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# 30 Year HRA Business Plan Draft

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January 2022

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## 1. Executive Summary

This HRA Business Plan sets out our strategic plan for managing and maintaining our social housing stock. It sets out in detail our short to medium term plans and priorities for the housing and asset management services (5 years) and provides a long term (30 year) forecast on stock investment and financial planning.

Since our last business plan, in 2013, the social housing sector has seen the impact of central Government imposed rent cuts, loss of rental convergence and a recent surge in material costs accompanied with a shortage of skilled labour. However, lower interest rates and the abolition of the centrally imposed borrowing cap go some way to offset this and deliver our housing plans.

Within this plan we seek to maximise the investment of our stock, whilst considering acquiring new affordable homes within the provisional prudential borrowing limit we have set. To put this into context our previous borrowing cap **was £140million**, which could potentially be increased within our own set limits to an average of c£275million over the next 10 years.

Our aspirational investment standard for our existing homes (The Colchester Borough Council Standard), are estimated at c£465million (at today's prices) over the next 30 years, which includes works for achieving net zero carbon of £87million and building safety works of £29million. This is still equivalent to expenditure on our homes of nearly £48,000 per property over the 30 years of investment.

To achieve a balanced plan, that does not exceed our provisional debt limits, whilst ensuring that we deliver our services to the current standard, we have needed to reduce our investment level to c£283million.

This means that whilst elements such as expenditure on zero carbon have been reduced, we will have to continually review our plan in terms of identifying grants that may become available, alternative routes for raising additional income or reassessing our expenditure priorities. We also must consider forthcoming changes for the revisit of the Government's Decent Homes Standard and other implications from the recent Social Housing White Paper.

## 2. Introduction

### 2.1. Our HRA Business Plan

The HRA Business Plan sets out our strategic plan for managing and maintaining the Borough's social housing stock. It sets out in detail the council's short to medium term plans and priorities for its housing and asset management services (5 years) and provides a long term (30 year) forecast on stock investment and financial planning.

It builds upon our last Business Plan that was published in 2013, which demonstrated a financially viable position, laying out the foundations for use to continue delivering new homes and investing in our stock. Since this plan was produced there have been challenges such as reductions to rents charged (where rents should have continued to increase marginally above inflation), the Covid pandemic and Brexit, but also the opportunities through the abolition of the debt cap, which restricted us from any further borrowing.

We own over 5,920 properties for rent and the freehold on over 1,050 leasehold flats across the Borough in addition to over 2,200 garages and other buildings. These properties are managed through our Arm's Length Management Organisation (ALMO), Colchester Borough Homes (CBH) over the past 18 years.

Since the introduction in 2012 of Housing Revenue Account Self-Financing (which resulted in a loan settlement for us of £140million, taking on additional debt of £74million) the council has had a greater degree of control over the use and management of the HRA. Self-financing allowed decision making at a local level to drive planning for investment in housing stock and set spending priorities in line with local demand.

We continue to consider:

- Analysis of our stock and the services we provide so that we can base our future on a robust and sustainable basis.
- Develop a new longer-term management agreement with CBH.
- Working up a range of plans for potential future investment in new homes which better match the needs of our communities.
- Thinking through how the new future for Council housing can help the borough to deliver our overall strategic objectives.

The Housing green paper "A new deal for social housing" was issued in 2018 presenting a new set of challenges for the HRA, in respect of, community engagement/ consultation, increased fire protection and accountability for buildings from design and throughout occupation. This was followed up by the white paper "The Charter for Social Housing Residents" which was issued in 2021 reinforcing this through regulatory changes. We embrace these changes, and our business plan sets out how we will meet these.

Nationally attention has returned to the country's severe housing shortage and government has signalled a renewed support for councils seeking to develop new homes. A further step towards this was the lifting of the cap on borrowing to help councils to develop new housing and we have been working towards identifying prudential rules to ensure that whatever borrowing is undertaken is affordable and sensible.

This business plan sets out our ambitions for the HRA to deliver 268 new homes together with 90 acquisitions by 2027. New homes may be built or bought directly from developers such as our own company Colchester Amphora Homes. We will continue to explore opportunities to innovate (see section six).

There is also greater attention than ever on the impact of climate change. We have been investing in homes to make them more energy efficient, and to reduce carbon emissions from materials and heat loss.

This Business Plan will identify how the service is delivered as well as:

- What it costs and how we think the finances will develop in the future.
- Showing that our plans are laid on firm foundations, are sustainable and viable.
- What additional resources we might have for investment.
- What our priorities are for investment.
- A summary assessment of the key risks in the delivery of the business plan with actions to mitigate these risks.

## 2.2. About the Borough of Colchester

Colchester is a diverse and growing Borough with a resilient economy and a buoyant town centre. Colchester is recognised as a successful place with the drive and the tenacity to deliver an ambitious growth programme. It is in the County of Essex covering an area of 125 square miles and stretches from Dedham Vale on the Suffolk border in the north to Mersea Island on the Colne Estuary in the south and is the largest borough in Essex accounting for about 13% of the Essex population.

We have a population of more than 192,000 with an age spread of:

- 21% between 0 to 17
- 62% between 18 to 64
- 17% over 65

In terms of employment status:

- 68% are employed
- 8% are self-employed
- 3% are unemployed
- 21% economically inactive

Our housing within the borough is:

- 34% owned via a mortgage
- 32% owned outright

- 16% privately rented
- 16% socially rented (the majority being within the HRA and including shared equity)
- 2% tied accommodation or rent free

The average price of a home in Colchester was £341,087 in February 2021, an increase of 16% in one year. Even at the lowest quartile prices average £227,000.

## 3. About our Vision for Housing

### 3.1. The Councils Vision and Values

Our Better Colchester Strategic Plan 2020-23 has the following themes:

- Tackling the climate challenge and leading sustainability
- Creating safe, healthy, and active communities
- Delivering homes for people who need them
- Growing a fair economy so everyone benefits
- Celebrating our heritage and culture

Our housing and associated services we provide have a key role in assisting us with our aims.

Colchester's 2015 5-year Housing Strategy is currently being updated but will set out the Council's ambitions for housing and will put in place objectives, targets and policies and explain how it will play a leading role to:

- Assess and plan for current and future housing needs of the local population.
- Make the best use of existing housing stock.
- Plan and facilitate new supply.
- Plan and commission housing support services which link homes to support and other services that people need to live in them.
- Help create working partnerships that secure effective housing and neighbourhood management.

The aims and objectives of the strategy will be achieved through the implementation of a Delivery Plan, working closely with a wide range of partners to achieve the vision for housing in Colchester.

The following key priorities were identified for the Housing Strategy:

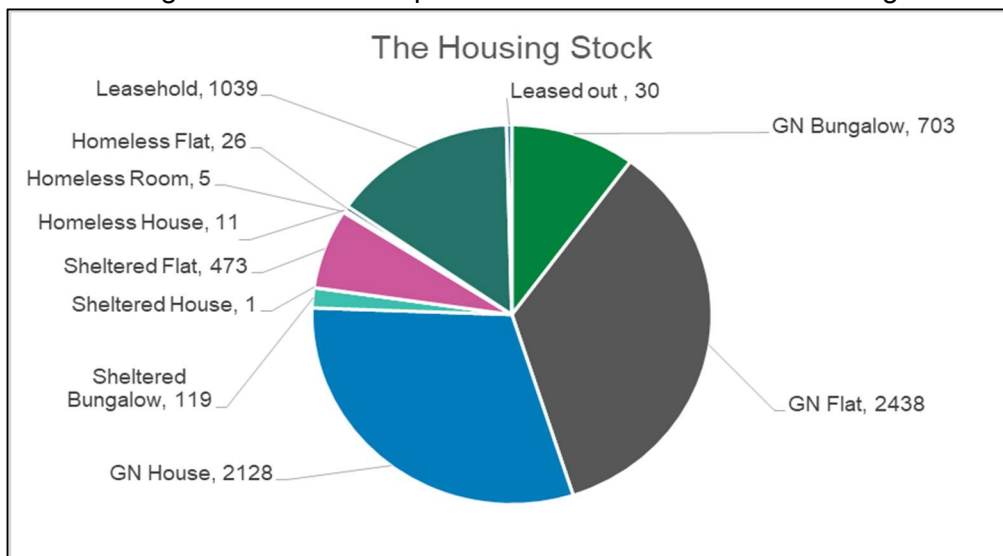
- Maximise the supply of housing to meet local needs.
- Work with partners and residents to create mixed communities which are economically, environmentally, and socially healthy and resilient.
- Prevent homelessness and rough sleeping
- Improve the life chances of Colchester's residents including their Health and Wellbeing.

- Work with customers to help them make informed choices about their housing options.
- Make the best use of existing homes.
- Work to ensure that existing and new homes are healthy, safe and energy efficient.
- Ensure that housing and related services meet a range of specialist needs.

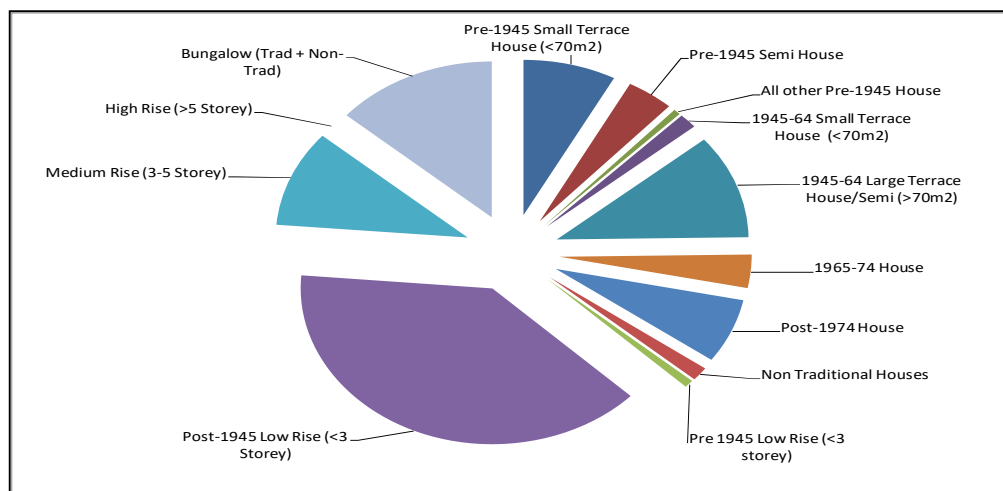
The updated delivery plan sets out actions to deliver the priorities. Much progress has been made in delivering the original priorities and will be shortly published. Included in the progress made is the delivery of new affordable homes, investment in open spaces and community facilities, development of an estate management standard and strategy and tackling anti-social behaviour.

### 3.2. Stock Information

The following chart shows the split of the total number of our housing stock as of January 2021.



The chart below shows the categories of our stock.



### 3.3. Homelessness and Rough Sleeping Strategy

In 2020 the Council published its Homelessness and Rough Sleeping Strategy 2020-25, linking with Colchester’s Homelessness Charter. The key aims for the strategy are:

- Increasing access to accommodation and providing settled homes
- Helping people to sustain their accommodation
- Improving the health and wellbeing of people who experience homelessness
- Improving communication and challenging the perception and culture of homelessness

The Council will seek to deliver the right type of accommodation through its HRA to tackle these issues and we have detailed in section 6 how we plan to do so.

The Housing Solutions Team provide advice to residents and have a strong focus on preventing homelessness. In 2018 new legislation brought around changes to the assessment of applications and monitor outcomes. The Homeless Reduction Act places two additional responsibilities for the Council:

- The prevent duty – to intervene earlier
- The relief duty – to offer more support and advice

The team in the year 2020 to 2021 prevented homelessness for 187 households and relieved homelessness for 136 and helped 185 household into accommodation.

Our Rough sleeper teams ensured 101 rough sleepers were housed during the same period.



## 4. Current Key Risks & Opportunities

### 4.1. Government Rent Policy

The implications of the rent reduction and the associated challenges on the HRA have already been briefly covered. Council rents have been low in comparison to the sector and were due to reach the Government's target rent levels (set under a previous rent policy) by 2015/16. This was changed significantly by Government's policy of rent reduction by 1% for 4 years to end in 2019/20 and thereafter change to CPI+1% for a period, currently 5 years, of which we have seen one year's increase of 2.7%. The impact of rent cuts and the reinvigoration of right of buy has seen our finances significantly impacted since the self-financing settlement of 2012.

From April 2020 all local authorities must adhere to the Regulator of Social Housing new rent standard. Whilst our rents are below the target rent for each property this standard in most cases will control future rent increases and rent setting policies. The financial projections within this business plan are prudent and certain that they will comply with the standard moving forward.

### 4.2. Climate Change & Energy Efficiency

As part of the Housing Asset Management Strategy a Housing Environmental and Sustainability Strategy has been produced. Using a specialist energy efficiency modelling database, we have looked at scenarios for delivering all our homes to EPC band C by 2030. There are an estimated 901 homes that currently fall below this band. The cost of retrofitting these properties is estimated to be £2.5 million (excluding preliminaries and fees). Our current spending plans include these costs to ensure that all our stock will be meeting this standard.

We have been taking action to improve the energy efficiency of our properties and our average SAP rating increased to just under 74. Energy efficiency works have and continue to include loft and cavity wall insulation and moving to installing Air Source Heat Pumps from our capital programme. Where possible we install water saving measures and LED lighting.

There are no new PV installations planned but where installed tenants benefit from savings and the Council receives revenue returns which are reinvested into the above initiatives.

### 4.3. Right to Buy

The right to buy (RTB) policy was introduced by the 1980 Housing Act, but due to dwindling sale volumes and the then Government wishing to increase the numbers of home ownership it was reinvigorated to incentivise tenants to purchase their homes by increasing the maximum discount that can be applied to the property's value and the time in residency to qualify.

The reinvigorated Right to Buy scheme is both a risk and an opportunity. However, under the government's 'One for One Replacement' Scheme, which the council signed up to in 2012, we have the opportunity to retain a large proportion of right to buy receipts, which we can use to support the delivery of new affordable homes. The terms of the scheme mean that if the receipts are not spent within five years they are returned to government. The receipts can be used to fund a revised maximum of 40% of new development costs. The balance (60%) must come from other sources, e.g. borrowing and working with external partners. This is a welcome policy change, along with the withdrawal of the debt cap, but affordability and land availability remain the main barrier to developing more social housing.

#### 4.4. Welfare Reform

Welfare reform continues to be a risk to the council and the sustainability of the HRA account, as large numbers of current and future claimants struggle to manage financially. There are implications for rent recovery, the bad debt provision and a potential increased demand for temporary accommodation and council housing as more households lose private rented accommodation on affordability grounds.

The Council's Customer Support Team and CBH provide professional support to vulnerable residents by assisting them with applications supported by welfare benefit specialists who provide one to one advice. The HRA continues to provide help with applying for Discretionary Housing Payments for those with the greatest hardship.

#### 4.5. Demand for Housing

The Council holds a housing register of people needing social housing assessed into categories of need to assist with allocating homes, including those within the HRA. Of the 3,000 households on the register only 474 lets were achieved through the HRA (313) and Registered Providers (161).

The bandings and those on the register as of March 2021:

Banding	Households	Bedrooms Required	Households
A	84	One	921
B	719	Two	1,202
C	847	Three	731
D	184	Four or more	155
E	1,175		
<b>Total</b>	<b>3,009</b>		<b>3,009</b>

There were 209 households in temporary accommodation as of 31 March 2021.

## 4.6. Fire Safety

The Grenfell Tower fire in June 2017 and thereafter the Fire Safety Act 2021 and the Building Safety Bill, now progressing through Parliament for enactment during 2021, and the Charter for Social Housing Residents: Social Housing White Paper published in November 2020 (updated January 2021) have further highlighted safety issues that remain in the affordable housing sector.

We have factored in such compliance works and building safety needs such as fire safety. This will include ongoing electrical inspections, fire risk assessment recommended actions and fire door inspections.

The exact funding requirements for the building safety works has yet to be determined. Further work is required to determine the additional fire safety measures following more intrusive Fire Risk Assessment. The Building Safety Bill will also impose additional duties on Colchester the scope of which are still to be determined. We have, however made some provisions without our plan to deliver these works.

## 4.7. Implications of The Green and White Paper(s)

As referenced earlier, in the aftermath of the Grenfell Tower Block Fire the Government consulted on their green paper for social housing in England.

Recent updates suggest that proposals to implement league tables for social housing providers has been abandoned (at the request of tenant representatives) however government are still keen on stronger use of KPI's for accountability. Other key proposals though, that may still be implemented and could impact on the HRA include:

- Consideration to scrapping of the current 'serious detriment' test, for tougher consumer regulation
- New home ownership options such as allowing tenants to buy as little as 1% of their property each year through shared ownership (apply to new shared ownership purchases only).
- Reversal of plans to force social landlords to offer fixed term tenancies rather than lifetime tenancies in social housing
- The potential introduction of a new stock transfer programme from councils to 'community-led' housing associations
- The return of guaranteed debt funding to help the development of affordable homes, and longer term 'strategic partnerships' for developing housing associations
- Implementation of the requirements from the Fire Safety Act, and the Building Safety Bill currently estimated to be around £1m per year. This involves a new standard for Fire Risk Assessments, Fire Door checks, and providing a Building Safety Manager.

The following white paper took further steps with the intent and approach for both a new set of Consumer Standards and proactive consumer regulation.

The four, short, outcomes-based Consumer Standards comprise:

- **Home:** Keep homes safe, decent and in a good state of repair
- **Tenancy:** Let homes and manage tenancies in a fair, transparent and efficient way

- **Neighbourhood and Community:** Keep the wider area clean and safe, help to tackle anti-social behaviour and promote community well-being
- **Tenant Involvement and Empowerment:** Understand and respond to the diverse needs of tenants, provide choice and opportunities for involvement, resolve complaints fairly and promptly

## 5. Housing Services

### 5.1. Housing Operations

Since 2003 we have delegated the day-to-day delivery of our housing landlord services to Colchester Borough Homes (CBH), whom we wholly own.

The range of service include:

- Tenancy and temporary accommodation management
- Rents and service charge collection
- Allocations and lettings
- Leasehold management
- Housing options and advice
- Repairs and maintenance including disabled adaptations and energy efficiency
- Resident Engagement

They are governed by an eleven-member board, with three specialist committees and one panel with an experienced management team leading the provision of services.

The Council has its own team of client management that monitor the performance of CBH.

### 5.2. CBH Mission, Vision and Values

CBH's mission is to deliver great value services that make a difference, and its vision is that they aim to be the trusted choice for local housing, property, and community services, by delivering services that are valued by customers and serving the community.

The key company values ("The CBH Way") focus on:

- Building Trust - We will work with customers to build trust in our service.
- Delivering Customer Led Services - We will work with customers to improve what we do and promote fair and equal services for all.
- Commitment to Our Communities - We will offer customers services they can rely on, which respect the needs of the community and individuals.
- Delivering Professional Services - Our staff are highly trained to enable customers to receive a knowledgeable response.
- Providing Value for Money - in everything we do.

In conjunction with the Council's housing strategy CBH have their own strategic plan (2017-2022), focusing on customer satisfaction, value for money and positive outcomes in the community and a medium-term delivery plan that covers a range of services.

### **5.3. Leaseholder Services**

CBH manage the leaseholder service and provide a handbook providing all the important information to over 1,000 homeowners.

This details how CBH collect service charges and manage the shared amenities.

### **5.4. Supported Housing**

This is another important service that CBH provide to ensure that independence, security, and peace of mind for our residents in 17 sheltered housing accommodation sites, whom are generally over the age of 60.

All the properties are furnished with 24-hour monitoring and response service supported by a team of visiting officers.

We also have an extra care scheme where on-site care is provided.

### **5.5. Anti-Social Behaviour**

Everybody has a right to enjoy their life in the own way, provided they do not upset the people living near them. CBH manages the service that deals with anti-social behaviour and complaints.

The service covers a range of actions to mitigate the impact of such behaviour and includes issuing agreements, improving security and mediation.

### **5.6. Resident Engagement**

Both CBH and the Council wish to see tenants having a real influence in services and what happens in the community, which embraces the spirit of the most recent housing white paper.

This is achieved through the following:

- The Reading Panel – reads and proposes improvements and amendments based on the feedback from a pool of tenants
- The Board – through its membership the board consists of CBH customers to ensure the wider customer base is represented and meetings are open to the public

- STAR surveys – tenants and residents can record how they feel about the services provided to help inform resource planning. In the last survey (2018) 83% of tenants were satisfied overall with the service.
- Quality Assurance Advisors – volunteers who monitor the communal areas of flats
- Resident Voice – informal discussions to help inform positive changes to the services

CBH also produce a Resident Engagement Plan that seeks to build stronger working relationships. In addition, a regular publication of Housing News and Views, provides latest information on services, meetings, surveys and what is happening in the community.

## 6. Housing Asset Management Strategy

### 6.1. Background to the Asset Management Strategy

The draft strategy has been developed to set long term plans for the strategic management of our assets in a way that has not been possible before due to the prior HRA financing regime.

The first year of this strategy is set to see the investment framework for social housing transforming; new legislation governing fire safety and building safety bringing increased responsibilities, a review of the longstanding Decent Homes Standard and increased energy standards – and this document is designed as a robust, evidenced based asset management strategy to lead our business decisions in this changing environment. Its foundations are work undertaken to improve understanding of performance of our properties, and it seeks to drive forward work to deliver value for money for the council and its current and future residents. It is supported by a live action plan that we will use to direct and monitor activity.

A component action plan will be developed to track and monitor progress against the priorities set out within the strategy, that will be monitored by the CBC/CBH Asset Management Group.

### 6.2. The Purpose

The draft housing asset management strategy (HAMS) will contribute to the delivery of our business plan. It structures our ability to deliver our strategic asset management objectives of the properties we own:

1. Are appropriately maintained in accordance with an agreed Colchester Standard on an agreed programme cycle.
2. Meet all regulatory standards (including building safety compliance and adherence to latest legislation) and Landlord Obligations, including the Homes and Communities Agency's (HCA) Homes Standard.
3. Are in well managed and attractive environments that feel secure and welcoming.
4. Are healthy and safe places to live (free from Category 1 Housing Health and Safety Rating System hazards).

5. Are viable and deliver a positive yield over the business planning period (ideally with an improving Net Present Value (NPV) and high levels of demand).
6. Meet the needs and aspirations of both current and future residents, contributing to high levels of satisfaction (with both the property and the neighborhood).
7. Delivering environmental and sustainability strategy which addresses the impacts of climate change, delivers the housing stock to net zero carbon by or before 2050. Using green technology and innovation to deliver these objectives.
8. Continue to improve and modernise available housing for older people.
9. Encourage green technologies and innovative solutions to the climate emergency.
10. Enable Community Development which positively supports the local community

To deliver its HAMS, Colchester must ensure that the requirements of the stock are affordable in the context of its Business Plan, and that this is 'joined up' with competing pressures for Housing Revenue Account (HRA) finance (including the delivery of aspirational improvements within the existing stock, such as energy efficiency projects, and new build provided through the Housing Futures Programme).

### **6.3. Investment & The Colchester Borough Council Standard**

The aspirations of tenants and leaseholders (collectively referred to as residents) have been considered in the HAMS, within the constraints of the finances available. The Social Housing White Paper 2020 recommended greater engagement with residents. This will be a key factor in the preparation of future to meet objectives laid out in this strategy, balancing choice, the delivery of health & safety and addressing the enormous challenges of the climate emergency. At the same time recognising residents expect a good service, choice, and value for money to be provided in return for their rents and service charges.

Continued re-investment is required to maintain the stock in good condition. The re-investment requirements have been identified by the stock condition survey, as represented within the new Asset Management Database (Northgate Public Services by NEC). Colchester undertakes a rolling stock survey to assess the condition of the housing stock. The results of these surveys have been combined with desk-top budgetary information (such as responsive repairs) to formulate the cost reporting tables.

The 30-year expenditure requirements are under review. The current estimate in the database indicates a total 30-year re-investment requirement of £464.6million, of which £76.9million is required within the first 5 years of the plan, as detailed in the table below.

**Table 1 - Cost Summary 2022-52 - (General Needs and Sheltered) from SAM - Planned**

Note: Figures exclude VAT, inflation, fees and management costs

	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27	Years 1-5 2022-27	Year 6-10 2028-32	Year 11-15 2033-38	Year 16-20 2039-2042	Year 21-25 2043 - 2046	Year 26-30 2047-52	Total
Catch up Repairs	£837,066	£837,066	£837,066	£837,066	£837,066	£4,185,331	£4,717,584	£4,717,584	£4,717,584	£4,717,584	£4,717,584	£27,773,248
Future Major Works	£4,360,087	£4,295,471	£3,849,840	£4,475,473	£8,974,105	£25,954,976	£36,600,959	£38,751,000	£28,709,118	£47,429,310	£32,317,052	£209,762,415
Improvements	£8,112,000	£3,562,000	£7,944,000	£3,560,000	£1,912,000	£25,090,000	£8,940,000	£3,890,000	£3,890,000	£3,890,000	£8,590,000	£54,290,000
Estate Works	£300,000	£300,000	£300,000	£300,000	£300,000	£1,500,000	£500,000	£500,000	£500,000	£500,000	£500,000	£4,000,000
Contingent Major Repairs	£1,775,000	£1,055,000	£1,055,000	£1,005,000	£897,000	£5,787,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£18,247,000
Compliance Assurance	£76,000	£77,000	£78,000	£79,000	£80,000	£390,000	£390,000	£390,000	£390,000	£390,000	£390,000	£2,340,000
RTBB Works and Fee	£420,000	£450,000	£470,000	£490,000	£490,000	£2,320,000	£2,320,000	£2,320,000	£2,320,000	£2,320,000	£2,320,000	£13,920,000
100 Homes Works (Void, Energy, Fee)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
NEW: Revised Decent Homes	£300,000	£500,000	£500,000	£500,000	£500,000	£2,300,000	£2,300,000	£2,300,000	£2,300,000	£2,300,000	£2,300,000	£13,800,000
NEW: Building Safety	£500,000	£500,000	£500,000	£1,000,000	£1,000,000	£3,500,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£28,500,000
NEW: Net Zero Carbon	£0	£502,300	£502,300	£502,300	£502,300	£2,009,201	£0	£0	£16,990,220	£42,475,551	£25,485,331	£86,960,304
NEW: Surveys/review of Non-Trad	£150,000	£0	£0	£0	£0	£150,000	£0	£0	£0	£0	£0	£150,000
Supplementary Projects	£1,200,000	£0	£0	£0	£0	£1,200,000	£0	£0	£0	£0	£0	£1,200,000
Exceptional Extensive Works	£800,000	£120,000	£120,000	£120,000	£120,000	£1,280,000	£0	£0	£350,000	£100,000	£660,000	£2,390,000
NEW: Contingency	£250,000	£250,000	£250,000	£250,000	£250,000	£1,250,000						£1,250,000
<b>Sub-Total</b>	<b>£19,080,153</b>	<b>£12,448,837</b>	<b>£16,406,206</b>	<b>£13,118,839</b>	<b>£15,862,471</b>	<b>£76,916,508</b>	<b>£63,260,543</b>	<b>£60,360,584</b>	<b>£67,658,922</b>	<b>£111,614,445</b>	<b>£84,771,966</b>	<b>£464,582,967</b>

To achieve a balanced business plan, within our potential prudential borrowing limits, we have had to reduce the level of expenditure identified above to a more affordable £283million. The levels of costs that are included within the plan, are detailed in the section 7 below, where allowances for fees, the sheltered review and disabled adaptations are also provided for.

CBC’s ‘Colchester Borough Council Standard’ is a collection of several standards and policies.

- Estate Standard.
- Repairs Standard.
- Communal Standards.
- Dwelling Standards and
- Garage Standards.

The Colchester Borough Council Standard is detailed in appendix 8.2. (This will be subject to review depending upon the outcome by DLUHC review of their Decent Homes Standard that is due to take place during 2022/23.)

Our new IT system, Northgate, has indicated that, as of November 2021, 1268, dwellings (21.5%) are deemed ‘non-decent homes’ in accordance with the DCLG June 2006 Decent Homes Standard definition. This relatively high figure is, however, mainly attributable to the impact of delays in reinvestment to key components because of COVID –19 and data migration issues which will be reviewed as part of a data integrity exercise in 2022 and it is estimated that this figure will be below 10% by March 2022.

Our plans ensure that all homes will meet and exceed this minimum standard. It should be noted that none of the failures relate to Health and Safety failures (as measured by the Housing Health and Safety Rating System (HHSRS)).



## 6.4. Performance of our Stock

It is proposed that every 5 years the Council assesses viability and re-investment priorities through a Stock Viability Model that takes account of a range of factors including demand and projected costs. This appraisal process results in individual properties being allocated a red, amber, or green re-investment status (RAG).

Properties in Red or Amber status is to be the subject of further investigation, or review through an options appraisal, under the supervision of the Asset Management Group, until they are either re-classified or until such time as an alternative strategy is agreed (disposal or re-development for example).

A green status indicates that the stock classified as such is viable with a long-term future, being of low cost and high demand. Most of the stock is believed to fall within this classification and can be included within re-investment plans without concern, however, there is a need to update the viability model to take account of the impact of new investment demands on the stock.

## 6.5. Sheltered Stock

Reviews have been undertaken, resulting in the identification of investment in some of the sheltered schemes to improve void performance by delivering 'fit for the future' homes that will be popular with older people. Planning is underway for the remainder of the sheltered stock to be reviewed as part of a medium-term strategy.

The costs for the schemes identified for reinvestment have been included within the plan.

## 6.6. Future Costs to be Identified and Included

Costs for the following **will need to be added to existing investment costs modelled within this business plan** as to when outlines programmes can be devised with accurate costings and utilising any available external funding sources are available:

- Zero Carbon: We need to develop an understanding of the technical solutions available, and their cost. We will seek funding to support delivery and consider the financial viability of properties. Current estimates are between £84million and £100million (exclusive of fees). Assumed that zero carbon excluded. Whilst we have identified £87million in our expenditure requirements, a much-reduced provision of £2million has been included within this plan until we can be more certain as to the funding arrangements.
- Decent Homes 2 & Building Safety. At the same time as reviewing our own investment standard we will respond to any revised government guidance on the decent home's standard, as well as any additional costs from expected increases in consumer regulation and building safety requirements over and above the values already included within our costs identified in section 7 below.

## 7. Future Development & Acquisitions

### 7.1. The need for Additional Homes

A continual message within this plan is the need for additional affordable housing, set against the backdrop of losing stock through right to buy in Colchester.

Through several options, we will seek to acquire and develop new homes. Most of the new developments will be via our wholly owned development company, which ensures that homes can be delivered for the needs of our residents, particularly affordable ones.

We will continue to explore the options in respect of acquiring properties that were once our stock, sold under right to buy, but also from the open market.

### 7.2. Existing Programme

Our existing programme provides:

- 268 homes, in addition to those previously developed and incorporated into our HRA, over the next 5 years over 8 sites.
- 90 homes for acquisition

These will be funded by a mixture of Homes England Grant and useable '1-4-1' right to buy receipts.

### 7.3. Future Programme

There will be a continuous evaluation for the acquisition of homes, from the open market. However, we will be constrained in respect of the use of '1-4-1' useable right to buy receipts, given that new rules restrict us from such activity and limit acquisitions to 20 per year.

This can be increased on the ratio of new homes developed as 50:50. Therefore, we will continue to explore all opportunities as they arise for new development, with Colchester Amphora Homes playing a key part, whilst ensuring that any such new build is viable and not detrimental to this plan.

## 8. HRA Financial Projections

### 8.1. How HRA Finances have Evolved Over the Last 10 Years

The HRA is a ring-fenced account relating to the council's landlord function. The self-financing system introduced in 2012 for the HRA removed the uncertainty caused by the old annual subsidy announcements and has allowed for better longer term financial planning for the ring-fenced account. Since April 2016 the government have decided to implement direct control over council rent setting which has seen a four-year programme of 1% reductions for social housing rents and the ending of social rent convergence. This is a reversal of previous policy and has led to a revision of the debt and investment strategy for the HRA. Further to this, the ability for tenants to exercise their right to buy was reinvigorated allowing discounted rates with a result of a higher number of sales that has an adverse impact on the finances for the HRA.

The core constituents of the account are rent income; both capital and revenue maintenance of the housing stock; management costs; and debt repayments. As the account has been carrying a high balance, the council has also been making revenue contributions to capital expenditure as well.

### 8.2. Use of the Model

We have maintained a HRA business plan model for several years which has assisted us with both short and long-term planning but with within the restriction of the debt cap imposed in conjunction with the 2012 self-financing system which offered very little in the way of borrowing headroom.

With the restrictions now abolished this provides a greater freedom to manage our HRA finances.

We have engaged Savills to support us with the modelling, bringing their experience of working with a significant number of authorities and sense checking our assumptions.

The model provided the basis for the financial elements of this business plan and is launched from April 2022 with the assumptions behind the forecasts contained in Appendix 8.3.

### 8.3. Treasury Management

The HRAs debt is measured by the HRA Capital Financing Requirement (HRACFR) and is forecast to be £156.5million in April 2022. To finance the HRACFR the council has several loans that have been taken out over a series of years, which finances both this but also the CBC's General Fund, thus providing an average interest rate.

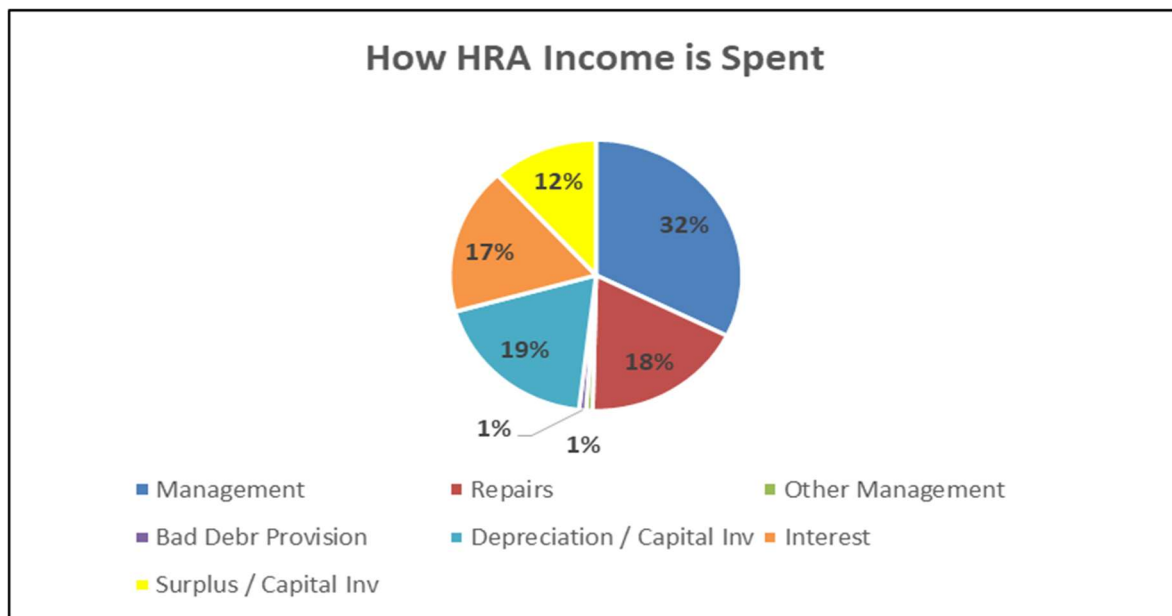
The council borrows and invests in accordance with the Treasury Management Strategy and will plan any consideration of borrowing closely through the financial strategy, HAMS, and five-year Capital Budget.

With the abolition of the HRA debt cap the council is now required to set its own prudential borrowing limits based on a series of indicators, used by other authorities and the Registered Provider sector, that ensure existing and forecast borrowing is both affordable, appropriate but also allows for contingencies for factors outside its control.

These new prudential limits have been factored into our modelling and plan to establish what it is affordable but also what additional costs, be it new development, investment in energy efficiency, increased levels of improvements to existing properties or combination of them all could be delivered.

### 8.4. How the Rent is Spent

The following chart shows how our rental income, service charges and other income is spent based on our forecast 2022.23 HRA budget:



This chart shows that the HRA makes a 12% surplus from its rents which is either used to finance additional capital works or retained to be utilised in future years.

### 8.5. Long-Term Capital Expenditure Forecasts

The table shows the reduction for the original £465million requirement for the capital expenditure requirements detailed in section 5.3, that can be afforded and modelled within this plan for the next 30 years. These are at current prices and will be subject to inflation, reductions to stock losses but also increase on account of the new build within the plan.

Reduced Cost Summary 2022-52 - (General Needs and Sheltered) from SAM - Planned													ORIGINAL
	Year 1 2022/23	Year 2 2023/24	Year 3 2024/25	Year 4 2025/26	Year 5 2026/27	Years 1-5 2022-27	Year 6-10 2028-32	Year 11-15 2033-38	Year 16-20 2039-2042	Year 21-25 2043 - 2046	Year 26-30 2047-52	Total	Total
<b>Catch up Repairs</b>	£629,569	£629,569	£629,569	£629,569	£629,569	£3,147,846	£3,147,846	£3,147,846	£3,147,846	£3,147,846	£3,147,846	£18,887,078	£27,773,248
<b>Future Major Works</b>	£3,384,313	£2,534,308	£3,398,627	£3,363,678	£5,501,771	£18,182,697	£28,601,255	£24,498,982	£21,725,159	£39,490,032	£24,502,972	£157,001,097	£209,762,415
<b>Improvements</b>	£8,112,000	£3,562,000	£7,944,000	£3,560,000	£1,912,000	£25,090,000	£8,740,000	£3,690,000	£3,690,000	£3,690,000	£3,940,000	£48,840,000	£54,290,000
<b>Estate Works</b>	£300,000	£300,000	£300,000	£300,000	£300,000	£1,500,000	£500,000	£500,000	£500,000	£500,000	£500,000	£4,000,000	£4,000,000
<b>Contingent Major Repairs</b>	£1,725,000	£1,005,000	£1,005,000	£1,005,000	£897,000	£5,637,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£2,492,000	£18,097,000	£18,247,000
<b>Compliance Assurance</b>	£76,000	£77,000	£78,000	£79,000	£80,000	£390,000	£390,000	£390,000	£390,000	£390,000	£390,000	£2,340,000	£2,340,000
<b>RTBB Works and Fee</b>	£420,000	£450,000	£450,000	£0	£0	£1,320,000	£0	£0	£0	£0	£0	£1,320,000	£13,920,000
<b>NEW: Revised Decent Homes</b>	£300,000	£300,000	£500,000	£500,000	£500,000	£2,100,000	£0	£0	£0	£0	£0	£2,100,000	£13,800,000
<b>NEW: Building Safety</b>	£500,000	£500,000	£500,000	£750,000	£750,000	£3,000,000	£4,000,000	£4,000,000	£4,000,000	£4,500,000	£4,500,000	£24,000,000	£28,500,000
<b>NEW: Net Zero Carbon</b>	£0	£502,300	£502,300	£502,300	£502,300	£2,009,201	£0	£0	£0	£0	£0	£2,009,201	£86,960,000
<b>NEW: Surveys/review of Non-Trad</b>	£150,000	£0	£0	£0	£0	£150,000	£0	£0	£0	£0	£0	£150,000	£150,000
<b>Supplementary Projects</b>	£1,200,000	£0	£0	£0	£0	£1,200,000	£0	£0	£0	£0	£0	£1,200,000	£1,200,000
<b>Exceptional Extensive Works</b>	£550,000	£120,000	£120,000	£120,000	£120,000	£1,030,000	£0	£0	£350,000	£100,000	£660,000	£2,140,000	£2,390,000
<b>NEW: Contingency</b>	£250,000	£250,000	£250,000	£250,000	£250,000	£1,250,000	£0	£0	£0	£0	£0	£1,250,000	£1,250,000
<b>Sub-Total</b>	£17,596,882	£10,230,178	£15,677,497	£11,059,548	£11,442,641	£66,006,745	£47,871,101	£38,718,828	£36,295,005	£54,309,878	£40,132,818	£283,334,376	£464,582,663

The above costs exclude the day-to-day repairs and cyclical maintenance which is included 18% element of gross income to the HRA in the graph above.

The original costs are identified in the far column, to give a comparison of where the 39% (£181.2million) reduction has been made. The key areas of reduction are catch up repairs and future works and zero-carbon.

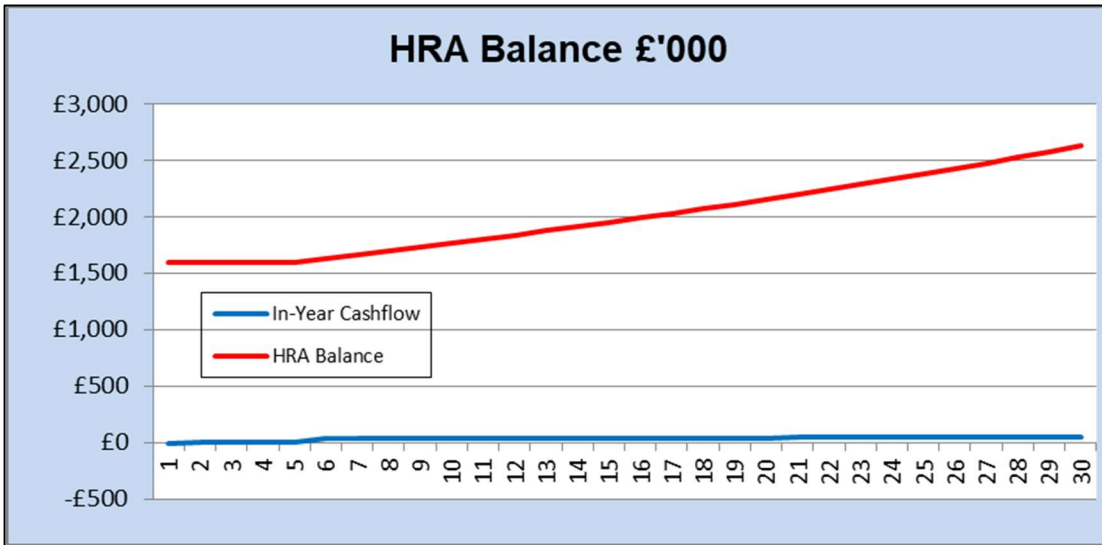
An annual provision of c£0.5million is provided to cover disabled adaptations, management fees of c£1.2million and ICT expenditure. Further amendments are made for costs for supplementary projects and the sheltered review within the first 5 years of the plan.

The above excludes the expenditure for development and acquisitions.

**8.6. Long-Term Expenditure Forecasts**

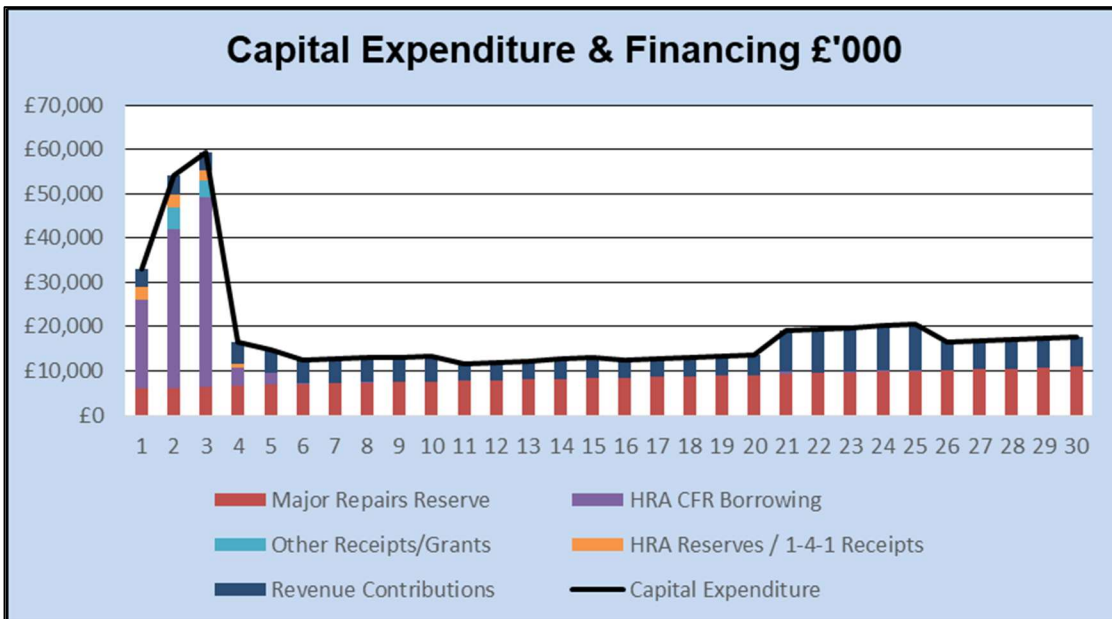
The following graphs are excerpts from our HRA business plan model for both revenue and capital.

Revenue Projections



The red line shows the projected closing balance for the HRA for each year, which demonstrates that reserves will continually increase over the plan in-line with the minimum level set within the model.

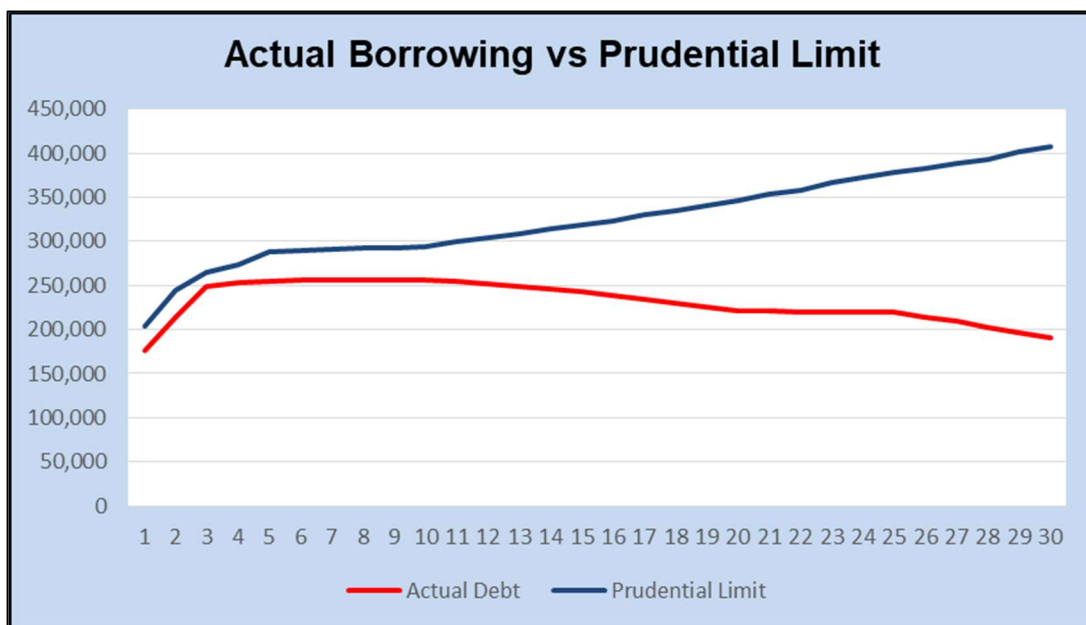
Capital Projections



This graph shows the level of capital expenditure depicted by the black horizontal line and the vertical lines demonstrate how this is funded. As there is no void between the vertical and horizontal lines, the reduced £283million total investment requirements (before inflation, fees, and supplementary expenditure) is fully funded.

**8.7. Long-Term Financing Position & Capacity**

The following graph shows the borrowing position for the HRA over the next 30 years, whilst fully funding the above capital expenditure.



The levels of capital expenditure modelled ensure that the above level of debt is maintained, post the initial level of borrowing required to finance the acquisition expenditure. There is a period where the level of debt is close to exceeding prudential indicators, with only £15million headroom, this will require annually monitoring to determine future borrowing and investment levels. Whilst the debt reduces during the plan’s duration, based on utilising annual surpluses, the closing debt remains higher than its opening position, although there is no statutory requirement, currently, for the repayment of debt.

**8.8. Impact of Opportunities**

Given the current borrowing forecast and that the prudential limits set will be exceeded for a period, this shows that there is no immediate capacity for borrowing, given the marginal £15million of borrowing headroom in the early stages of the plan. However, based on the assumptions within the plan capacity does begin to grow over the duration of the plan.

Therefore, we will continually review our investment strategy both for our existing stock, development, and acquisition opportunities to ensure that we maximise on our delivery through ensuring a thorough prioritisation of our investment strategy. As part of this we will seek all opportunities for external funding to fund works to ensure our stock meets zero carbon and other alternative funding strategies.

### 8.9. Impact of Key Risks

We have modelled the impacts to the plan when considering both adverse but also advantageous scenarios that in some instances will be outside of the control of CBC.

Scenario	HRA Bal at Year 30 £'m	Debt at Year 30 £m	Borrowing Headroom at Year 10 £'m	Borrowing Headroom at Year 30 £'m
<b>Base</b>	<b>2.626</b>	<b>191.037</b>	<b>37.728</b>	<b>216.658</b>
Inflation (CPI) -0.5%	2.626	215.576	24.440	139.090
Inflation (CPI) +0.5%	2.627	164.140	51.550	304.390
Rents Frozen 2 Years 2025-27	2.625	283.365	(21.491)	64.432
Rents CPI + 0.5% Yrs 2025+	2.628	87.345	68.335	469.366
Repairs +5% Yr 3	2.626	205.501	28.472	192.417
Capital Exp +5% Yr 3	2.626	214.513	33.326	193.832
Voids & Bad Debts +1% each	2.626	224.655	16.100	161.707
Interest Rate +1% new borrowing	2.626	250.118	(17.842)	(2.919)

In summary, the plan is tolerant to changes but the largest impacts are in respect of changes to rent policy.



## 9. Appendices

### 9.1. Financial Business Plan Assumptions

Description	Short to Medium Term	long term
Financing	Opening debt at £156.545m– Planned Borrowing £106.226m Prudential Borrowing Headroom of -£8.262m (year 10)	Prudential Borrowing Headroom £21.6m average post year 14 not fully utilised
Property changes over the plan	5,935 properties 1/4/2022 with 30 to 10 RTB per annum	10 RTB per annum
Economic – inflation and interest rates	2% core (CPI) inflation, CPI 2%+1% rent inflation for 2 year only, interest rates start at 3% for new borrowing	2% core inflation, CPI rent inflation, interest rates stable at 3% long term except for existing borrowing
Arrears and bad debts	1.5% of rents voids, 1% Bad Debts	1.5% of rents voids, 1% Bad Debts
Management costs	2022/2023 provisional budget rising at CPI	Inflation long term at CPI
Repairs costs	2022/2023 budget rising with inflation at 2.5% only (with provision for 5% uplift over years 6-10)	Inflation long term at CPI – adjusted for stock numbers
Capital profile	Existing programme plus Colchester Standard – inflated by CPI	Colchester Standard on existing stock moving with CPI – adjusted for stock numbers
Use of capital resources (RTB receipts etc) and explanation for basis	RTB receipts to General Fund with exception of new build 1-4-1 receipts	RTB receipts to General Fund

## 9.2. The Colchester Borough Council Standard

In summary, the Colchester Standard includes:

1. Listening to the requirements and wishes of residents.
2. Consultation with residents about the works to be undertaken in their homes, including items of choice.
3. Keeping rents within the Government's target range.
4. The provision of an effective responsive repairs service.
5. The delivery of an agreed void standard.
6. Undertaking regular cyclical servicing and testing, to help maintain condition.
7. The use of good quality, durable and low maintenance products.
8. An 'external overview' (like an 'MoT') of all dwellings on a 6-year cycle to undertake all the external redecoration and repairs required.
9. All rented dwellings to be brought up to the Government's Decent Homes Standard by the end of 2012.
10. All dwellings to be free of any 'Category 1' (Severe) HHSRS hazards as soon as possible after identification.
11. Any kitchen, bathroom or heating distribution system that is old and in poor condition will be renewed or repaired alongside other internal components.
12. When visited by the internal works programme team all works that are required by the 5-year programme (internally) will be undertaken at the same time, helping to avoid repetitive visits, and keeping costs down.
13. Both internal and external works programmes will deal with any minor un-reported repairs whilst the contractor is on site.
14. Where renewed, a bathroom will be installed complete with sanitary ware, wall tiles, floor coverings and redecoration (with resident wall and floor colour choice).
15. Where renewed, a kitchen will be installed complete with units, worktop, wall tiles, electrics, floor coverings and redecoration. Residents will have a choice of kitchen units, worktops, floor covering, paint colour and tiles, as well as having a hand in the layout design process.
16. New kitchens and bathrooms will be fitted with extract ventilation where required.
17. Where renewed, windows will be double glazed, to 'Secured by Design Standards'.
18. Where renewed, doors will be double glazed composite or PVCu units, to 'Secured by Design Standards'.
19. Where a boiler is changed a new energy efficient unit will be fitted along with thermostatic radiator valves (where these are not already fitted).
20. A hard wired mains smoke detector will be installed to every dwelling's hallway and landing when electrical systems are renewed or upgraded.
21. Where needed, additional electrical sockets will be provided when a property is rewired, or within a kitchen when it is renewed, to meet modern living requirements.

22. Common parts of flats and estate areas will be improved, with residents taking the lead on identification of suitable projects to be delivered through a 'challenge fund' that will be managed by the Asset Management Group.
23. Loft and wall insulation will be provided to current Building Regulation Standards, where required to be improved.
24. Communal television reception systems will be upgraded to receive digital signals; and
25. Whilst planning work, the requirements of the resident in terms of aids and/or adaptations required will be assessed and, wherever possible, incorporated into the works

# HRA Business Plan



## 9.3. Financial Business Forecasts

### HOUSING REVENUE ACCOUNT PROJECTIONS

Colchester BC

Year	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>INCOME:</b>															
Rental Income	28,460	29,520	31,076	33,268	33,789	34,368	34,931	35,531	36,170	37,489	37,511	38,200	38,902	39,616	40,344
Void Losses	-429	-445	-469	-501	-509	-517	-526	-535	-544	-564	-565	-575	-586	-596	-607
Service Charges	2,389	2,386	2,434	2,482	2,532	2,583	2,634	2,687	2,741	2,795	2,851	2,908	2,967	3,026	3,086
Non-Dwelling Income	988	1,007	1,028	1,048	1,069	1,091	1,112	1,135	1,157	1,180	1,204	1,228	1,253	1,278	1,303
Grants & Other Income	455	428	435	441	448	455	462	469	476	483	491	499	506	514	522
<b>Total Income</b>	<b>31,863</b>	<b>32,896</b>	<b>34,503</b>	<b>36,738</b>	<b>37,330</b>	<b>37,979</b>	<b>38,614</b>	<b>39,286</b>	<b>39,999</b>	<b>41,384</b>	<b>41,493</b>	<b>42,260</b>	<b>43,042</b>	<b>43,838</b>	<b>44,649</b>
<b>EXPENDITURE:</b>															
General Management	-10,308	-10,631	-10,846	-11,067	-11,348	-11,575	-11,807	-12,043	-12,283	-12,529	-12,780	-13,035	-13,296	-13,562	-13,833
Special Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Management	-171	-175	-178	-182	-186	-189	-193	-197	-201	-205	-209	-213	-217	-222	-226
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-250	-263	-268	-279	-290	-294	-299	-304	-310	-321	-321	-327	-333	-339	-345
Responsive & Cyclical Repairs	-5,748	-5,753	-5,866	-5,970	-6,076	-6,238	-6,430	-6,694	-6,968	-7,168	-7,306	-7,447	-7,591	-7,737	-7,886
<b>Total Revenue Expenditure</b>	<b>-16,478</b>	<b>-16,822</b>	<b>-17,157</b>	<b>-17,497</b>	<b>-17,899</b>	<b>-18,296</b>	<b>-18,728</b>	<b>-19,238</b>	<b>-19,762</b>	<b>-20,223</b>	<b>-20,616</b>	<b>-21,023</b>	<b>-21,437</b>	<b>-21,860</b>	<b>-22,291</b>
Interest Paid	-5,366	-5,687	-6,736	-7,290	-7,386	-7,453	-7,461	-7,471	-7,482	-7,511	-7,472	-7,397	-7,319	-7,241	-7,161
Finance Administration	-52	-53	-54	-55	-56	-57	-59	-60	-61	-62	-63	-65	-66	-67	-69
Interest Received	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Depreciation	-6,000	-6,175	-6,497	-6,924	-6,978	-7,087	-7,203	-7,327	-7,458	-7,595	-7,735	-7,877	-8,021	-8,169	-8,318
<b>Net Operating Income</b>	<b>3,979</b>	<b>4,173</b>	<b>4,073</b>	<b>5,086</b>	<b>5,026</b>	<b>5,144</b>	<b>5,225</b>	<b>5,257</b>	<b>5,305</b>	<b>6,064</b>	<b>5,821</b>	<b>5,979</b>	<b>6,281</b>	<b>6,587</b>	<b>6,899</b>
<b>APPROPRIATIONS:</b>															
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	-209	-2,491	-2,655	-2,653	-2,649	-2,857
Revenue Contribution to Capital	-3,979	-4,173	-4,073	-5,086	-5,026	-5,111	-5,192	-5,223	-5,271	-5,822	-5,155	-3,288	-3,592	-3,900	-4,004
<b>Total Appropriations</b>	<b>-3,979</b>	<b>-4,173</b>	<b>-4,073</b>	<b>-5,086</b>	<b>-5,026</b>	<b>-5,111</b>	<b>-5,192</b>	<b>-5,223</b>	<b>-5,271</b>	<b>-6,031</b>	<b>-5,646</b>	<b>-5,942</b>	<b>-6,244</b>	<b>-6,549</b>	<b>-6,861</b>
<b>ANNUAL CASHFLOW</b>															
Opening Balance	1,600	1,600	1,600	1,600	1,600	1,600	1,633	1,665	1,699	1,733	1,766	1,802	1,838	1,875	1,913
<b>Closing Balance</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,633</b>	<b>1,665</b>	<b>1,699</b>	<b>1,733</b>	<b>1,766</b>	<b>1,802</b>	<b>1,838</b>	<b>1,875</b>	<b>1,913</b>	<b>1,951</b>
<b>Year</b>															
£'000	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	2043.44	2044.45	2045.46	2046.47	2047.48	2048.49	2049.50	2050.51	2051.52
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
<b>INCOME:</b>															
Rental Income	41,815	41,839	42,607	43,389	44,185	44,996	46,635	46,662	47,517	48,389	49,276	50,179	52,005	52,035	52,989
Void Losses	-629	-630	-641	-653	-665	-677	-702	-702	-715	-728	-742	-755	-783	-783	-798
Service Charges	3,148	3,211	3,275	3,341	3,408	3,476	3,545	3,616	3,689	3,762	3,838	3,914	3,993	4,072	4,154
Non-Dwelling Income	1,329	1,356	1,383	1,411	1,439	1,468	1,497	1,527	1,558	1,589	1,620	1,653	1,686	1,720	1,754
Grants & Other Income	531	539	548	557	566	575	584	594	603	613	623	634	644	655	666
<b>Total Income</b>	<b>46,194</b>	<b>46,315</b>	<b>47,172</b>	<b>48,044</b>	<b>48,932</b>	<b>49,837</b>	<b>51,559</b>	<b>51,696</b>	<b>52,651</b>	<b>53,624</b>	<b>54,615</b>	<b>55,625</b>	<b>57,545</b>	<b>57,699</b>	<b>58,765</b>
<b>EXPENDITURE:</b>															
General Management	-14,110	-14,392	-14,680	-14,974	-15,273	-15,578	-15,890	-16,208	-16,532	-16,863	-17,200	-17,544	-17,895	-18,253	-18,618
Special Management	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Management	-231	-235	-240	-245	-250	-255	-260	-265	-270	-276	-281	-287	-293	-298	-304
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-358	-358	-365	-371	-378	-385	-399	-399	-407	-414	-422	-429	-445	-445	-453
Responsive & Cyclical Repairs	-8,038	-8,193	-8,351	-8,512	-8,676	-8,843	-9,014	-9,187	-9,364	-9,545	-9,729	-9,916	-10,107	-10,302	-10,501
<b>Total Revenue Expenditure</b>	<b>-22,737</b>	<b>-23,179</b>	<b>-23,636</b>	<b>-24,102</b>	<b>-24,577</b>	<b>-25,061</b>	<b>-25,563</b>	<b>-26,059</b>	<b>-26,573</b>	<b>-27,097</b>	<b>-27,631</b>	<b>-28,176</b>	<b>-28,740</b>	<b>-29,298</b>	<b>-29,876</b>
Interest Paid	-7,054	-6,929	-6,807	-6,676	-6,546	-6,415	-6,284	-6,153	-6,022	-5,891	-5,760	-5,629	-5,498	-5,367	-5,236
Finance Administration	-70	-71	-73	-74	-76	-77	-79	-80	-82	-84	-85	-87	-89	-91	-92
Interest Received	93	95	96	97	97	98	98	97	93	90	87	84	81	78	75
Depreciation	-8,471	-8,627	-8,785	-8,946	-9,110	-9,277	-9,447	-9,620	-9,797	-9,976	-10,159	-10,345	-10,535	-10,728	-10,924
<b>Net Operating Income</b>	<b>7,955</b>	<b>7,605</b>	<b>7,968</b>	<b>8,343</b>	<b>8,310</b>	<b>9,053</b>	<b>10,115</b>	<b>9,993</b>	<b>9,858</b>	<b>10,130</b>	<b>10,438</b>	<b>10,862</b>	<b>12,159</b>	<b>11,738</b>	<b>12,204</b>
<b>APPROPRIATIONS:</b>															
Revenue Provision (HRACFR)	-4,463	-4,037	-4,322	-4,617	-4,924	0	-838	-127	-200	-275	-4,886	-5,193	-6,370	-5,827	-6,167
Revenue Contribution to Capital	-3,453	-3,528	-3,605	-3,684	-3,764	-9,010	-9,235	-9,422	-9,613	-9,808	-5,503	-5,620	-5,739	-5,861	-5,985
<b>Total Appropriations</b>	<b>-7,916</b>	<b>-7,565</b>	<b>-7,927</b>	<b>-8,301</b>	<b>-8,688</b>	<b>-9,010</b>	<b>-10,073</b>	<b>-9,549</b>	<b>-9,813</b>	<b>-10,083</b>	<b>-10,389</b>	<b>-10,813</b>	<b>-12,109</b>	<b>-11,688</b>	<b>-12,152</b>
<b>ANNUAL CASHFLOW</b>															
Opening Balance	1,951	1,990	2,030	2,071	2,112	2,154	2,198	2,240	2,285	2,331	2,377	2,426	2,475	2,524	2,575
<b>Closing Balance</b>	<b>1,990</b>	<b>2,030</b>	<b>2,071</b>	<b>2,112</b>	<b>2,154</b>	<b>2,198</b>	<b>2,240</b>	<b>2,285</b>	<b>2,331</b>	<b>2,377</b>	<b>2,426</b>	<b>2,475</b>	<b>2,524</b>	<b>2,575</b>	<b>2,626</b>

# HRA Business Plan



## HOUSING CAPITAL PROJECTIONS Colchester BC

Year £'000	2022.23 1	2023.24 2	2024.25 3	2025.26 4	2026.27 5	2027.28 6	2028.29 7	2029.30 8	2030.31 9	2031.32 10	2032.33 11	2033.34 12	2034.35 13	2035.36 14	2036-37 15
<b>EXPENDITURE:</b>															
Planned Variable Expenditure	-4,676	-4,023	-4,828	-4,884	-6,147	-5,143	-5,226	-5,314	-5,409	-5,507	-4,243	-4,384	-4,697	-5,015	-5,128
Planned Fixed Expenditure	-14,341	-7,840	-12,977	-8,332	-7,726	-5,285	-5,391	-5,499	-5,609	-5,721	-4,415	-4,503	-4,593	-4,685	-4,779
Disabled Adaptations	-643	-685	-674	-708	-719	-552	-563	-574	-586	-598	-609	-622	-634	-647	-660
Other Capital Expenditure	-2,660	-11,281	-62	-64	-65	-66	-68	-69	-70	-72	-73	-75	-76	-78	-79
New Build Expenditure	-10,674	-32,541	-31,732	-2,587	0	0	0	0	0	0	0	0	0	0	0
Procurement Fees	0	0	0	0	-1,403	-1,431	-1,460	-1,489	-1,519	-1,549	-1,580	-1,612	-1,644	-1,677	
<b>Total Capital Expenditure</b>	<b>-32,994</b>	<b>-56,370</b>	<b>-50,274</b>	<b>-16,574</b>	<b>-14,657</b>	<b>-12,450</b>	<b>-12,679</b>	<b>-12,916</b>	<b>-13,163</b>	<b>-13,417</b>	<b>-10,890</b>	<b>-11,164</b>	<b>-11,613</b>	<b>-12,069</b>	<b>-12,323</b>
<b>FUNDING:</b>															
Major Repairs Reserve	6,000	6,175	6,497	6,824	6,978	7,087	7,203	7,327	7,458	7,595	7,735	7,877	8,021	8,169	8,318
HRA CFR Borrowing	20,118	38,010	34,162	3,933	2,653	251	284	366	434	0	0	0	0	0	0
Other Receipts/Grants	0	4,845	3,641	0	0	0	0	0	0	0	0	0	0	0	0
HRA Reserves / 1-4-1 Receipts	2,897	3,168	1,900	731	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	3,979	4,173	4,073	5,086	5,026	5,111	5,192	5,223	5,271	5,822	3,155	3,288	3,592	3,900	4,004
<b>Total Capital Funding</b>	<b>32,994</b>	<b>56,370</b>	<b>50,274</b>	<b>16,574</b>	<b>14,657</b>	<b>12,450</b>	<b>12,679</b>	<b>12,916</b>	<b>13,163</b>	<b>13,417</b>	<b>10,890</b>	<b>11,164</b>	<b>11,613</b>	<b>12,069</b>	<b>12,323</b>
<b>In-Year Net Cashflow</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### MRR Account:

Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution (Depr)	6,000	6,175	6,497	6,824	6,978	7,087	7,203	7,327	7,458	7,595	7,735	7,877	8,021	8,169	8,318
Use of Reserve to Capital	-6,000	-6,175	-6,497	-6,824	-6,978	-7,087	-7,203	-7,327	-7,458	-7,595	-7,735	-7,877	-8,021	-8,169	-8,318
Contribution to HRACFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

Year £'000	2037.38 16	2038.39 17	2039.40 18	2040.41 19	2041.42 20	2042.43 21	2043.44 22	2044.45 23	2045.46 24	2046.47 25	2047.48 26	2048.49 27	2049.50 28	2050.51 29	2051.52 30
<b>EXPENDITURE:</b>															
Planned Variable Expenditure	-4,911	-5,002	-5,094	-5,188	-5,284	-7,909	-8,054	-8,202	-8,352	-8,506	-6,484	-6,604	-6,725	-6,849	-6,974
Planned Fixed Expenditure	-4,548	-4,639	-4,732	-4,827	-4,923	-7,699	-7,853	-8,010	-8,170	-8,333	-6,174	-6,298	-6,423	-6,552	-6,683
Disabled Adaptations	-673	-686	-700	-714	-728	-743	-758	-773	-788	-804	-820	-837	-853	-871	-888
Other Capital Expenditure	-81	-82	-84	-86	-87	-89	-91	-93	-95	-97	-98	-100	-102	-104	-107
New Build Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Procurement Fees	-1,711	-1,745	-1,780	-1,815	-1,852	-1,889	-1,926	-1,965	-2,004	-2,044	-2,085	-2,127	-2,169	-2,213	-2,257
<b>Total Capital Expenditure</b>	<b>-11,924</b>	<b>-12,155</b>	<b>-12,390</b>	<b>-12,630</b>	<b>-12,874</b>	<b>-18,328</b>	<b>-18,682</b>	<b>-19,042</b>	<b>-19,410</b>	<b>-19,784</b>	<b>-15,662</b>	<b>-15,965</b>	<b>-16,274</b>	<b>-16,588</b>	<b>-16,909</b>
<b>FUNDING:</b>															
Major Repairs Reserve	8,471	8,627	8,785	8,946	9,110	9,277	9,447	9,620	9,797	9,976	10,159	10,345	10,535	10,728	10,924
HRA CFR Borrowing	0	0	0	0	41	0	0	0	0	0	0	0	0	0	0
Other Receipts/Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HRA Reserves / 1-4-1 Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	3,453	3,528	3,605	3,684	3,764	9,010	9,235	9,422	9,613	9,808	5,503	5,620	5,739	5,861	5,985
<b>Total Capital Funding</b>	<b>11,924</b>	<b>12,155</b>	<b>12,390</b>	<b>12,630</b>	<b>12,874</b>	<b>18,328</b>	<b>18,682</b>	<b>19,042</b>	<b>19,410</b>	<b>19,784</b>	<b>15,662</b>	<b>15,965</b>	<b>16,274</b>	<b>16,588</b>	<b>16,909</b>
<b>In-Year Net Cashflow</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Position</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### MRR Account:

Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution (Depr)	8,471	8,627	8,785	8,946	9,110	9,277	9,447	9,620	9,797	9,976	10,159	10,345	10,535	10,728	10,924
Use of Reserve to Capital	-8,471	-8,627	-8,785	-8,946	-9,110	-9,277	-9,447	-9,620	-9,797	-9,976	-10,159	-10,345	-10,535	-10,728	-10,924
Contribution to HRACFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0