Appendix A1

HRA 2024/25 Budget Report and Update on 30-year Business Plan

1 Introduction and Context

1.1 The Housing Revenue Account (HRA) is a ring-fenced account, which contains the income and expenditure relating to the Council's landlord duties in respect of approximately 28.6K dwellings including those held by leaseholders.

1.2 The HRA budget is set each year in the context of the 30-year business plan. The Business Plan is a statutory requirement used to assess the ongoing financial viability of the HRA and its ability to deliver the Council's housing priorities.

1.3 The business plan assumptions are reviewed annually to determine whether any aspects of the strategy need to be revised, allowing for horizon scanning and the identification and mitigation of business risks in the short, medium, and long term. Sensitivity analysis is undertaken to ensure that effective contingency plans are considered and that appropriate reserves are maintained in light of any change in assumptions.

1.4 This report includes a proposal for the HRA rent setting for 2024/25, sets out the final proposed budgets for 2024/25 and provides an update to the refreshed HRA Business Plan, along with highlighting the key assumptions required to reflect national policies and financial impacts to the HRA.

1.5 The business plan projections reflect the income and expenditure required to manage the landlord functions and, at the same time, work towards the Council's objectives to investing in existing residents' homes and creating capacity to fund the development of affordable homes for rent.

1.6 This report does not attempt to summarise all aspects of the HRA business plan but aims to highlight areas to be noted and options considered for future budget strategy.

1.7 The HRA business plan provides long-term financial forecasts resulting from the implications of the Council's spending, investment, and rent-setting decisions, based on the authority's current income, assumptions on how costs and income might change in the future to illustrate what the authority can reasonably expect to happen, using the best available information.

2 Rent Setting proposal for 2024/25

2.1 Income raised through residents' rents and service charges is ring-fenced and cannot be used to fund expenditure outside of the HRA.

2.2 The proposal is to follow the current government rent formula allows social landlords to increase social housing rents by a maximum of September's CPI plus 1% each year. In September 2023, CPI was 6.7%. As a result, the maximum rent increase that can be implemented is 7.7%. It is proposed that the maximum rent increase is implemented which will take effect from April 2024.

2.3 To support residents in hardship, a hardship fund of £500,000 is included in each year of the business plan. For 2024/25, £350,000 is set aside for residents accessing the Local Crisis Prevention Fund, with the remainder set aside for other schemes. This will include a newly introduced cladding removal support scheme to support residents affected by increased energy bills resulting from the removal of EPS cladding whilst it is replaced with an A rated cladding system.

2.4 The proposed average weekly rent for HRA socially rented tenancies in 2024/25 will be £97.75, compared to £90.76 in 2023/24.

2.5 Table 1 shows the proposed average rent levels for 2023/24. All new re-lets are charged at formula rent, which is reflected in the current average rent. A rent increase of 7.7% is estimated to result in an additional c.£10.4m of income when compared to the 2023/24 projected outturn. This includes new homes anticipated to be let in 2024/25.

Table 1: Average rents by bedroom size

No. of beds	Average rents 2023/24	7.7% 2024/25 Uplift	Average rents 2024/25
0	£69.50	£5.35	£74.85
1	£78.90	£6.08	£84.98
2	£87.89	£6.77	£94.66
3	£102.38	£7.88	£110.26
4	£110.27	£8.49	£118.76
5	£119.40	£9.19	£128.59
6	£127.77	£9.84	£137.61
Average Rent	**£90.76**	**£6.99**	**£97.75**

2.6 This additional resource is required to finance increased costs in the existing level of services, and to provide further mitigation against bad debt and residents rent arrears. This will also allow the service to maintain its investment commitment to the HRA Capital Programme and support the Council to comply with its statutory duties. Plus, enabling the delivery of more council owned social housing in Bristol.

3 Service Charges and Other Costs for 2024/25

3.1 Service charges are expected to increase by 7.7% with effect from April 2024. The increase is also based on September CPI figure plus 1%.

3.2 Leasehold service charges, in line with resident service charges, are required to reflect the actual cost of the services incurred. This means service charges for leaseholders will be based on 2022/23 expenditure levels with the agreed inflationary increase. In line with Service Charge legislation, leaseholder accounts will be reconciled with the actual costs and leaseholders will be issued their actuals statement by September 2024, which will include a deficit or surplus depending on costs incurred within the financial year for 2022/2023. Delegation will be sought to issue the Actual statements by September 2024.

3.3 Garage rents are expected to increase by CPI (6.7% at the end of September 2023) with effect from April 2024.

3.4 District heating and communal energy are adjusted annually in line with the energy supplier inflation forecasts. The business plan model assumes an inflation uplift of circa.12% for 2024/25.

3.5 The business plan assumes a pay inflation uplift capped at 5% in year 1 (2024/25).

3.6 Special Services and Supervision and Management costs assume CPI increase of 6.7% (September 2023 CPI) in 2024/25.

3.7 Efficiency savings targets have been incorporated into the HRA business plan 2024/25. A 3% efficiency target applied across management activities will result in a £0.9m budget reduction for 2025/26. These savings are currently unidentified. As part of the strategic review of the Leadership of Housing and Landlord services, efficiencies across the service will be identified in line with this target.

3.8 Depreciation provision is increasing at the long term Bank of England CPI target of 2% throughout the model and is adjusted based on stock numbers. This does not represent movements in cash but is a transfer in the HRA from revenue to the Major Repairs Reserves to facilitate the financing of the capital programme.

3.9 A void period target of 50 days in 2024/25 and then in line with national benchmark average days thereafter has been set within the business plan to reflect the need to improve current performance levels, which currently stands at 112 days.

Proposed Revenue Budget 2024/25

3.10 The Council has a duty to develop a balanced HRA budget, for the next financial year the proposed budget is summarised in table 2 below.

Table 2 - Proposed 2023/24 HRA Budget

Proposed 2024/25 HRA Budget Income and Expenditure	2023/24 Budget £000's	2023/24 P8 Forecast £000's	2024/25 Proposed £000's	Movement £000's
Dwelling rents	-127,153	-125,878	-136,317	-10,439
Voids	1,637	1,863	725	-1,138
Non-Dwelling rents	-1,115	-1,035	-1,114	-79
Charges for Services and Facilities	-10,735	-11,805	-13,397	-1,592
Contributions Towards Expenditure		-30	-879	-849
TOTAL INCOME	**-137,366**	**-136,885**	**-150,982**	**-14,097**
Repairs & Maintenance	40,058	44,348	43,895	-453
Supervision & Management	34,953	37,203	39,492	2,289
Special Services	16,431	14,525	14,491	-34
Rents, rates, taxes and other charges	851	109	586	477
Depreciaiton & impairment of non-current assets	31,258	31,258	31,535	277
Debt Management	41	41	41	0
Movement in doubtful debt provision	1,370	2,520	1,469	-1,051
TOTAL EXPENDITURE - CORE SERVICES	**124,962**	**130,004**	**131,509**	**1,505**
NET COST OF CORE HRA SERVICES	**-12,404**	**-6,881**	**-19,473**	**-12,592**
Interest & Investment Income	-457	-7,500	-2,822	4,678
Net interest payable, pension costs and other non operational charges	11,374	11,374	13,229	1,855
Capital Expenditure funded from revenue	47,681	47,681	26,717	-20,964
(Surplus)/Deficit for the year on HRA Services	**46,194**	**44,674**	**17,651**	**-27,023**
Waking Watch	8,000	9,280	2,100	-7,180
Draw Down From Reserves	-54,194	-53,954	-19,751	34,203
NET	**0**	**0**	**0**	**0**

4 Capital Programme

4.1 The Capital Programme is spent on providing or improving assets, which include land, buildings, and equipment, and will be used in providing services for more than one financial year. The programme is funded through a combination of capital grants, capital receipts, reserves, contribution from revenue and borrowing.

4.2 In reviewing the overall HRA financial position, the Capital Programme was amended to ensure that any revenue implications from capital decisions were considered in building the revenue budget.

4.3 The 5-year HRA Capital programme includes a baseline New Development Programme for new council homes of £946 million. This is a significant increase from the £453 million allocated in the 2023/24 plan. It also includes the capital Housing Investment Plan (HIP) totalling £452 million. Financial capacity has increased due to an improved reserves position compared to previous forecast and a revised approach to loan repayments from a straight-line basis to an amortised basis. This is in line with treasury policy.

4.4 The total proposed HRA Capital Programme budget for 2024/25 – 2028/29 is at £1,406 million as shown in table 3.

Ref	Description	2024/25	2025/26	2026/27	2027/28	2028/29	Total
		£'000	£'000	£'000	£'000	£'000	£'000
HRA1	Planned Programme Major Works	95,979	110,950	92,980	80,407	72,230	**452,546**
HRA1	Fleet replacement	5,000	0	0	0	0	**5,000**
HRA2	New Build & Land Enabling	255,757	201,463	139,866	168,752	180,531	**946,369**
HRA3	HRA IT Infrastructure	1,302	478	0	0	0	**1,780**
	GROSS HRA CAPITAL	**358,038**	**312,891**	**232,846**	**249,159**	**252,761**	**1,405,695**
	CAPITAL FINANCING						
	Capital receipts	(27,690)	(15,319)	(27,074)	(39,275)	(40,227)	**(342,132)**
	Capital Grants	(82,089)	(65,509)	(44,676)	(20,813)	(20,000)	**(254,257)**
	Prudential Borrowing	(185,218)	(185,945)	(115,669)	(150,906)	(153,202)	**(1,215,837)**
	Major Repairs Allowance	(31,535)	(32,165)	(32,809)	(33,465)	(34,134)	**(345,296)**
	Other Contributions	(4,789)	(5,940)	(8,701)	(0)	(861)	**(28,828)**
	Revenue Contribution	(26,717)	(8,013)	(3,917)	(4,700)	(4,337)	**(80,549)**
	TOTAL FINANCING	**(358,038)**	**(312,891)**	**(232,846)**	**(249,159)**	**(252,761)**	**(1,405,695)**
	NET HRA CAPITAL PROGRAMME	**0**	**0**	**0**	**0**	**0**	**0**

4.5 The capital programme detailed above demonstrates the Council's commitment to ensuring existing tenants homes are as safe, secure, warm and energy efficient as possible, as well as ensuring we continue to deliver new homes to help meet Bristol's housing crisis. However, we do acknowledge that such significant ambitions are subject to the constraints of market capacity to deliver. Market conditions will be kept under constant review during 2024/25. Where there are strong indications of insufficient market capacity, the capital programme will be reshaped and reprioritised to ensure we deliver as many new homes and provide as many existing tenants with safe, compliant and energy efficient properties as possible.

4.6 The HRA business plan seeks to fund capital expenditure by utilising all available receipts as the first call, then balances available within the Major Repairs Reserve (whilst observing a minimum balance of £10 million). Available resources from the HRA itself (whilst maintaining a minimum balance of £26million) will next be called upon after which, any residual funding required will be via borrowing.

4.7 New borrowing for both developments and acquisitions & investment in existing properties are set to repay via a charge to the HRA on the following basis:

- Development & Acquisition borrowing: 50-year repayment on an amortised repayment basis commencing from the year after the loan is drawn down.
- Investment in Existing Stock borrowing: 30-year repayment on an amortised repayment basis commencing the year after the loan is drawn down.
- Due to the currently high level of interest rates over historic debt cost, the HRA will fix any new debt for a short term period, before refinancing at what are expected to be lower interest rates going forward. Any debt refinanced will still be bound by the need to repay within the original term based on when the initial debt was incurred, of a maximum of either 50 or 30 years aligned with the Council's Treasury Management Strategy.

4.8 Further details on the investment programme (HIP) and the New Build & Acquisition are set out in appendix 2 and 3 respectively.

5 HRA financing and reserves

5.1 In October 2018 the government announced the removal of the HRA borrowing cap. This was to enable local authorities to deliver more affordable homes.

5.2 Up until recently, it has not been necessary to borrow additionally to fund the HRA capital programme, but that position is no longer feasible because borrowing will increase significantly as investment in building and fire safety and new build programmes increase. The business plan assumes borrowing of £794 million to fund the delivery of over 3,000 new homes between 2024/25 and 2028/29 as illustrated in the table 3 above. Capital repayments of £493m are forecast to be made over the life of the plan.

5.3 The following interest rates are attributed to new borrowings is within the plan:-

Year Of Plan	Interest Rate
1	5%
2	4%
3	4%
4	4%
5+	4%

The average interest rate on existing loans is 4.61%. These loans total £245m. The annual interest charge of these loans is £11.3m.
The above interest assumptions are in line with the base case rates as set out in the capital financing budget.

5.4 The inflationary cost impact of any capital works remains a significant risk to delivery at present, and this will be closely monitored.

5.5 The HRA operating reserve as of 31st March 2023 was £99 million. Currently, the business plan assumes a minimum operating reserve balance of £26 million, this represents three months of cashflow as well as an additional £5 million to reflect the current economic climate and risk exposure. The operating reserve is necessary to manage unexpected deficits, or for smoothing in-year budget pressures due to timing differences between the cost of building new homes and receiving rental income.

5.6 The Major Repairs Reserve, used to fund capital investment and financed through revenue payments, stood at £13 million as at 31st March 2023. A minimum reserve balance of £10 million is maintained on this reserve.

5.7 In addition to the need for the HRA to balance competing demands, such as investing in supply of new homes, fire safety & other Building safety requirements energy improvements and cost of living crisis have further stressed the importance of maintaining an adequate level of reserves.

6 30- Year Business Plan

6.1 The Housing Revenue Account 30-year Business plan details how the Council uses residents' rents, service charges, grants and borrowing to manage, maintain and develop properties.

6.2 The Plan was last revised in January 2023 and this report provides an update on the refreshed business plan, reflecting the delivery of the new build programme; current policy and finances increased borrowing costs & inflation. It also outlines the Council's continued ambitions to build more council homes, invest in improving the quality of current stock and improve energy efficiency.

6.3 The objectives of the 2024 HRA business plan are to show sustainability of the Council's existing homes, demonstrate the viability of the Authority's plans into the longer term and identify & source funding for investment in new developments.

6.4 The refreshed business plan encompasses projected income and expenditure, including continued investment in the stock (HIP) and the New Build & Acquisition programme, providing assurance that the HRA will retain adequate cash balances and achieve viable surpluses over the 30-year lifetime of the business plan.

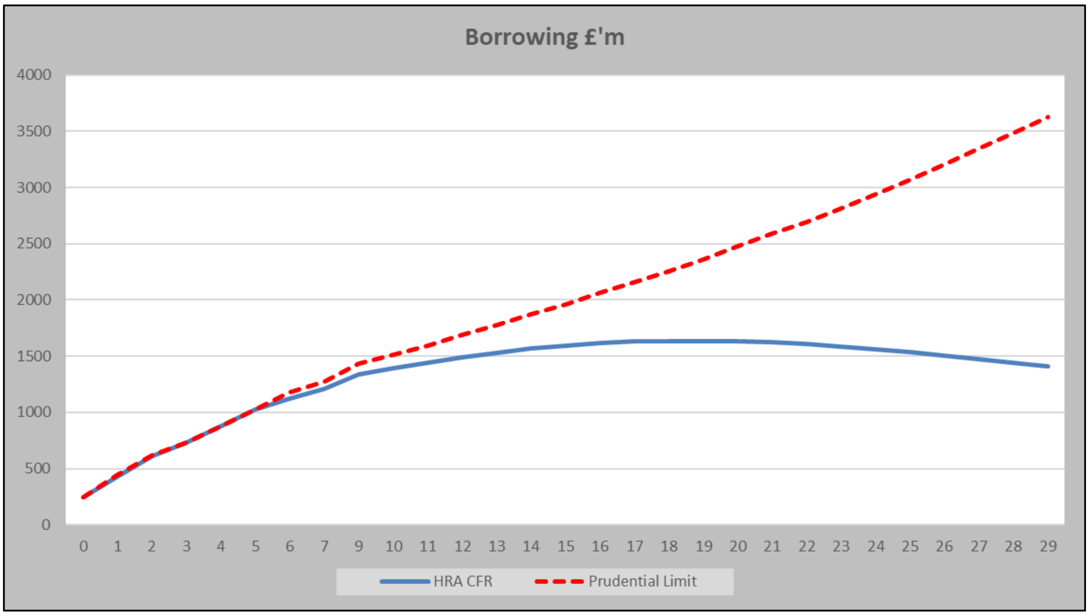
6.5 There is insufficient funding available for the proposed programmes without taking on additional debt. The refreshed 30-year business plan is projecting total borrowings of £1,905m with new borrowing totalling £1,660 million (£1,167m net) over the life of the plan to deliver the new developments and additional investment in the existing stock. This is significantly higher than the existing debt of £245 million relating to the self-financing settlement of 2012. The 2023/24 Business Plan assumed additional borrowings of £788 million. The requirement within the plan borrow further is as a result of a marked increase in the ambition to deliver new homes, whilst ensuring the optimal mix of funding is applied.

6.6 The Council has set a limit for prudential borrowing (based on a minimum Interest Cover Ratio (ICR) of 1.25) whilst ensuring that minimum balances are held within the HRA & Major Repairs Reserve. Previous policy was for new borrowings not to be refinanced. However as discussed in para 5.5 above, given the current economic climate and level of interest rates, along with expected reductions to these rates in the short to medium term, any new borrowings taken on by the HRA during 2024/25 will be done so on a short term and then refinanced for the remainder of the existing term (50 or 30 years).

6.7 The ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest. The ICR in 2024/25 is 1.31. Although this indicates that borrowing is affordable, this will be done so after utilising external sources of finance such as grants, capital receipts including 1-4-1 income and revenue contributions before any sums are borrowed.

6.8 The level of debt compared to the prudential limits (ensuring that the ICR does not fall below 1.25) is shown in the chart 1 below:

Chart 1



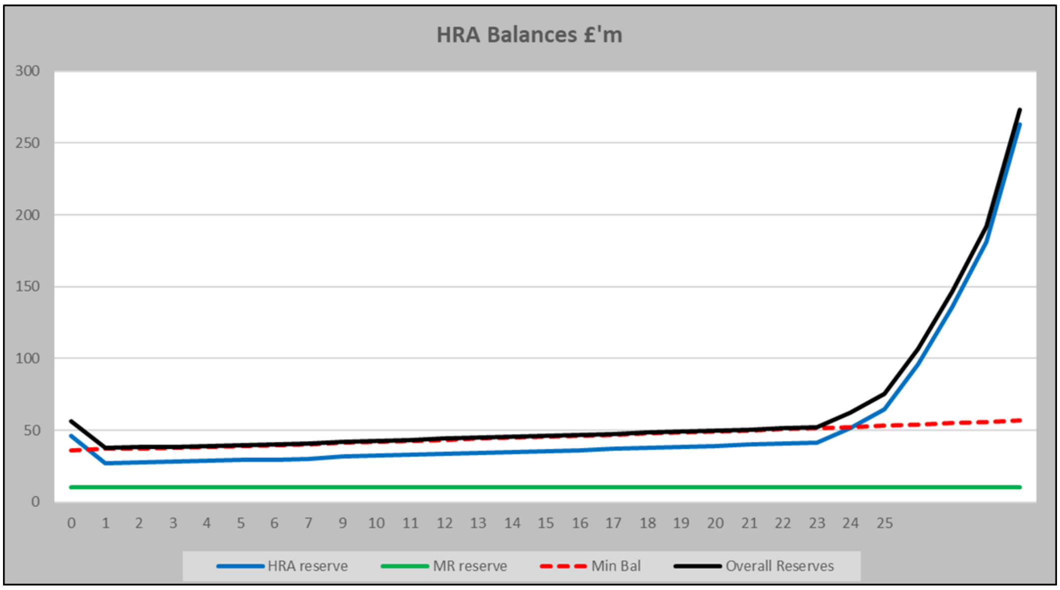
6.9 Chart 1 reflects the current loan portfolio and the additional borrowing with subsequent repayments. The gap between the blue line (current debt) and the red line (borrowing limits) is effectively the borrowing headroom available. Repayment of all new borrowing begins in the financial year after the loans are drawn down.

6.10 In all years where the Council is borrowing the prudential limit is not exceeded, however for the four years between 2025 and 2029, the plan is borrowing to capacity to fund investment in existing stock and delivery of new homes.

6.11 This increased level of borrowing is considered affordable for the HRA and is dependent on what is sustainable under the current assumptions for the projected income and expenditure profiles. Should any projected assumptions such as inflation, interest rates, income or expenditure be less favourable than is currently modelled, proposals would need to be drafted and agreed to ensure the ongoing compliance and viability of the business plan.

6.12 Chart 2 below illustrates the accumulation of all the reserves that make up (black line) the projected balances. The core HRA reserve balance is maintained at the minimum balance of £26 million (plus inflation) and increases to a projected balance of c. £263million in 30 years, whilst the Major Repairs Reserve remains at £10million.

Chart 2



6.13 The chart represents a positive position in that debt repayment levels are achieved whilst keeping minimum balances and the HRA reserve begin to accrue above the minimum level from year 23 of the plan. This demonstrates that there is capacity within the plan to borrow or reconsider options in respect of debt repayment.

7 HRA Business Plan Model – Key Assumptions

7.1 The 2023/24HRA Business Plan was recently refreshed to reflect the latest assumptions on inflation and income & expenditure budgets. The updated plan includes the proposed investment and capital resources for existing stock and new build developments.

7.2 A summary of the key assumptions that underpin the 30-year business plan is detailed in table 4 below:

Description	Business Plan Target	Assumption used in the Business Plan
Inflation	2%	2024/25 CPI is 6.7% as per September 2023 levels and 2% onwards in line with B.o.E forecasts
Management Efficiency Savings	3% from Year 2 (2025/26)	3% Management Cost efficiency savings generating £0.9m annually from 2025/26
Optimism Bias	N/A	None assumed to reflect increased need for investment around health and safety and compliance works
New Build and Acquisition	N/A	547 estimated units to be delivered in 2024/25 and 3,082 over the term of the MTFP
Minimum HRA Balance	£26 million	Minimum balance of £21m representing 3 months cashflow and an additional £5m to reflect economic uncertainty and risk exposure. Inflated by CPI throughout the plan.
Rental Income (Dwellings)	CPI + 1%	7.7% increase in 2024/25, 3% 2025/26-2027/28, 2% thereafter.
Rental Income (Non Dwellings)	CPI	6.7% 2024/25, 2% thereafter
Voids	30 days	Target of reducing void turnaround to 50 days in 2024/25 and 30 days thereafter
Pay Award	Capped at 5%	Pay inflation uplift capped at 5% in 2024/25
Bad Debt	1%	Equates to £1.5m in 2024/25
Interest on Borrowings	4%	Existing loans of £245m are on various fixed rates (average 4.6%). Additional borrowing modelled per advice from Treasury based on the year incurred:- 2024/25 – 5% 2025/26 On -4%
Minimum Interest Cover (ICR)	1.25	ICR target of 1.25 met across the life of the plan
HRA Debt Balance	N/A	Opening Balance £245m. Estimated position at the end of the plan £1,412m
Debt Repayment	30 – 50 Years	Debt repayment starts in 2025/26 with £15m set aside for repayment over the course of the MTFP
Right to Buy (RTB's)	N/A	100 RTB's modelled in 2024/25, reducing by 10 per year until 2029/30, thereafter 50 per year assumed

Major Repairs Reserve (MRR)	£10m	Minimum balance within the HRA £10m

8 HRA Business Plan Sensitivities

8.1 The key sensitivities of the HRA are detailed below:

Rent Increase

8.2 The Government Rent Standard of September CPI + 1% has been applied for the 2024/25 business plan which results in a rent increase of 7.7% to take effect from April 2024

Inflation

8.3 As rent increases are driven *by* inflation, a higher level of CPI would be of benefit to the plan due to the differential between rental income and costs. A 0.5% increase in CPI over the life of the plan would increase HRA reserves by circa £240m and reduce peak debt in the region of £63m.

However, as with the 2023/24 Business Plan, price and material increases are having significant effect on stock investment and development costs and cashflows within the business plan, increasing the pressure on the HRA budget. Resources that should be used for the delivery of services and development of new build properties are continuing to cover materials and contract price increases. A small percentage increase in inflation against capital expenditure will impact costs and borrowings and will also reduce the overall HRA borrowing headroom. An increase of 1% in 2023/24 capital expenditure will increase overall programme costs by £2.6 million and borrowing cost will increase annually by £0.1 million. If inflationary pressures are 1% higher for a period of 5 years, then reserves will be reduced by £47m and peak debt increased by £70m.

Interest rate on borrowings

8.4 Existing loans are all at fixed rates and not subject to interest rate risks. However, for every £1 million of additional borrowing from 2024/25 onwards, there would be an increase in interest payable of circa £50,000 (£40,000 thereafter) per year. We are planning to borrow £186m in 2024/25, resulting in £9.3m per year interest payment.

HRA & MRR reserves balances

8.5 The core HRA reserve balance is maintained at the minimum of £26million (plus inflation) and increases to a projected balance of circa £263million in 30 years. Financing of the Council's investment programme is primarily via the Major Repairs Reserve funded by the annual depreciation charge, reducing the need to borrow to maintain the housing stock. An increase in expenditure or reduction in the rental income will directly impact the level of reserve balances at the end of the year.

9 Key Changes to the HRA Financial Model

9.1 Rent increases are projected at CPI plus 1% up to 2027/28 (year 4). The remaining years in the plan assume rent will increase at CPI only. Void rates have been reduced within the plan to reflect the need to reduce void turnaround times to 50 days in 2024/25 and 30 days in 2025/26. Bad Debt provision of 1% have been modelled throughout the plan, based on target performance.

9.2 It is anticipated that rent increases will be affordable for residents at this level, as 65% of them are in receipt of Universal Credit or housing benefits that will absorb the additional costs. Government announced in their Autumn statement that benefits will be uplifted in line with inflation for 2024/25. Residents who receive no state assistance would see typical rent increases of approximately £26.35 per month.

10 Changes impacting on the HRA capital and other expenditure

10.1 Interest on borrowing is modelled at an average of 5% in the 2024/25 of the plan before reducing to 4% from 2025/26 onwards. Inflationary increases (CP1) in the business plan are modelled at 6.7% in 2024/25, 2% thereafter. This reflects current the current and forecast wider economic position.

11 HRA Capital Programme

11.1 The capital programme in the model for Housing Investment Plan (HIP) expenditure (including 2023/24) totals £1.8 billion. The business plan has increased the expenditure derived from the HIP to allow for inflation and a reduction in stock numbers.

11.2 New Build & Acquisition projected expenditure over the life of the business plan including 2023/24 is £3.1 billion.

12 National and local policies that can impact the HRA Business Plan

12.1 Government priorities to; improve building and fire safety, landlords’ approach to tacking damp and mould, environmental and energy efficiency standards (EPC C by 2030), New Social Housing Consumer Standards & more proactive regulation are having a significant impact on the investment demands of our existing homes.

12.2 National housing policies and changes proposed by future Governments could have an adverse impact on the HRA business plan and could require additional resources to address any unexpected changes.

12.3 The HRA debt cap has been removed and the plan demonstrates that significant borrowing is required to invest in stock and increase housing supply in Bristol. The HRA is also exposed to interest rate fluctuations in so far as the borrowings required by the plan have not yet been arranged and fixed. This could have a significant impact on revenue budgets, future borrowings, and the overall business plan if rates were to remain much higher for much longer than currently anticipated.

12.4 The government introduced a new policy (after the Welfare Reform Act 2016 ended) effective from April 2020, which allowed Local Authority Landlords and Registered Providers (housing associations) to increase rents by CPI plus 1%. This was modelled over 5 years from April 2020 and was intended to provide stability & certainty regarding planned investment in the current stock. It was also intended to ensure service improvements and new developments, at least in the short to medium term. The next financial year (2024/25) is officially the last year of the current arrangements. However there has been no discussions around future rent setting proposals, and it is currently widely expected that these arrangements will continue as they are in the medium term. This is reflected in the Business Plan assumptions.

12.5 Although the economy is in a more stable position than 12 months ago with inflation falling and a cut to interest rates widely expected in the next year, there remain risks around the possibility of economic recession and external factors continuing to fuel higher than estimated inflationary pressures. These risks, coupled with the impact of the economic crisis that have been baked into the economy could increase the likelihood of non-collection of rents and may, consequently result in elevated levels of rent arrears and bad debt.

12.6 In May 2019, the UK government declared a climate change emergency, committing to target net zero carbon emissions by 2050. The Council has already made significant progress on its journey to reducing its own corporate carbon emissions.

12.7 Right to Buy (RTB) Sales continue to be relatively high due to the increase in discount levels introduced in April 2012. However, the recent increases in mortgage rates could lead to a reduction in sales and therefore fewer capital receipts to finance future programmes.

12.8 The Bank of England base rate was 0.25% at the start of 2022, since then interest rates have been increasing steadily from this historic low. The current level of the cost of borrowing, coupled with rising construction costs from high inflation continues to make the viability of capital projects extremely challenging.

12.9 The risks associated with the HRA Business Plan can be found in Appendix D.