

Yorkhill Housing Association 30 Year Cashflow

Presented to the Management
Committee

13th December 2018

Income

- **Rents** -including Overnewton St. office increased by RPI 3% over the 30 year period.
- **Void Loss** - Assumes 1% of Rental Income and 2% bad debts provision based on Welfare reform.
- **Service income** -increased by RPI 3%.
- **Management fees**- increased by CPI 2.2%. VAT de-registration completed November 2018.
- **Admin charges** -increased by RPI 3%.

Employee Costs and Overheads

- **Employee costs-** increased by CPI October 2.2%. Calculations include succession planning of staff members over a 5 year period.

Other staff member positions based on current need.

- **Pension costs-** Based on final salary pension scale of 12.5% employer rate and 6.1% re CARE 1/120th
- **Overheads** – increased by 3% throughout. Includes all office costs and Depreciation has been calculated according to the life of the fixtures and fittings and office premises.

Direct Costs

Direct costs include :

- Reactive, Cyclical and Major Repairs – as per Property Services Section requirements based on recent profiling exercise.
- Cyclical program of works include: Close painting, Gutter Cleaning and Smoke Detectors.
- Major Repair program of works include: Stone works, Deafening insulation works and ongoing EESH requirements.
- Void repairs program based on £35,000 for 3 year period to 2022/23 then reviewed thereafter with 3% RPI linked increase.
- Property Insurance increased by 5% per annum re expected Property Insurance tax increases.
- Other direct costs increased by RPI 3% per annum.

Cash Flow

- 2018/2019 presumed as Year 1.
- SHAPS deficit will be fully repaid Year 3, 2021/2022 subject to 2018 valuation results.
- Nationwide loan will be fully repaid by Year 13, 2030/2031.
- Triodos loan will be fully repaid by Year 18, 2035/2036.
- Low interest rates with minimum return expected based on cash balances.

Component Costs

- Component Replacement costs have been based on internal lifecycle costing exercise which includes all component replacement and associated depreciation with predicted disposal estimates.
- Investment plan of £18m over thirty year period.
- Roof replacements commence 2030/2031 at total costs £2.6M based on YHA costs alone with owner agreement pending.
- Component lifespan which will be subject to review 2019/2020.
- Depreciation levels show general increase over 30 year plan.
- Amortisation payments cease 2036-37.

Summary

- Small accounting deficit predicted year 19/20 and 20/21 followed by period of surplus years to 2036/37.
- Deficit predicted from 2036/37 to 2047/48 re Amortisation program end.
- High cash balances throughout peaking at Year 30 at £7.0m.
- Peak Debt Year 1 19/20 with all Loan balances on reducing scale.
- Impact of welfare reform still to be realised but 2% bad debt provision presumed.
- No borrowing requirement in short to medium term.
- Plan subject to change and will be monitored and adjusted as required.