274	2,721	2,719	2
9	2031.32	55,441	19,650	3,162	1,185	501	10,409	2,648	8,534	8,081	54,170	1,272	3,993	55	1,274	2,773	2,772	1
10	2032.33	56,234	19,979	3,222	1,209	508	10,583	2,648	8,512	8,336	54,996	1,238	4,011	77	1,274	2,814	2,812	2
11	2033.34	57,184	20,312	3,283	1,233	516	10,759	2,648	8,459	8,728	55,939	1,244	4,058	76	1,274	2,860	2,859	1
12	2034.35	58,150	20,652	3,345	1,258	525	10,939	2,648	8,424	10,381	58,172	(22)	2,838	72		2,909	2,908	1
13	2035.36	59,284	20,996	3,409	1,283	536	11,121	2,648	8,426	8,983	57,402	1,882	4,792	94		4,886	2,964	1,922
14	2036.37	60,135	21,346	3,474	1,309	543	11,306	2,648	8,428	0	49,055	11,081	15,967	269		16,236	3,007	13,229
15	2037.38	61,155	21,702	3,540	1,335	553	11,495	2,648	8,430	0	49,702	11,453	27,689	594		28,283	3,058	25,225
16	2038.39	62,192	22,063	3,607	1,362	562	11,686	2,648	8,431	0	50,359	11,833	40,116	939		41,054	3,110	37,944
17	2039.40	63,408	22,430	3,676	1,389	573	11,880	2,648	8,433	0	51,030	12,378	53,433	1,304		54,737	3,170	51,567
18	2040.41	64,323	22,803	3,746	1,417	581	12,078	2,648	8,435	0	51,708	12,615	67,351	1,695		69,047	3,216	65,831
19	2041.42	65,416	23,182	3,817	1,445	591	12,278	2,648	8,616	0	52,577	12,839	81,886	1,913	80,527	3,272	3,271	1
20	2042.43	66,530	23,567	3,890	1,474	602	12,482	2,648	5,618	4,843	55,124	11,406	14,678		11,352	3,326	3,326	0
21	2043.44	67,834	23,958	3,964	1,503	613	12,689	2,648	5,612	3,263	54,250	13,584	16,910		13,517	3,392	3,392	0
22	2044.45	68,816	24,356	4,039	1,533	622	12,899	2,648	5,614	10,110	61,821	6,995	10,387		6,946	3,441	3,441	0
23	2045.46	69,991	24,759	4,116	1,564	633	13,113	2,648	1,983	5,876	54,693	15,298	18,739		11,499	7,240	3,500	3,740
24	2046.47	71,253	25,194	4,198	1,597	645	13,343	2,648	5,618	0	53,242	18,010	25,251	2	21,689	3,563	3,563	0
25	2047.48	72,652	25,611	4,278	1,629	657	13,563	2,648	5,620	18,637	72,644	9	3,572	64		3,636	3,633	3
26	2048.49	73,710	26,034	4,359	1,661	667	13,788	2,648	5,622	18,945	73,725	(15)	3,621	66		3,686	3,685	1
27	2049.50	74,971	26,465	4,442	1,695	623	14,015	2,648	5,624	19,460	74,972	(1)	3,686	65		3,750	3,749	1
28	2050.51	76,255	26,902	4,527	1,728	577	14,247	2,648	5,626	20,002	76,257	(2)	3,748	64		3,813	3,813	0
29	2051.52	77,901	27,480	4,635	1,772	590	14,552	2,648	5,612	19,575	76,864	1,037	4,850	65	1,019	3,895	3,895	0
30	5052.53	78,955	27,760	4,747	1,816	538	14,865	2,648	5,572	19,999	77,944	1,011	4,906	61	1,019	3,948	3,948	0
TOTAL		1,856,804	665,754	109,250	41,039	16,596	349,463	75,288	220,473	242,564	1,720,428				153,736			

Base Model Capital Summary

		1	2	3	4	5	6	7	8	9	10	11	12
Year	Year	Existing Stock Investment Requirement £,000	New Build Development Costs £,000	Total Investment Requirement £,000	Borrowing- New Build £,000	GLA Grant £,000	Leaseholder Contributions & Match Funding £,000	RTB Receipts- New Build £,000	MRR £,000	RCCO- Existing Stock £,000	Total Financing £,000	In Year Surplus / (Shortfall) £,000	Cumulative Surplus / (Shortfall) £,000
	B/F								770	8876	9,646		
1	2023.24	26,287	35,539	61,826	24,897	4,036	263	6,606	8,482	7,896	52,180	0	0
2	2024.25	26,053	14,968	41,021	14,960		276	8	8,821	9,620	33,684	(7,337)	(7,337)
3	2025.26	19,448	19,180	38,628	9,270	1,168	287	4,082	9,065	4,741	33,273	(5,356)	(12,692)
4	2026.27	18,515	24,654	43,169	15,044		295	9,610	9,293	5,883	40,125	(3,044)	(15,736)
5	2027.28	22,772	16,975	39,747	10,209		304	6,766	9,514	5,241	32,035	(7,712)	(23,448)
6	2028.29	37,062	956	38,018	584		313	372	9,894	7,931	19,095	(18,924)	(42,372)
7	2029.30	38,174		38,174			323		10,069	8,471	18,863	(19,311)	(61,683)
8	2030.31	39,319		39,319			332		10,238	7,562	18,132	(21,188)	(82,871)
9	2031.32	40,499		40,499			342		10,409	8,081	18,832	(21,667)	(104,538)
10	2032.33	41,714		41,714			353		10,583	8,336	19,271	(22,443)	(126,981)
11	2033.34	37,229		37,229			363		10,759	8,728	19,850	(17,379)	(144,359)
12	2034.35	38,346		38,346			374		10,939	10,381	21,694	(16,652)	(161,011)
13	2035.36	39,496		39,496			385		11,121	8,983	20,489	(19,007)	(180,018)
14	2036.37	42,549		42,549			397		11,306		11,703	(30,846)	(210,865)
15	2037.38	41,902		41,902			409		11,495		11,903	(29,998)	(240,863)
16	2038.39	44,374		44,374			421		11,686		12,107	(32,267)	(273,130)
17	2039.40	45,705		45,705			434		11,880		12,314	(33,391)	(306,521)
18	2040.41	47,076		47,076			447		12,078		12,524	(34,552)	(341,072)
19	2041.42	53,114		53,114			460		12,278		12,738	(40,375)	(381,448)
20	2042.43	49,943		49,943			474		12,482	4,843	17,799	(32,144)	(413,592)
21	2043.44	39,394		39,394			488		12,689	3,263	16,440	(22,954)	(436,546)
22	2044.45	40,576		40,576			503		12,899	10,110	23,512	(17,064)	(453,610)
23	2045.46	41,793		41,793			518		13,113	5,876	19,506	(22,287)	(475,896)
24	2046.47	43,047		43,047			533		13,343		13,876	(29,171)	(505,067)
25	2047.48	44,338		44,338			549		13,563	18,637	32,750	(11,589)	(516,655)
26	2048.49	46,087		46,087			582		13,788	18,945	33,315	(12,773)	(529,428)
27	2049.50	47,470		47,470			617		14,015	19,460	34,092	(13,378)	(542,805)
28	2050.51	48,894		48,894			651		14,247	20,002	34,900	(13,994)	(556,800)
29	2051.52	50,361		50,361			687		14,552	19,575	34,814	(15,546)	(572,346)
30	5052.53	51,368		51,368			718		14,865	19,999	35,581	(15,787)	(588,133)
TOTAL		1,202,902	112,272	1,315,174	74,964	5,204	13,096	27,444	350,233	251,440	727,041		

Base Model Assumptions

Item	Assumption	Comments
Start Year In Model	2023/24	
General Inflation (CPI) 2023/24 onwards 2023/24 2024/25 2025/26 2026/27 onwards	7% 4% 3% 2%	LBS forecast
SHP Management Fee 2023/24 2024/25-2026/27 2027/28 then follows CPI	5.0% -5.0% 2.0%	Per annum - to meet savings target of 15% CPI
LB Sutton Expenses 2023/24 2024/25-2026/27 2027/28 then follows CPI	5.0% -5.0% 2.0%	To meet savings target CPI
Inflation on capital works 2023/24 2024/25 2025/26 2026/27 onwards	5.97% 5.33% 3.37% 3.00%	Forecast Building Cost Inflation rates
Interest Rates Consolidated Rate of Interest (CRI) on pre-settlement debt Self-Financing Payment Subsequent borrowing	various 3.5% 3.4% - 3.8%	Based on the detailed HRA loan portfolio Fixed rate Link PWLB rate forecast
Interest on Balances 2023/24 2024/25 2025/26 onwards	4.6% 3.2% 2.8%	Link forecast
Opening stock at 1st April 2023 Social Rent Affordable Rent Acquired Properties	5,681 127 221	Includes 6.0 full dwelling equivalent shared ownership properties

Leasehold	1,364	
Section 16 Freehold	84	
Average Opening Rent (2023/24)		
Social rent	£121.40	Existing stock
90% current LHA rent	£232.92	Acquired properties
Affordable Rent	£221.46	New Build
Real (above inflation) Rent Growth		
2023/24	7.0%	Capped
2024/25	4.0%	CPI only
2025/26	3.0%	
2026/27 onwards	2.0%	
Voids losses	0.90%	Average 6 weeks
Provision for Bad Debts		
2423/24	1.2%	c. £517k
2024/25	1.1%	
2025/26	1.0%	
2026/27 onwards	0.9%	
Service Charges – 2023/24		
Tenanted	£3.29	Per week
Leasehold	£274.25	Per quarter
Service Charge Growth (linked to rents)		
2023/24	7.0%	Capped
2024/25	4.0%	CPI
2025/26	3.0%	
2026/27 onwards	2.0%	
Other Income 2023/24		
Commercial Properties	£300k	
Heating Charges	£278k	
Garages	£532k	
Rechargeable Works	£30k	
Intensive Housing Management Charge	£386k	
Real Other Income Growth		Dependent on the individual source of income.
Opening Debt 2023/24		
HRA Capital Financing Requirement	£265.369m	
New Borrowing		
2023/24	£24.897m	New Build

2024/25	£14.960m	
2025/26	£9.270m	
2026/27	£15.044m	
2027/28	£10.209m	
2028/29	£0.584m	
RTB Sales (per annum)		
2023/24 - 2027/28	30	15 freehold, 15 leasehold
2028/29 onwards	20	10 freehold, 10 leasehold
Real RTB Sales Growth	Nil	
SHP Management Fee 2023/24	£18,745,000	Plus capital works management Flat rate cost per unit for all stock managed
LB Sutton Management Costs 2023/24	£2,950,000	
Service Costs 2023/24		
Heating	£311k	Paid to SHP
Communal Alarm (Eldercare)	£173k	
Sutton Connect Service	£210k	
Housing Benefit (above subsidy rate)	£289k	
Real Service Cost Growth	RPI/CPI	Actuals dependent on supplier costs.
Depreciation		
Dwellings	£1,394	Annually per property
Non Dwelling Assets 2023/24	£61k	Per annum

Sensitivity Model Revenue Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Year	Year	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 £,000	Total Expenses £,000	Surplus (Deficit) for the Year £,000	Balance £,000	Interest on Working Balance £,000	Debt Repayment £,000	Working Balance C/Fwd £,000	Minimum Balance Required £,000	Debt Settlement Reserve £,000
																12,769		
1	2023.24	44,035	18,745	2,950	983	517	8,482	1,235	8,675	7,896	49,483	(5,448)	7,321	488		7,810	2,202	5,608
2	2024.25	45,469	18,538	2,948	1,022	493	8,776	1,743	8,678	8,980	51,178	(5,709)	2,101	174		2,275	2,273	2
3	2025.26	46,540	18,068	2,918	1,053	464	8,980	2,306	8,680	4,087	46,555	(15)	2,260	67		2,327	2,327	
4	2026.27	48,274	17,745	2,878	1,074	450	9,274	3,168	8,681	4,985	48,255	19	2,347	68		2,414	2,414	
5	2027.28	50,060	18,198	2,935	1,095	466	9,545	3,757	8,637	4,315	48,949	1,111	3,525	49	1,070	2,504	2,503	1
6	2028.29	53,032	18,848	2,995	1,117	479	9,981	3,776	8,639	7,119	52,953	78	2,583	70		2,653	2,652	1
7	2029.30	54,363	19,249	3,056	1,139	491	10,197	3,776	8,640	7,823	54,371	(9)	2,645	74		2,719	2,718	1
8	2030.31	55,282	19,572	3,114	1,162	499	10,368	3,776	8,594	6,937	54,022	1,260	3,979	61	1,274	2,765	2,764	1
9	2031.32	56,361	19,900	3,173	1,185	509	10,542	3,776	8,534	7,469	55,089	1,272	4,038	56	1,274	2,820	2,818	2
10	2032.33	57,170	20,234	3,234	1,209	516	10,718	3,776	8,512	7,736	55,936	1,234	4,054	78	1,274	2,858	2,858	
11	2033.34	58,139	20,572	3,295	1,233	525	10,897	3,776	8,459	8,134	56,893	1,247	4,105	78	1,274	2,908	2,907	1
12	2034.35	59,126	20,917	3,358	1,258	534	11,080	3,776	8,424	9,802	59,149	(23)	2,885	73		2,958	2,956	2
13	2035.36	60,283	21,267	3,422	1,283	545	11,265	3,776	8,426	5,560	55,543	4,740	7,697	133		7,830	3,014	4,816
14	2036.37	61,152	21,622	3,487	1,309	553	11,453	3,776	8,428		50,628	10,525	18,355	345		18,700	3,058	15,642
15	2037.38	62,193	21,983	3,553	1,335	562	11,644	3,776	8,430		51,284	10,909	29,609	657		30,266	3,110	27,156
16	2038.39	63,252	22,350	3,621	1,362	572	11,838	3,776	8,431		51,950	11,301	41,567	988		42,555	3,163	39,392
17	2039.40	64,493	22,723	3,690	1,389	583	12,036	3,776	8,433		52,630	11,863	54,418	1,340		55,758	3,225	52,533
18	2040.41	65,427	23,102	3,760	1,417	591	12,236	3,776	8,435		53,318	12,110	67,867	1,718		69,585	3,271	66,314
19	2041.42	66,544	23,487	3,832	1,445	602	12,440	3,776	8,616		54,197	12,347	81,932	1,922	80,527	3,327	3,327	
20	2042.43	67,681	23,878	3,904	1,474	612	12,647	3,776	5,618	4,362	56,272	11,409	14,736		11,352	3,384	3,384	
21	2043.44	69,012	24,275	3,979	1,503	624	12,857	3,776	5,612	2,802	55,429	13,584	16,968		13,517	3,451	3,451	
22	2044.45	70,016	24,679	4,054	1,533	633	13,071	3,776	5,614	9,659	63,020	6,997	10,447		6,946	3,501	3,501	
23	2045.46	71,216	25,089	4,132	1,564	644	13,288	3,776	1,863	5,141	55,497	15,719	19,220		11,499	7,721	3,561	4,160
24	2046.47	72,505	25,531	4,214	1,597	656	13,522	3,776	5,618		54,913	17,591	25,312	2	21,689	3,625	3,625	0
25	2047.48	73,934	25,954	4,294	1,629	669	13,746	3,776	5,620	18,234	73,923	12	3,636	63		3,699	3,697	2
26	2048.49	75,015	26,385	4,376	1,661	679	13,974	3,776	5,622	18,554	75,027	(12)	3,687	64		3,751	3,751	
27	2049.50	76,304	26,822	4,459	1,695	636	14,205	3,776	5,624	19,085	76,302	2	3,752	63		3,816	3,815	1
28	2050.51	77,616	27,266	4,544	1,728	591	14,440	3,776	5,626	19,641	77,613	2	3,818	63		3,881	3,881	
29	2051.52	79,300	27,853	4,653	1,772	604	14,751	3,776	5,612	19,240	78,260	1,040	4,921	64	1,019	3,965	3,965	
30	5052.53	80,387	27,978	4,765	1,816	553	15,068	3,776	5,572	19,844	79,372	1,015	4,980	58	1,019	4,019	4,019	0
TOTAL		1,884,179	672,830	109,595	41,039	16,849	353,321	106,618	220,352	227,405	1,748,008				153,736			

Sensitivity Model Capital Summary

		1	2	3	4	5	6	7	8	9	10	11	12	13
Year	Year	Existing Stock Investment Requirement £,000	New Build Development Costs £,000	Total Investment Requirement £,000	Borrowing- New Build £,000	GLA Grant £,000	Leaseholder Contributions & Match Funding £,000	Capital Receipt from Share Ownership £,000	RTB Receipts- New Build £,000	MRR £,000	RCCO- Existing Stock £,000	Total Financing £,000	In Year Surplus / (Shortfall) £,000	Cumulative Surplus / (Shortfall) £,000
	B/F									770	8876	9,646		
1	2023.24	26,287	43,131	69,418	32,489	4,036	263		6,606	8,482	7,896	59,772		
2	2024.25	26,053	18,241	44,294	14,960	3,273	276		8	8,776	8,980	36,272	(8,022)	(8,022)
3	2025.26	19,448	29,039	48,487	16,537	3,760	287	4,660	4,082	8,980	4,087	42,392	(6,095)	(14,116)
4	2026.27	18,515	36,885	55,400	25,364		295		9,610	9,274	4,985	49,529	(5,871)	(19,987)
5	2027.28	22,772	27,267	50,039	17,317	2,827	304		6,766	9,545	4,315	41,075	(8,964)	(28,952)
6	2028.29	37,062	3,994	41,056	584	3,038	313		372	9,981	7,119	21,407	(19,650)	(48,601)
7	2029.30	38,174		38,174			323			10,197	7,823	18,342	(19,832)	(68,433)
8	2030.31	39,319		39,319			332			10,368	6,937	17,637	(21,682)	(90,115)
9	2031.32	40,499		40,499			342			10,542	7,469	18,353	(22,146)	(112,261)
10	2032.33	41,714		41,714			353			10,718	7,736	18,807	(22,907)	(135,168)
11	2033.34	37,229		37,229			363			10,897	8,134	19,395	(17,835)	(153,003)
12	2034.35	38,346		38,346			374			11,080	9,802	21,256	(17,090)	(170,093)
13	2035.36	39,496		39,496			385			11,265	5,560	17,210	(22,286)	(192,379)
14	2036.37	42,549		42,549			397			11,453		11,850	(30,700)	(223,079)
15	2037.38	42,467		42,467			409			11,644		12,053	(30,414)	(253,493)
16	2038.39	44,374		44,374			421			11,838		12,259	(32,114)	(285,607)
17	2039.40	45,705		45,705			434			12,036		12,469	(33,235)	(318,842)
18	2040.41	47,076		47,076			447			12,236		12,683	(34,393)	(353,235)
19	2041.42	53,114		53,114			460			12,440		12,900	(40,213)	(393,449)
20	2042.43	51,747		51,747			474			12,647	4,362	17,483	(34,264)	(427,713)
21	2043.44	39,394		39,394			488			12,857	2,802	16,147	(23,247)	(450,959)
22	2044.45	40,576		40,576			503			13,071	9,659	23,233	(17,343)	(468,302)
23	2045.46	41,793		41,793			518			13,288	5,141	18,947	(22,846)	(491,149)
24	2046.47	43,047		43,047			533			13,522		14,055	(28,992)	(520,140)
25	2047.48	44,338		44,338			549			13,746	18,234	32,529	(11,809)	(531,949)
26	2048.49	46,087		46,087			582			13,974	18,554	33,110	(12,977)	(544,927)
27	2049.50	47,470		47,470			617			14,205	19,085	33,907	(13,563)	(558,489)
28	2050.51	48,894		48,894			651			14,440	19,641	34,732	(14,162)	(572,651)
29	2051.52	50,361		50,361			687			14,751	19,240	34,678	(15,683)	(588,334)
30	5052.53	52,418		52,418			718			15,068	19,844	35,630	(16,788)	(605,121)
TOTAL		1,206,321	158,557	1,364,878	107,251	16,934	13,096	4,660	27,444	354,091	236,281	759,757		

Outline Major Works Programme 2022/23 to 2026/27

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total Yrs 1 - 5
	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24 - 2027/28
	£	£	£	£	£	£
Available Budget (Agreed)	26,287,000	18,716,000	14,093,000	15,471,000	15,060,000	89,627,000
Requirement from Appendix B	26,286,600	26,053,200	19,448,000	18,514,600	22,771,900	113,074,300
Shortfall from Appendix B	-400	7,337,200	5,355,000	3,043,600	7,711,900	23,447,300
Building Safety - Risk and Compliance	3,288,370	3,549,870	5,809,070	5,191,370	2,233,500	20,072,180
FIRE SAFETY WORKS - Harmony	550,000	500,000	400,000	400,000	0	1,850,000
FIRE SAFETY WORKS - Cablesheer	550,000	500,000	400,000	400,000	0	1,850,000
ELECTRICS	914,475	914,475	914,475	914,475	914,475	4,572,375
FIRE DETECTION	195,195	345,195	195,195	95,195	91,225	922,005
LIFT REFURBISHMENT	10,500	0	431,500	331,000	0	773,000
LIFT REPLACEMENT	0	240,000	260,000	140,000	120,000	760,000
BUILDING MONITORING SYSTEMS	5,000	5,000	5,000	5,000	5,000	25,000
M&E EQUIPMENT UPGRADES (INCL FIRE SUPPRESSION WORKS)	400,000	400,000	400,000	400,000	400,000	2,000,000
WATER SERVICES			12,000			12,000
HEATING AND HOT WATER	620,000	620,000	620,000	620,000	620,000	3,100,000
COMMUNAL BOILER & HEATING SYSTEM UPGRADE	0	0	2,000,000	1,829,000	0	3,829,000
CCTV	0	0	52,500	1,500	0	54,000
DOOR ENTRY	43,200	25,200	118,400	55,200	82,800	324,800
Major Repairs	3,430,624	3,755,380	4,979,256	5,888,801	2,503,803	20,557,864
AERIALS	0	0	0	0	0	0
BALCONIES	0	218,060	454,860	554,860	111,860	1,339,640
BATHROOMS	382,121	382,121	382,121	382,121	382,121	1,910,605
DECORATIONS	100,000	820,775	1,063,775	1,363,775	520,775	3,869,100
EXTERNAL STAIRS	0	12,000	0	0	0	12,000
INTERNAL FINISHES	45,172	107,672	350,672	300,672	57,672	861,860
KITCHENS	417,781	417,781	417,781	417,781	417,781	2,088,905
LAUNDRY FACILITIES	0	4,075	0	0	0	4,075
ROOFS	1,192,775	965,889	1,134,539	1,298,164	500,164	5,091,531
WALLS EXTERNAL	100,000	240,842	482,921	578,842	120,844	1,523,449
WINDOWS AND DOORS	1,192,775	586,165	692,587	992,586	392,586	3,856,699
Contingent Major Repairs	411,713	429,115	422,301	441,303	255,831	1,960,263
DRAIN FAILURE REMEDIATION	104,500	109,203	114,117	119,252	52,816	499,888
ASBESTOS TREATMENT	57,029	59,595	62,277	65,079	59,711	303,691
UNINSURED STRUCTURAL WORKS	68,434	71,513	74,732	78,094	71,652	364,425
STATUTORY DISREPAIR WORKS	181,750	188,804	171,175	178,878	71,652	792,259
Energy Efficiency and Improvements	4,690,000	1,650,000	1,550,000	950,000	7,170,000	16,010,000
ENERGY EFFICIENCY WORKS (Including insulation and window upgrades)	300,000	800,000	1,400,000	800,000	0	3,300,000
INTERREG PROJECT (THICKET ROAD)	2,100,000	0	0	0	0	2,100,000
SOCIAL HOUSING DECARBONISATION FUND (Wave 1 works)	540,000	0	0	0	0	540,000
SOCIAL HOUSING DECARBONISATION FUND (Wave 2 works)	1,600,000	700,000	0	0	0	2,300,000
ENVIRONMENTAL IMPROVEMENTS	100,000	100,000	100,000	100,000	120,000	520,000
NET ZERO CARBON ALLOWANCE	0	0	0	0	7,000,000	7,000,000
SMART BUILDINGS PILOTS	50,000	50,000	50,000	50,000	50,000	250,000
Estate Works and Related Assets	£686,728	£1,484,286	£1,806,143	£2,487,700	£713,927	£7,178,784
BIN STORES	5,470	0	36,170	4,940	0	46,580
BOUNDARIES	150,000	734,738	917,645	1,317,645	407,904	3,527,932
GARAGES	15,400	33,690	36,470	58,765	65,180	209,505
HARDSTANDINGS	56,758	256,758	356,758	406,758	107,732	1,184,764
OUTBUILDINGS/STORES	51,811	51,811	51,811	51,811	35,400	242,644
PLAY AREAS	92,440	92,440	92,440	162,440	22,400	462,160
PRAM/BICYCLE SHEDS	14,849	14,849	14,849	14,849	0	59,396
GARAGES (E/O costs from garage survey)	150,000	150,000	150,000	320,492	0	770,492
UNADOPTED ROADS AND PATHS	150,000	150,000	150,000	150,000	75,311	675,311
Exceptional Extensive Works and Surveys	7,100,000	7,100,000	500,000	500,000	500,000	15,700,000
SHANKLIN VILLAGE WALKWAYS	600,000	600,000				1,200,000
STOCK CONDITION SURVEYS	50,000	50,000	50,000	50,000	50,000	250,000
EXTERNAL WALL SURVEY	0	0	0	0	0	0
COULSDON UNITY ENERGIESPRONG PILOTS						0
AIDS AND ADAPTATIONS	450,000	450,000	450,000	450,000	450,000	2,250,000
CHAUCER HOUSE & BALAAM HOUSE (Fire safety and cladding remediation works)	6,000,000	6,000,000	0	0	0	12,000,000
Programme Totals	19,607,435	17,968,651	15,066,770	15,459,174	13,377,061	81,479,091
Consultancy (3%)	588,223	539,060	452,003	463,775	401,312	2,444,373
Project management fees (7%)	1,372,520	1,257,806	1,054,674	1,082,142	936,394	5,703,536
Total Programme Cost incl fees	21,568,179	19,765,516	16,573,447	17,005,091	14,714,767	89,627,000
Available Budget (Agreed)	26,287,000	18,716,000	14,093,000	15,471,000	15,060,000	89,627,000
Difference (spend - budget)	-4,718,822	1,049,516	2,480,447	1,534,091	-345,233	0