

Yorkhill Housing Association

Five Year Financial Plan 2021 -26

To be submitted to SHR

Presented for approval to
Management Committee 28th June 2021

Financial Planning Links



Financial risks and Uncertainty

- Global Pandemic Recovery
- Higher rates of Inflation
- Low interest rates = lower return of investment
- Increased rent arrears/void loss= less cash
- Pensions- Deficit payments beyond March 2023.
- Stonework repairs- higher actual costs
- Bulk uplift charges included from 21/22
- Right to Buy payment settlement

Income Assumptions

- Current year rents and service charges were frozen in the year 21-22.
- An increase of 2.5% has been assumed between 2023-2025 based on latest forecasts.
- A 3.0% increase assumed in 2025/26.

Expenditure Assumptions

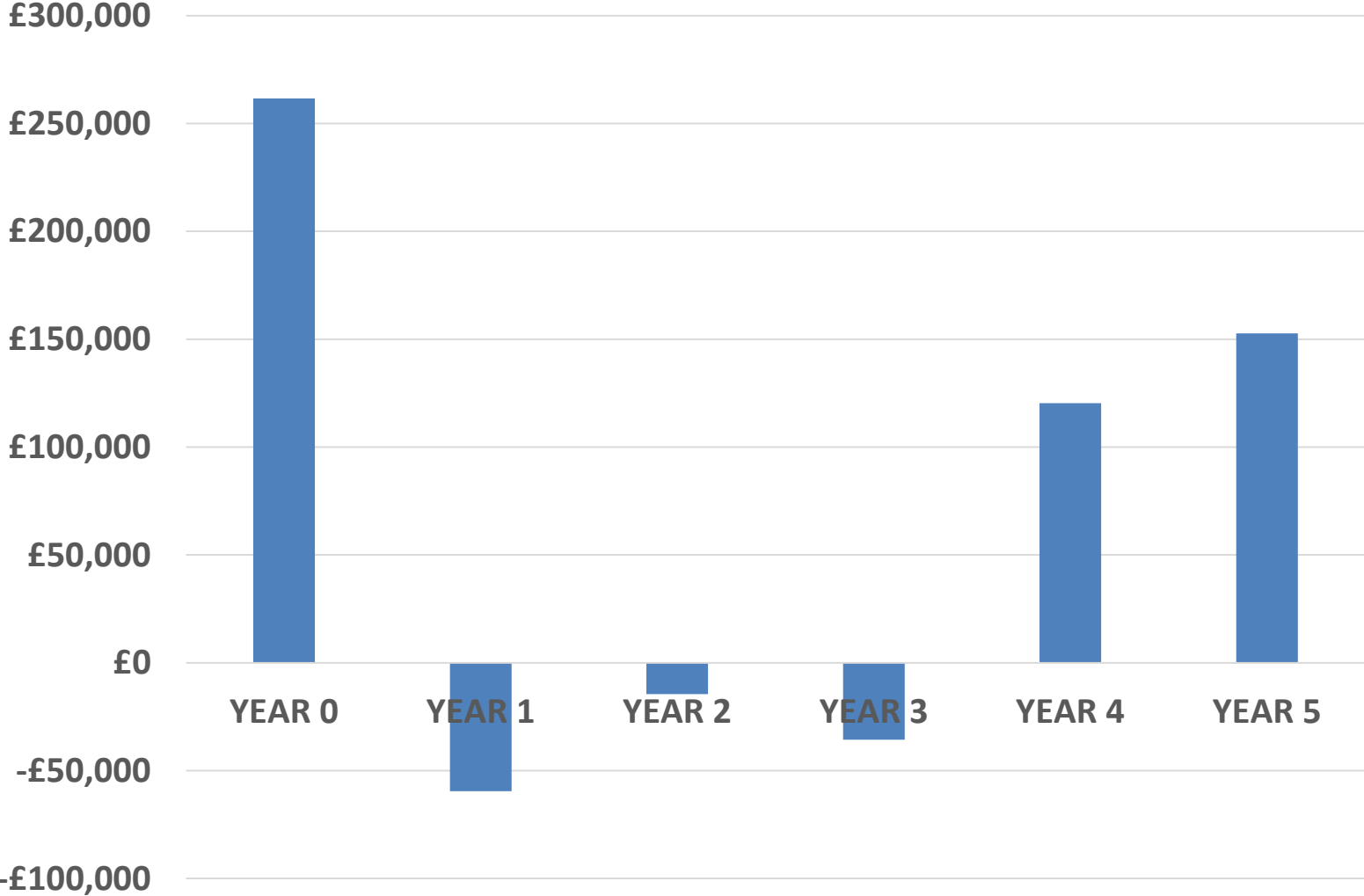
- Management and Admin charges increased by 2.5-3% annually over the 5 year period.
- Employee costs increased by CPI 0.8% Year 1 and then 2% from Years 2-5.
- Overheads increased by 2.5%-3% annually over the 5 year period.

Direct Costs

- Major/Cyclical works as per Investment program, including Stonework's at Argyle Street B and C listed buildings and completion of Smoke Alarm program in 21/22.
- Annual insurance cost rises assumed at 2.5%.
- All other direct costs assume a 2-3% increase annually.

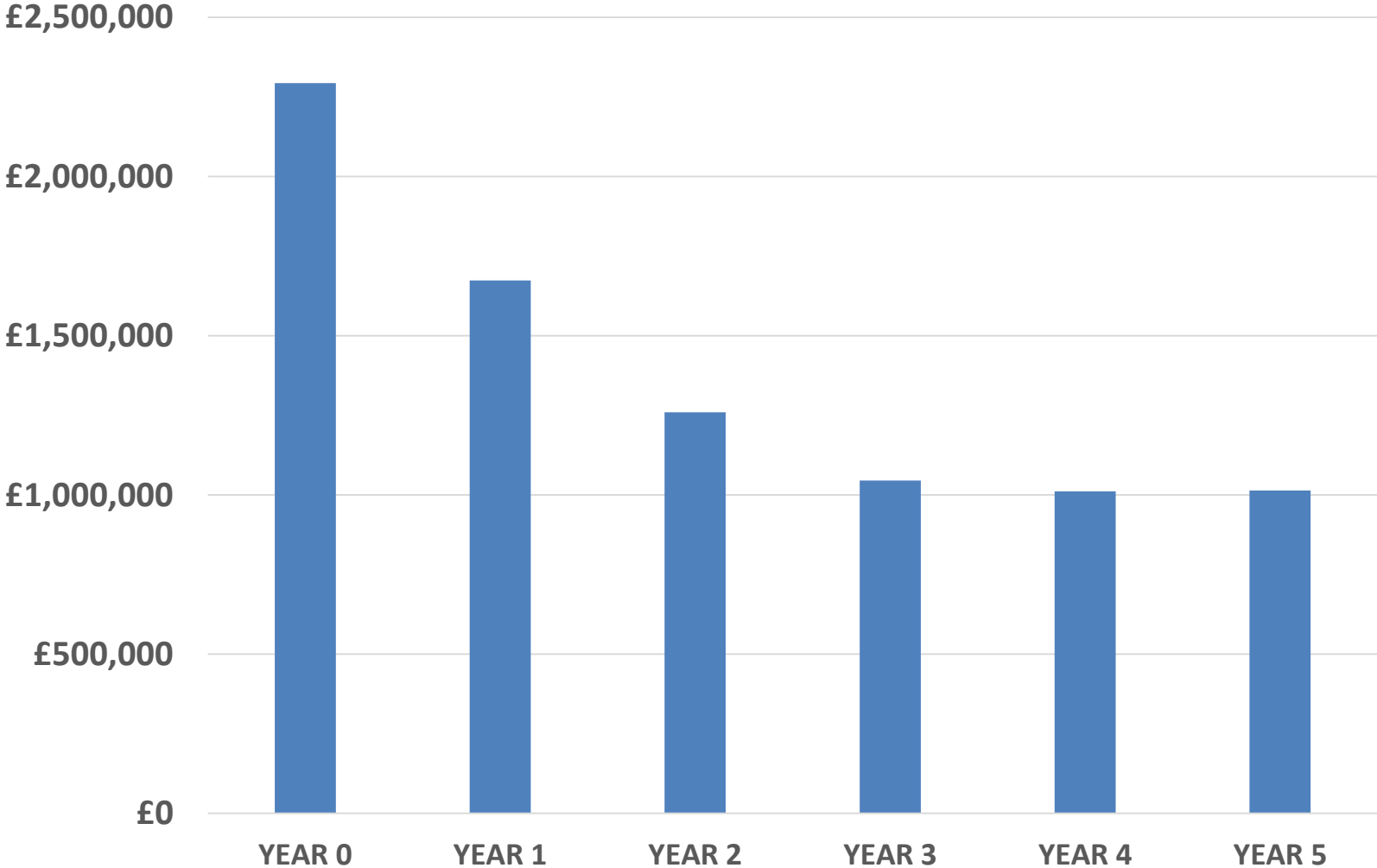
Yorkhill Housing Association Statement of Comprehensive Income 2021-2026	0	1	2	3	4	5
INCOME	2020/21	2021/22	2022/23	2023/24	2024/25	2025/6
Rent and Service Charges	1,852,430	1,867,802	1,914,759	1,962,893	2,012,232	2,072,950
Management and Admin Fees	80,234	86,980	89,155	91,383	93,668	96,478
Adaptation Grants	1,632	2,500	2,500	2,500	2,500	2,500
Amortization of HAG	285,863	285,684	285,684	285,684	285,684	285,684
Interest on Investments	5,683	2,200	3,000	3,000	3,000	3,000
Total Income	2,225,842	2,245,166	2,295,098	2,345,460	2,397,084	2,460,612
EXPENDITURE						
Employee Costs	747,216	750,442	749,530	764,021	701,582	712,993
Overheads	176,296	236,495	243,748	248,732	252,941	254,561
Direct Costs	439,311	661,919	645,282	673,818	604,248	620,926
Depreciation Housing Properties	465,685	502,273	529,618	551,866	573,923	575,119
Service Costs	95,838	97,431	98,892	101,859	104,915	107,013
Bad Debts	9,166	20,000	10,000	10,000	10,000	10,000
Loan Interest	30,738	36,177	32,542	30,865	29,133	27,345
Total Expenditure	1,964,250	2,304,737	2,309,613	2,381,161	2,276,741	2,307,957
Surplus/Deficit on Ordinary Activity	261,592	-59,571	-14,515	-35,701	120,342	152,654
Projected Actuarial Gain/Loss	-353,000	3,000	-63,000	-5,000	-5,000	-5,000
Total Comprehensive Income	-91,408	-56,571	-77,515	-40,701	115,342	147,654

Yorkhill Housing Association- Surplus/Deficit 2021-2026



	0	1	2	3	4	5
YORKHILL HOUSING ASSOCIATION LIMITED CASHFLOW	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating Surplus	£286,647	-£25,594	£15,027	-£7,836	£146,475	£176,999
Depcn and Amort	£204,506	£242,968	£272,313	£294,161	£314,908	£310,936
Inc/(Dec) in payables	-£116,037	£9,000	£6,806	£6,963	£7,318	£5,446
(Inc)/Dec in receivables	-£9,065	£8,183	-£4,934	-£5,021	-£4,863	-£4,946
Other non cash items/ Pensions Staff Service Costs	£5,815	£0	£0	£0	£0	£0
Net Cash from Operating Activities	£371,866	£234,556	£289,212	£288,267	£463,838	£488,435
Interest Received	£5,683	£2,200	£3,000	£3,000	£3,000	£3,000
Interest Paid	-£30,738	-£36,177	-£32,542	-£30,865	-£29,133	-£27,345
Return on Investment	-£25,055	-£33,977	-£29,542	-£27,865	-£26,133	-£24,345
Capital Expenditure & Financial Investment	-£89,836	-£655,740	-£513,917	-£411,322	-£406,814	-£394,326
Construction or acquisition of other Non-Current Assets	-£35,842	-£20,000	-£10,000	-£10,000	-£10,000	-£10,000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	-£125,678	-£675,740	-£523,917	-£421,322	-£416,814	-£404,326
NET CASH BEFORE FINANCING	£221,133	-£475,160	-£264,247	-£160,920	£20,891	£59,764
SHAPS Deficit repayments	-£92,547	-£95,000	-£98,000	£0	£0	£0
Debt repayment	-£46,892	-£49,974	-£51,609	-£53,286	-£55,018	-£56,806
Working Capital (Cash) - Drawn / (Repaid)	£0	£0	£0	£0	£0	£0
NET CASH FROM FINANCING	-£139,439	-£144,974	-£149,609	-£53,286	-£55,018	-£56,806
INCREASE / (DECREASE) IN NET CASH	£81,694	-£620,134	-£413,856	-£214,206	-£34,127	£2,958
Cash Balance						
Balance Brought Forward	£2,211,593	£2,293,287	£1,673,153	£1,259,297	£1,045,090	£1,010,963
Increase / (Decrease) in Net Cash	£81,694	-£620,134	-£413,856	-£214,206	-£34,127	£2,958
CLOSING BALANCE	£2,293,287	£1,673,153	£1,259,297	£1,045,090	£1,010,963	£1,013,921

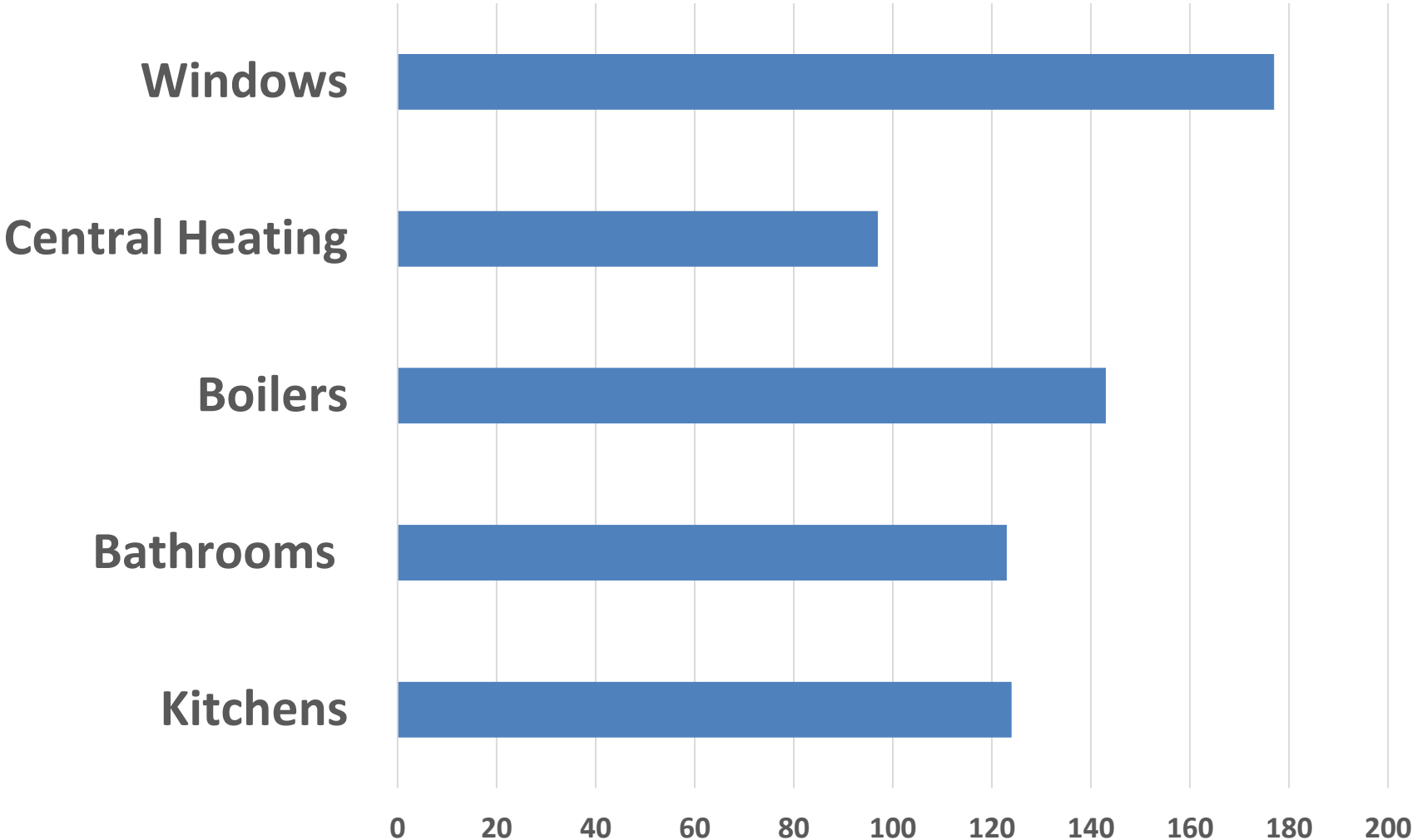
Yorkhill Housing Association Cashflow 21-26



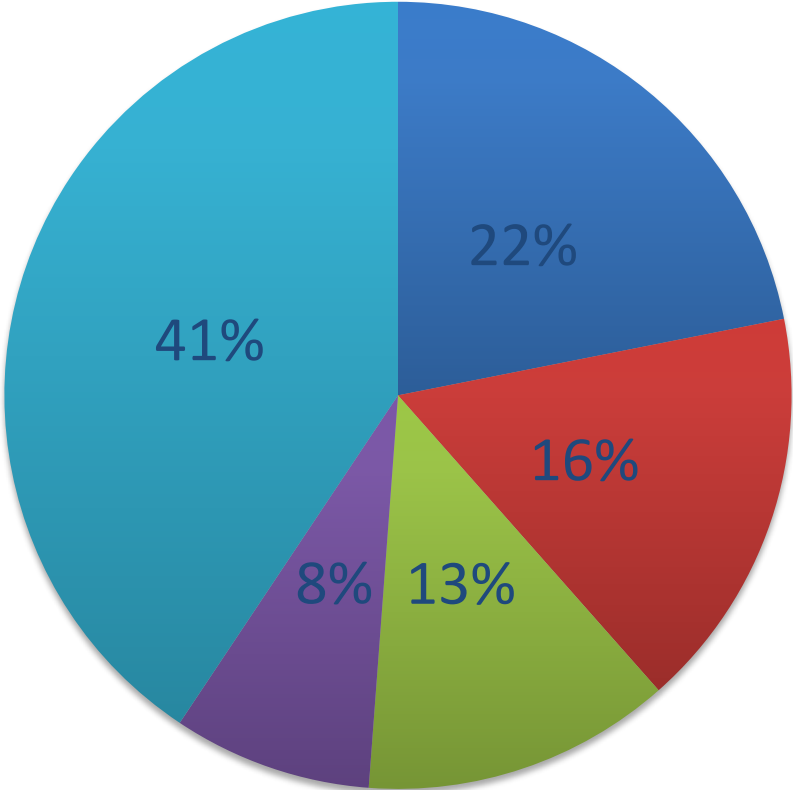
Capital Investment

- Kitchen and Bathroom renewals over 5 year period.
- Boiler and Central heating upgrades.
- Window replacement program at Overnewton Court and Argyle Street B & C Listed building in year 1-3.
- Window replacement program former GHA at year 4-5.
- Total capital spend of £2.47M.

Capital Investment Program by Component 2021-2026



Capital Investment Expenditure Costs- £2.47M 2021-2026



- Kitchens
- Bathrooms
- Boilers
- Central Heating
- Windows

YORKHILL HOUSING ASSOCIATION LIMITED		Statement of Financial Position					
		0	1	2	3	4	5
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TANGIBLE FIXED ASSETS							
Housing properties		7,220,868	7,374,335	7,358,634	7,218,090	7,050,982	6,870,189
Other Fixed Assets		473,884	467,505	449,124	431,144	414,474	402,973
		7,694,752	7,841,840	7,807,758	7,649,234	7,465,456	7,273,162
CURRENT ASSETS							
Debtors		250,942	242,759	247,693	252,714	257,577	262,522
Cash at bank and in hand		2,293,287	1,673,153	1,259,297	1,045,090	1,010,963	1,013,921
		2,544,229	1,915,912	1,506,990	1,297,804	1,268,540	1,276,444
CREDITORS							
Amounts falling due within one year		1,146,618	1,155,618	1,162,424	1,169,386	1,176,705	1,182,150
NET CURRENT ASSETS		1,397,611	760,294	344,566	128,418	91,835	94,293
TOTAL ASSETS LESS CURRENT LIABILITIES							
		9,092,363	8,602,134	8,152,324	7,777,652	7,557,291	7,367,455
CREDITORS							
Amounts falling due after more than one year		5,690,085	5,354,427	5,017,133	4,678,163	4,337,461	3,994,971
pension		360,000	262,000	227,000	232,000	237,000	242,000
NET ASSETS		<u>3,042,278</u>	<u>2,985,708</u>	<u>2,908,190</u>	<u>2,867,489</u>	<u>2,982,830</u>	<u>3,130,484</u>
CAPITAL AND RESERVES							
Called up share capital		115	115	113	112	111	111
Revenue reserves		3,042,163	2,985,592	2,908,077	2,867,377	2,982,719	3,130,372
		<u>3,042,278</u>	<u>2,985,708</u>	<u>2,908,190</u>	<u>2,867,489</u>	<u>2,982,830</u>	<u>3,130,484</u>

Rent Levels

- Balance between viability and affordable rents during this period of uncertainty. No rent increase for SST 21/22.
- Rent increase levels in any year impact on the forecasts for the following years.
- The next slide shows the impact of three scenarios for future rent increases from 22/23.

	2022-23	2023-24	2024-25	2025-26
Rent increase 1	0%	2.5%	2.5%	3%
Income	£1,773,997	£1,818,525	£1,863,763	£1,916,655
Year end cash	£1,212,512	£950,232	£867,403	£819,404
Rent increase 2	1.5%	2.5%	2.5%	3%
Income	£1,800,656	£1,845,990	£1,891,696	£1,948,260
Year end cash	£1,240,353	£1,007,915	£953,707	£936,114
Rent increase 3	3.3%	2.5%	2.5%	3%
Income	£1,832,977	£1,878,899	£1,925,646	£1,983,303
Year end cash	£1,274,707	£1,075,407	£1,057,088	£1,076,017
Base Rate Used	2.5%	2.5%	2.5%	3%
Year end cash	£1,259,297	£1,045,090	£1,010,963	£1,013,921

Loans

- Triodos Loan of £1.3M fixed rate 3.2% from 2018 for ten years.
- Affordable repayment plan in progress until 2036.
- No further borrowing in current 5 year plan.
- Nationwide loan repaid in full £270,00 in 2019.
- No further repayment of loans recommended at this time re reducing cash balance and breakage costs.

Summary

- Financial Uncertainty
- Risk Awareness
- Continued monitoring/planning
- Five year projections will feed in 30 year cash flow forecasts
- Return to be submitted to Scottish Housing Regulator by 30/6/21