

Financial Appraisal - 59 Colebrook St, conversion to HMO

Capital									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	To year 35	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget forecast									
Refurbishment & conversion	0	610	0	0	0	0	0	0	610
Total	0	610	0	0	0	0	0	0	610
Financed by:									
Local Authority Housing Fund	0	206	0	0	0	0	0	0	206
Hampshir County Council contribution	0	250	0	0	0	0	0	0	250
Prudential borrowing	0	154	0	0	0	0	0	0	154
Total	0	610	0	0	0	0	0	0	610

Revenue Consequences									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	To year 35	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	0	10	20	20	21	21	22	856	970
Expenditure (including any savings)	0	0	0	0	0	0	0	(303)	(303)
Net surplus/(deficit)	0	10	20	20	21	21	22	553	667
Financing costs									
Interest payments	0	(7)	(9)	(9)	(9)	(9)	(9)	(172)	(225)
Minimum Revenue Provision (MRP)*	0	0	(1)	(1)	(2)	(2)	(2)	(146)	(154)
Net impact on the General Fund balance	0	3	9	9	10	10	11	234	288

*Borrowing need is reduced over the life of the asset by applying MRP annually from revenue

Sensitivity

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	To year 35	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<i>Borrowing rates less 1% (5.0%)</i>									
Net impact on the General Fund balance	0	4	11	11	12	12	13	271	332
<i>Borrowing rates plus 1% (7.0%)</i>									
Net impact on the General Fund balance	0	2	8	8	9	9	10	196	243

Incremental Impact of Capital Investment Decisions*	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£	£	£	£	£
General Fund - equivalent to increase/(decrease) in annual band D Council Tax	0.00	-0.06	-0.17	-0.17	-0.19

*This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax

Assumptions		
Appraisal period	35 years	
Discount Factor	6.00%	Based on prevailing borrowing rates with margin for prudence
Asset type	Property Plant and Equipment - Land and Buildings	
Income	Based on 6 shared room at LHA rate	Void rate assumed to be 10%
Expenditure	Includes: Maintenance Contribution to major repairs Annual saving on council tax	Inflated annually by BOE target inflation rate of 2%
Notional interest	6.00%, 35 years, annuity basis	Council currently pays Band G council tax on property plus Empty Homes Premium
Minimum Revenue Provision	6.00%, 35 years, annuity basis	Rate based on long term borrowing rates available to WCC including small margin for prudence As above; applied in the year following completion