

Yorkhill Housing Association Five Year Financial Plan 2022 -27

To be submitted to SHR by 31st May 2022

Presented for approval to
Management Committee 26th May 2022

Financial Planning Links



Financial risks and Uncertainty

- High inflation of 9% - Apr22
- Interest rate increase to 1% - May22
- Cost of living crisis, rising costs
- Increased rent arrears/void loss= less cash
- Pensions Valuation 2021 results
- Stonework repairs and Window Programs-
higher actual costs
- Senior staff retirement/staff changes

Income Assumptions

- Current year rents and service charges were increased by 4.2% in the year 22-23.
- An increase of 5% has been assumed in 23-24 based on latest forecasts. A 2.0% increase assumed until 26-27.

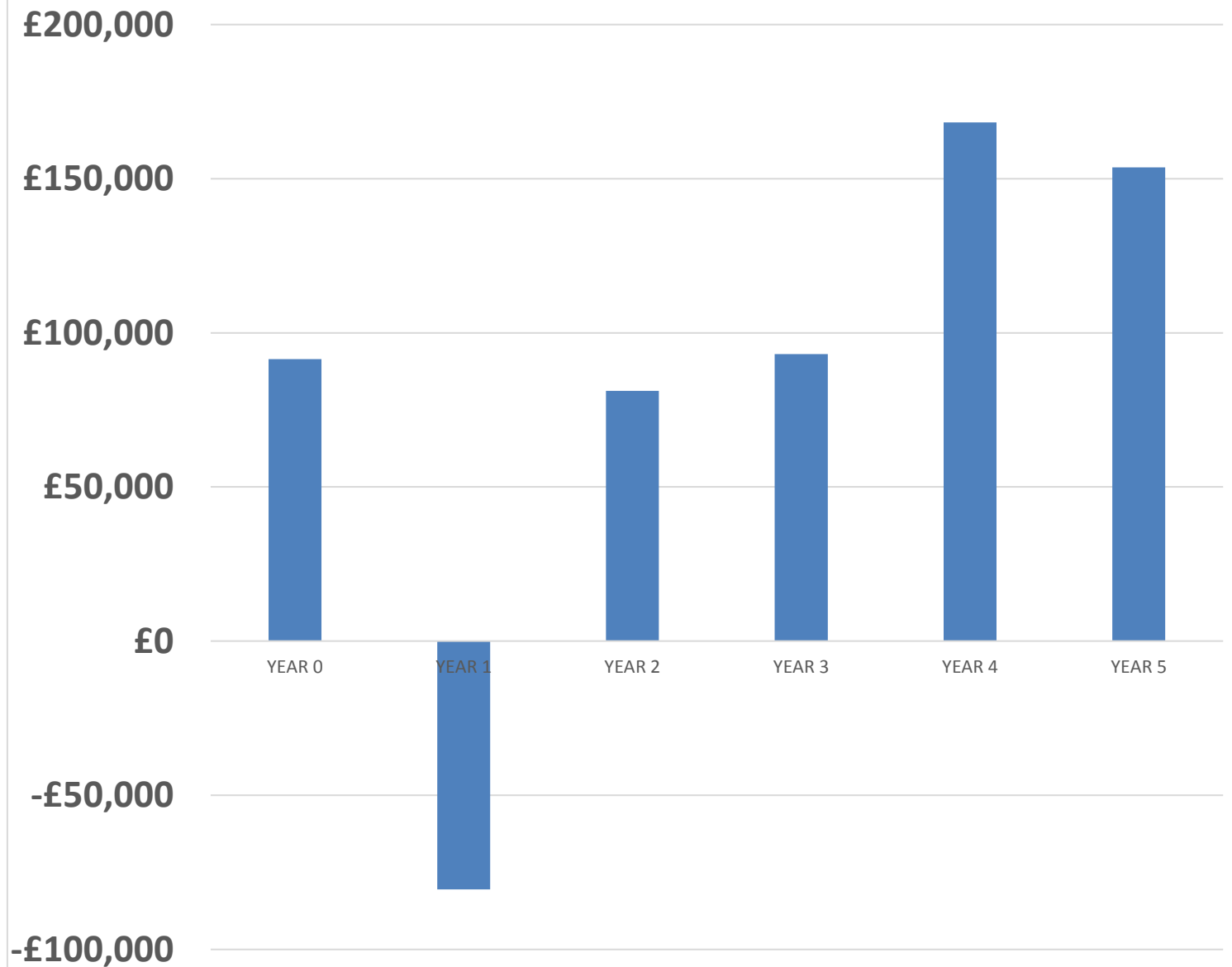
Expenditure Assumptions

- Employee costs and overheads increased by CPI 4.2% Year 1 and then 5% for Year2. Assumed 2% until 26/27.
- Direct costs increased between 4.2%-15% in Year 1 then 5% for year 2. Assumed 2% until 26/27.

Yorkhill Housing Association Statement of Comprehensive Income 22-27

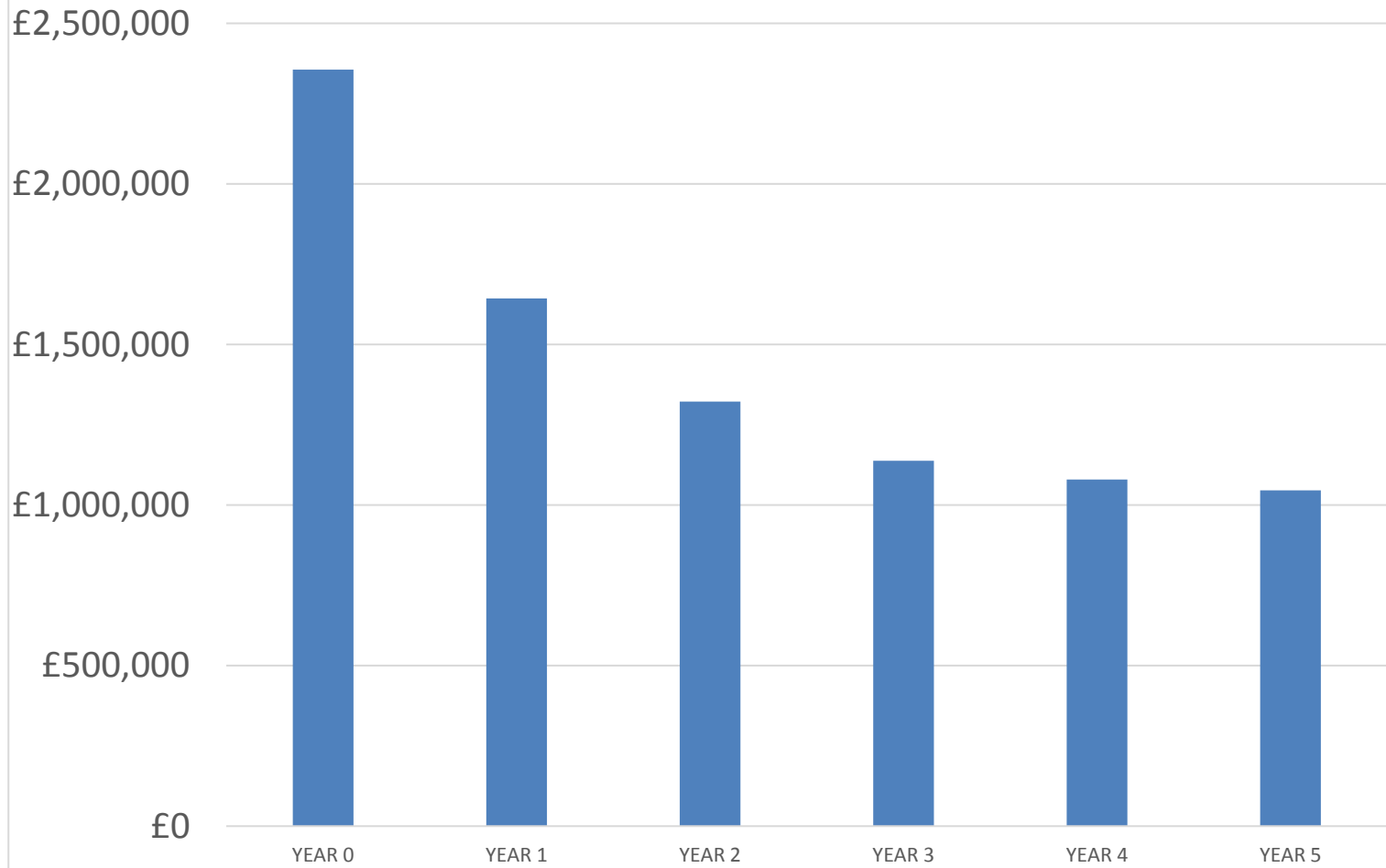
	0	1	2	3	4	5
INCOME	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Rent and Service Charges	1,861,405	1,945,592	2,043,559	2,084,623	2,126,509	2,169,234
Management and Admin Fees	83,174	92,595	97,225	99,169	101,153	103,176
Adaptation Grants	2,835	2,500	2,500	2,500	2,500	2,500
Amortization of HAG	285,324	285,325	285,325	285,325	285,325	285,325
Interest on Investments	2,578	3,000	1,500	1,500	1,500	1,500
Other Income	6,071	0	0	0	0	0
Total Income	2,241,387	2,329,012	2,430,109	2,473,117	2,516,986	2,561,735
EXPENDITURE						
Employee Costs	787,602	828,114	749,401	762,974	774,542	790,007
Overheads	231,751	252,087	233,837	236,608	235,603	241,850
Direct Costs	519,203	682,500	684,685	673,405	625,904	638,294
Depreciation Housing Properties	471,591	507,795	538,508	564,162	569,428	594,244
Service Costs	97,949	101,523	106,599	108,731	110,906	113,124
Bad Debts	12,610	10,000	10,000	10,000	10,000	10,000
Loan Interest	29,166	27,542	25,865	24,133	22,345	20,499
Total Expenditure	2,149,872	2,409,561	2,348,895	2,380,014	2,348,729	2,408,018
Surplus/Deficit for the year	91,515	-80,549	81,214	93,103	168,258	153,717
Projected Actuarial Gain/Loss	219,000	-49,000	-50,000	-50,000	-1,000	1,000
Total Comprehensive Income	310,515	-129,549	31,214	43,103	167,258	154,717

Surplus/Deficit on Operating Activities 2022-2027



	0	1	2	3	4	5
YORKHILL HOUSING ASSOCIATION LIMITED CASHFLOW	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Operating Surplus	£124,035	-£56,007	£105,579	£115,737	£189,111	£172,723
Depcn and Amort	£214,436	£252,637	£282,950	£307,294	£307,392	£334,208
Inc/(Dec) in payables	£100,497	-£74,994	£7,070	£7,232	£7,593	£5,726
(Inc)/Dec in receivables	-£27,219	£36,074	-£4,970	-£5,058	-£4,888	-£4,971
Other non cash items/ Pensions Staff Service Costs	£7,000	£0	£0	£0	£0	£0
Net Cash from Operating Activities	£418,749	£157,710	£390,629	£425,205	£499,208	£507,686
Interest Received	£2,578	£3,000	£1,500	£1,500	£1,500	£1,500
Interest Paid	-£29,166	-£27,542	-£25,865	-£24,133	-£22,345	-£20,499
Return on Investment	-£26,588	-£24,542	-£24,365	-£22,633	-£20,845	-£18,999
Capital Expenditure & Financial Investment	-£170,598	-£640,518	-£574,113	-£472,122	-£469,442	-£453,711
Construction or acquisition of other Non-Current Assets	-£43,448	-£55,000	-£10,000	-£10,000	-£10,000	-£10,000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	-£214,046	-£695,518	-£584,113	-£482,122	-£479,442	-£463,711
NET CASH BEFORE FINANCING	£178,115	-£562,350	-£217,849	-£79,550	-£1,079	£24,975
SHAPS Deficit repayments	-£94,527	-£98,000	-£50,000	-£50,000	£0	£0
Debt repayment	-£49,974	-£51,609	-£53,286	-£55,018	-£56,806	-£58,651
Working Capital (Cash) - Drawn / (Repaid)	£28,347	£0	£0	£0	£0	£0
NET CASH FROM FINANCING	-£116,154	-£149,609	-£103,286	-£105,018	-£56,806	-£58,651
INCREASE / (DECREASE) IN NET CASH	£61,961	-£711,959	-£321,135	-£184,568	-£57,885	-£33,676
Cash Balance						
Balance Brought Forward	£2,293,256	£2,355,217	£1,643,258	£1,322,123	£1,137,555	£1,079,670
Increase / (Decrease) in Net Cash	£61,961	-£711,959	-£321,135	-£184,568	-£57,885	-£33,676
CLOSING BALANCE	£2,355,217	£1,643,258	£1,322,123	£1,137,555	£1,079,670	£1,045,994

Yorkhill Housing Association Cashflow 22-27

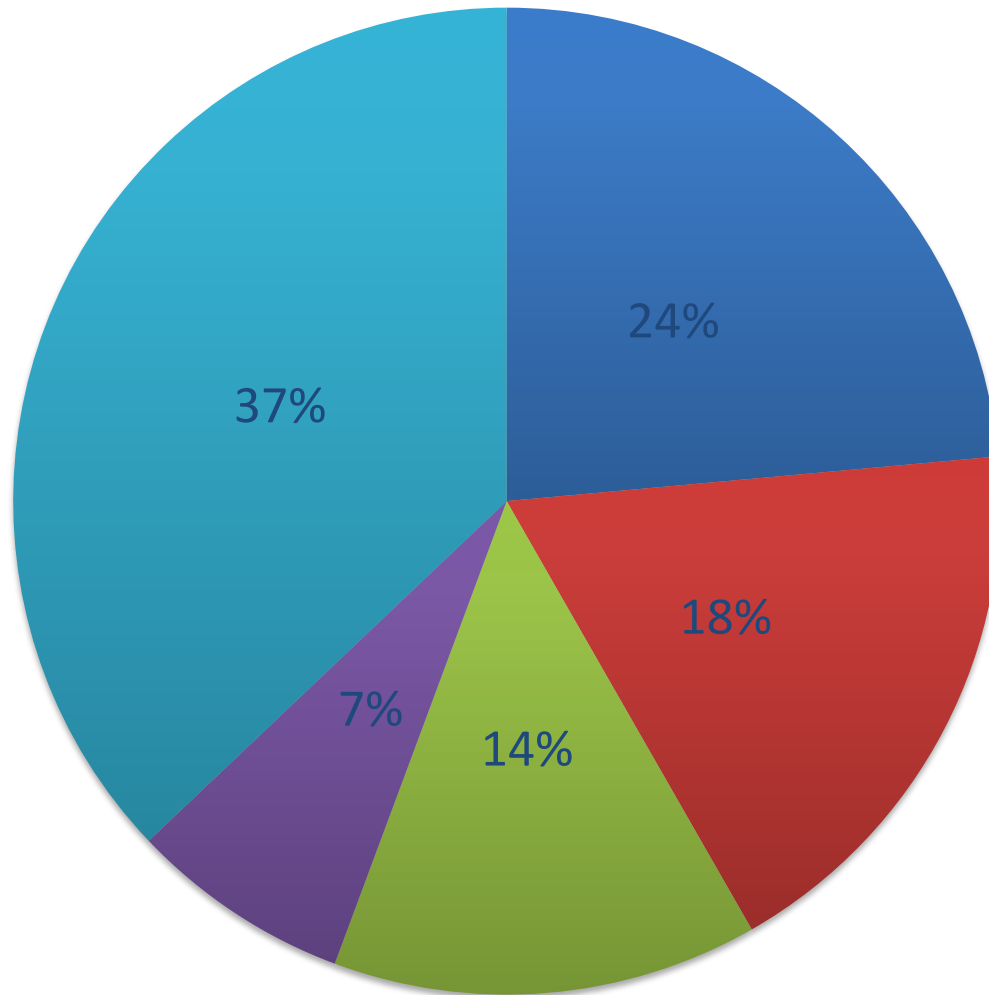


YORKHILL HOUSING ASSOCIATION LIMITED		Statement of Financial Position 22-27					
		0	1	2	3	4	5
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
TANGIBLE FIXED ASSETS							
Housing properties		6,913,853	7,046,576	7,082,181	6,990,141	6,890,155	6,749,622
Other Fixed Assets		423,921	448,753	428,985	410,527	397,238	381,949
		7,337,774	7,495,329	7,511,166	7,400,668	7,287,393	7,131,571
CURRENT ASSETS							
Debtors		278,163	242,089	247,060	252,118	257,006	261,978
Cash at bank and in hand		2,355,217	1,643,258	1,322,123	1,137,555	1,079,670	1,045,994
		2,633,380	1,885,347	1,569,183	1,389,673	1,336,676	1,307,972
CREDITORS							
Amounts falling due within one year		1,248,628	1,173,634	1,180,704	1,187,937	1,195,530	1,201,256
NET CURRENT ASSETS		1,384,752	711,713	388,478	201,736	141,146	106,716
TOTAL ASSETS LESS CURRENT LIABILITIES		8,722,526	8,207,042	7,899,644	7,602,405	7,428,540	7,238,288
CREDITORS							
Amounts falling due after more than one year		5,381,956	5,045,022	4,706,410	4,366,067	4,023,936	3,679,961
pension		53,000	4,000	4,000	4,000	5,000	4,000
NET ASSETS		3,287,570	3,158,021	3,189,234	3,232,338	3,399,603	3,554,327
CAPITAL AND RESERVES							
Called up share capital		106	103	113	112	111	111
Revenue reserves		3,287,464	3,157,917	3,189,121	3,232,225	3,399,492	3,554,215
		3,287,570	3,158,020	3,189,234	3,232,337	3,399,603	3,554,327

Capital Investment

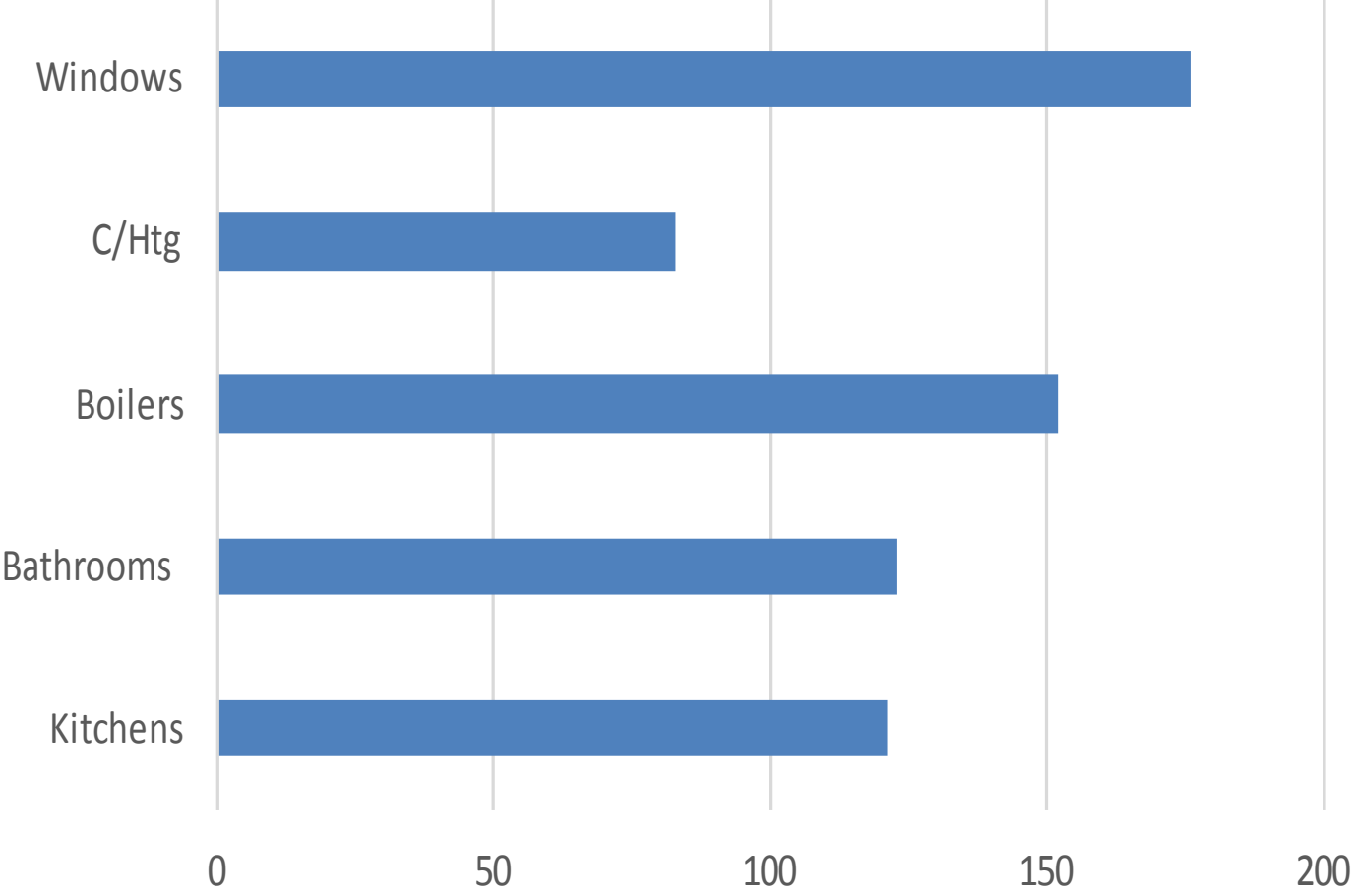
- Kitchen and Bathroom renewals over 5-year period.
- Boiler and Central heating upgrades.
- Window replacement program at Overnewton Court/Argyle Street Year 1-2.
- Window replacement program former GHA at year 3-5.
- Total capital spend of £2.7M.

Capital Investment 2022-2027 £2.7M



■ Kitchens ■ Bathrooms ■ Boilers ■ Central Heating ■ Windows

Capital Investment 22 -27



Rent Levels

- Balance between viability and affordable rents during this period of uncertainty. Rent Increase 22/23 at 4.2%.
- 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 23/24.

RENT INCREASE OPTIONS 23/24 TO 26/27				
	23/24	24/25	25/26	26/27
<u>Rent Increase 1-</u>	2.50%	2%	2%	2%
Rent Income	£1,893,975	£1,931,854	£1,970,491	£2,009,901
Cash Flow	£1,275,928	£1,044,242	£938,296	£855,599
<u>Rent Increase 2-</u>	3.5%	2%	2%	2%
Rent Income	£1,912,452	£1,950,701	£1,989,715	£2,029,510
Cash Flow	£1,294,406	£1,081,567	£994,846	£931,757
<u>Base rate used</u>	5%	2%	2%	2%
Rent Income	£1,940,169	£1,978,972	£2,018,552	£2,058,923
Cash Flow	£1,322,123	£1,137,555	£1,079,670	£1,045,994

Loans

- Triodos Loan of £1.3M fixed rate 3.2%.
- Affordable repayment plan in progress until 2036.
- No further borrowing in current 5-year plan.
- No further repayment of loans recommended at this time.

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 31/5/22