Places for London

The TfL Property Company

Performance Report

Appendix 1: 2024/2025 Half Year Update (1 April – 12 October 2024)

Safety, health and wellbeing

Lisa-Jane Risk

Head of Operations

Places for London

The TfL Property Company

Places for London
The TfL Property Company

Safety, health and wellbeing

Updates and Activities

Updates

- Since the last meeting, we have had two high-potential incidents bringing the total for the year to four. The first incident was at our project in Kilburn Mews where unplanned works by the demolition contractor resulted in the partial failure of a non-structural wall. Works were stopped and the contractor stood down to allow investigations to take place. Additional measures have been put in place including physical segregation of work areas not included in the planned works.

- The second incident involved spalling render (areas of concrete which have cracked and come away from the underlying layer) from an office building. A cordon was set up by our contractor and Camden Council was involved to ensure visibility of the cordon was appropriate. Urgent remedial work has now been undertaken.

- In the past three months, we have had five instances of minor injuries, bringing the annual total to eight. All have been investigated with relevant actions undertaken. We have had zero people killed or seriously injured (often referred to as KSIs).

- We have issued 11 severe warning notices to our tenants this year. Actions are now closed for five of these, while four have resulted in legal action under Section 146 (forfeiture proceedings served by a landlord). We are working with the remaining two tenants to resolve the open notices. Action has been taken to mitigate the severe risks, with the outstanding elements relating to a lack of compliance documentation.

- Of the severe warning notices, six were retail assets, three were arches and two were industrial. The majority were due to damaged electrics or fire hazards due to poor housekeeping by tenants – such as daisy-chaining extension leads.

Look Ahead

- A safety standdown day had been planned for November but has been postponed until January. The focus will remain on personal safety and will feature sessions on key themes within the TfL Colleague Safety Plan.

- We will be holding a roundtable event with our developer partners to share ideas and discuss best practice by the end of FY2024/25.

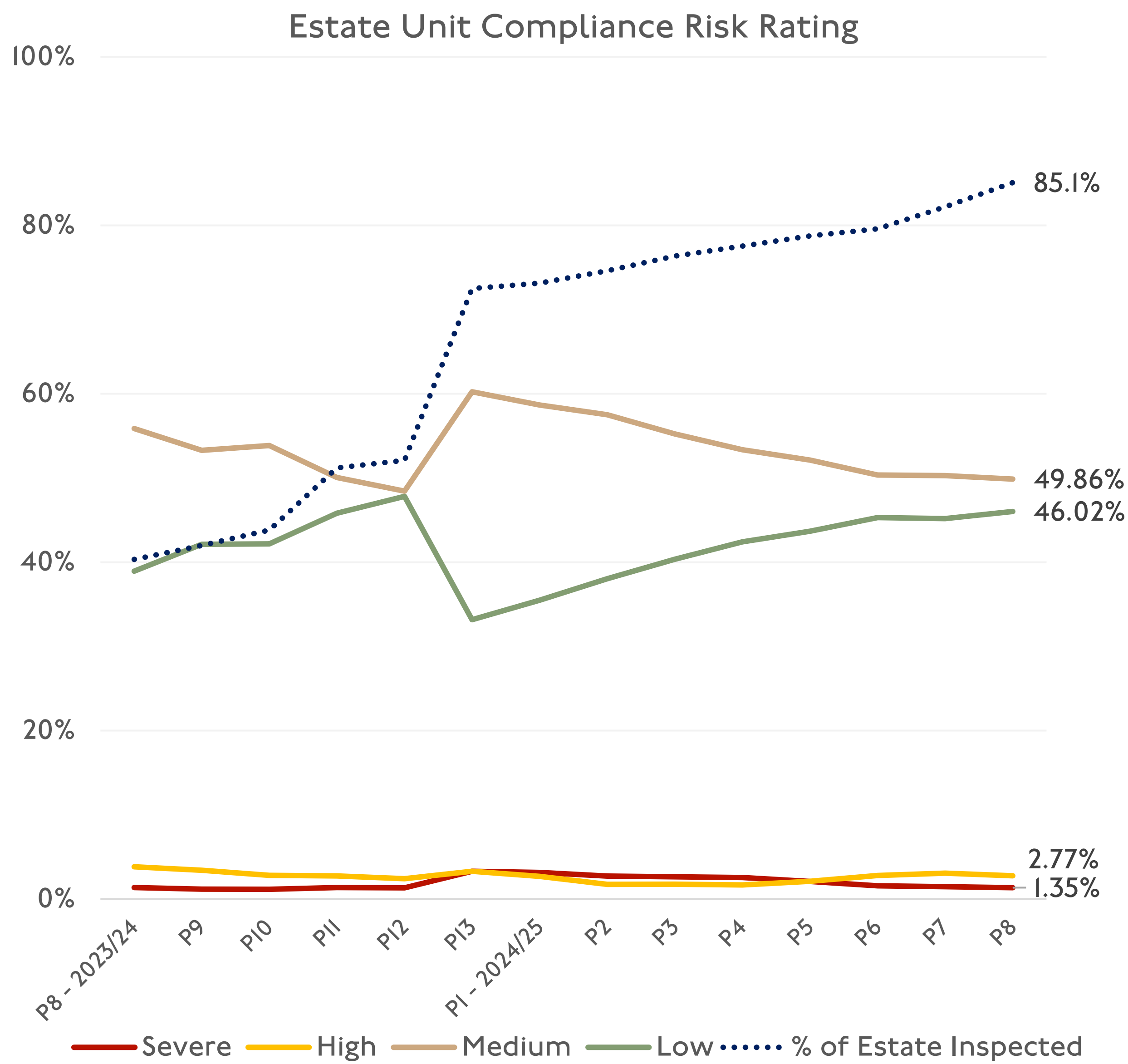
Safety, health and wellbeing

Tenant Managed Compliance Risk Rating

Progress remains positive and we continue to see less than five per cent of our tenants with a risk rating of 'Severe' or 'High'. We currently have around 1,700 tenants, 85 per cent of which have had a formal inspection.

We have observed a decrease in the records we have for fire extinguisher servicing. Given this, we took proactive steps to request updated compliance documents outside of our scheduled inspections. This approach has led to positive responses.

In addition, specific educational content is being sent to all tenants which will incorporate upcoming changes in legislation around the type of Aqueous Film Forming Foam fire extinguishers.



Operational performance

Daniel Lovatt

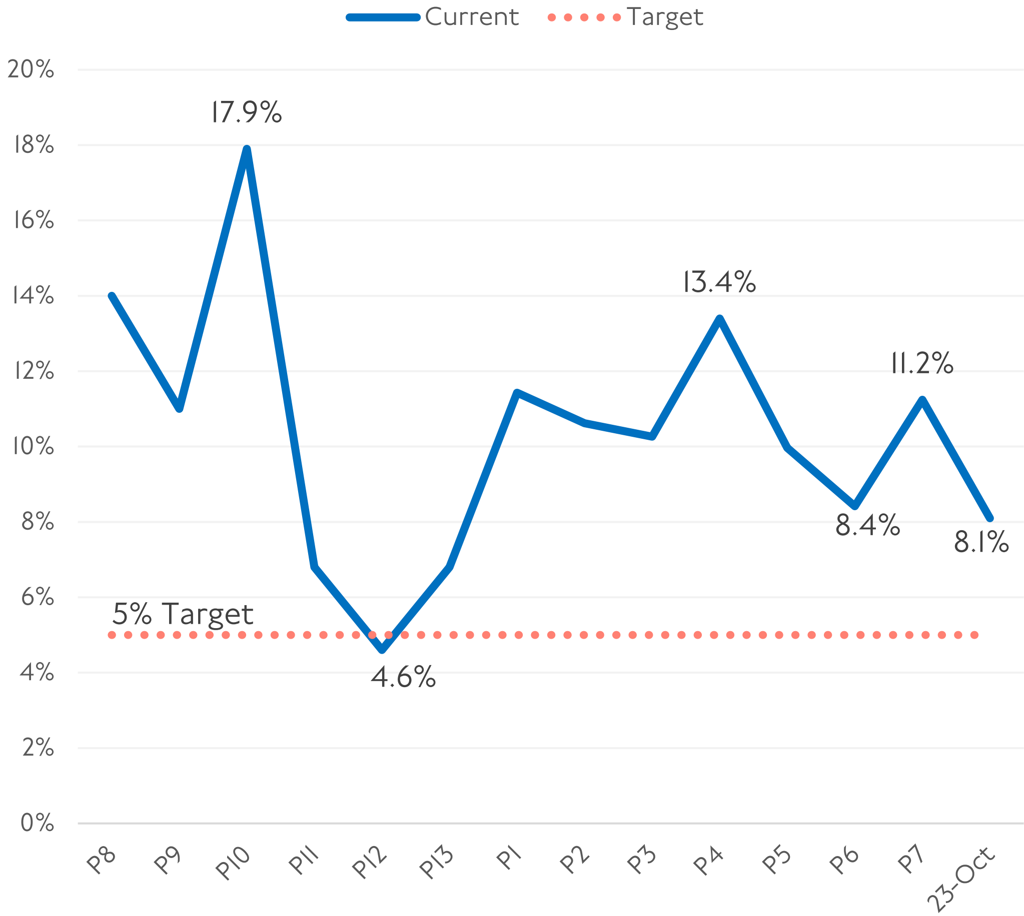
Director of Asset Management

Places for London

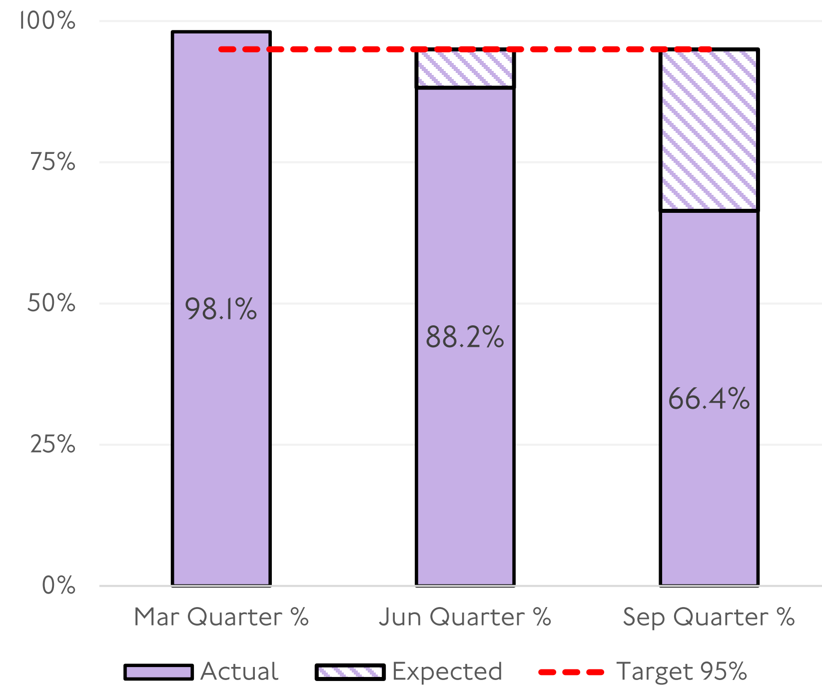
The TfL Property Company

Arrears and Collections

Arrears (as a percentage of Rent Roll)



Collection Rate (as at 12 October 2024)



June quarter will achieve over 95 per cent on receipt of one major tenant's rent which is due in November.

We are four weeks into the September Quarter (Q2) collections, and we expect to hit 95 per cent collected by the end of the quarter.

Arrears and Collections

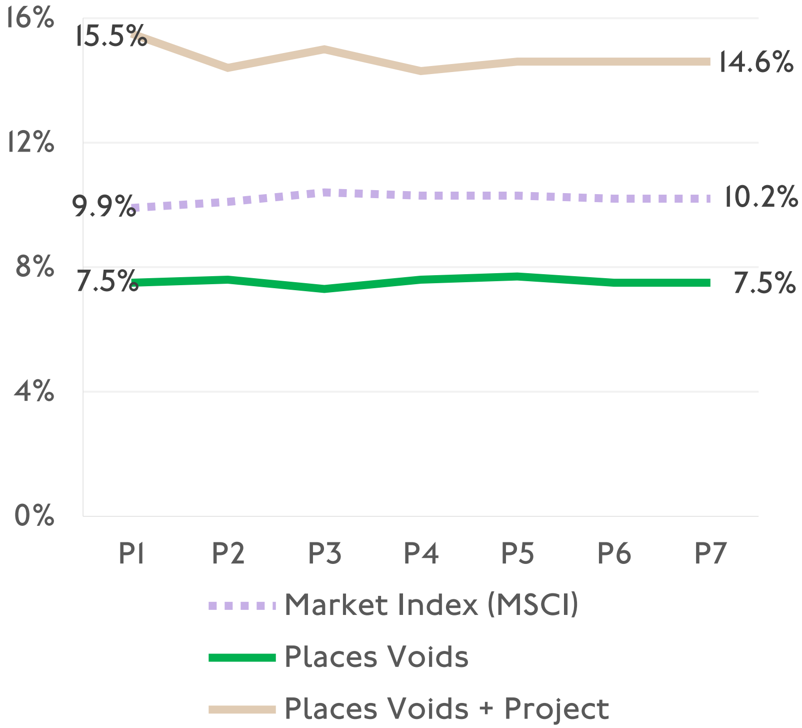
- Arrears are £5.7m as of 23 October which is 8.1 per cent of rent roll. Of the top five debtors (totalling £2.7m), payment is expected by December.
- Cash Collection as at 12 October is 66 per cent for the September Quarter (Q2) of the financial year, with the top five debtors accounting for 17 per cent of income. This is a timing issue as payment is expected shortly and none of these are disputed.
- Our average cash collection rate over the last four quarters is 91 per cent but will quickly improve to our 95 per cent target as the large debts from this quarter are paid.
- We have a particular focus on debts over £40,000 with weekly meetings to drive improved performance.
- Due to the TfL cyber incident, Places for London Credit Control and Property Managers have not had full access to view customer accounts and records. We enacted our business continuity plan with our partners to reduce the impact during the affected period.

Victoria Arcade

Operational Performance

Vacant Premises

Market Comparison Vacancy Rate



- Our current commercial void rate is 7.5 per cent. This percentage increases to 14.6 per cent, by value, when units earmarked for major refurbishment are included (projects). This compares to Morgan Stanley Capital International's (MSCI) market comparison of 10.2 per cent.
- There have been 37 new lettings completed this financial year achieving a total rent of circa £2m per annum after rent frees.
- Twenty-nine units are under offer with an Estimated Rental Value (ERV) of £1.9m. A further 84 units with an ERV of £2.2m are currently being marketed.
- Projects are expected to generate further income of around £3.7m per annum once completed and save on holding costs of circa £2.9m per annum.
- The current focus is on the top 10 per cent of the portfolio (69 units) with an ERV of £8.1m and holding costs of £1.9m.
- The team have successfully secured £2.3m in rates savings year to date with a further £1.3m in the pipeline through proactive management.

Successes:

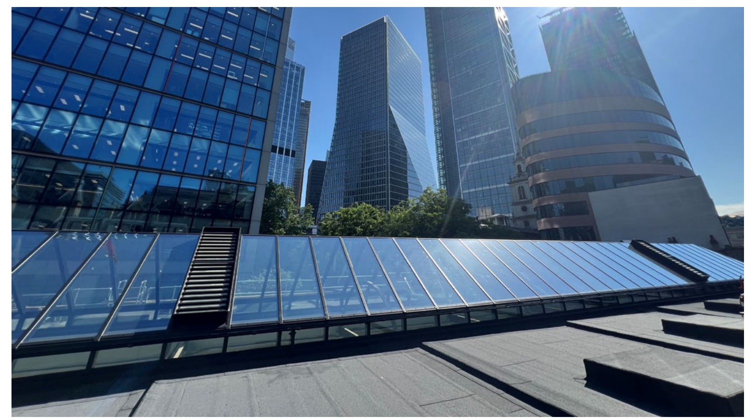
- **BOXPARK Camden –** opened on 19 September 2024 with 60 independent food and retail traders over three floors and a rooftop terrace. The market is trading very well and demonstrates how we can make strategic acquisitions and work with established partners to deliver value.
- **Future Stores** – a new retail concept – launched on 30 October 2024 at one of our units on Oxford Street. The store uses technology to make shopping immersive and interactive. Intel is the first brand to occupy the space, using it to promote new AI-enabled person computers.

Places for London
The TfL Property Company

Operational Performance

Developing our Campuses:

Victoria and Liverpool Street Arcade



Victoria

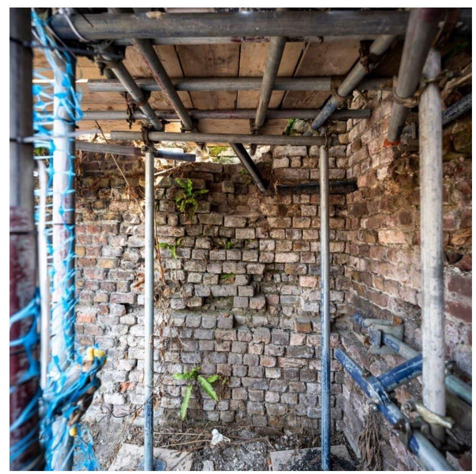
Liverpool Street Arcade

Developing our Campuses:

Whitechapel








Property Development Update

Lester Hampson

Director of Property Development

Places for London
The TfL Property Company

Property Development

We have completed 1,324 homes

Cumulative completions achieved to date, 1,324 homes, 710 affordable homes (54 per cent)

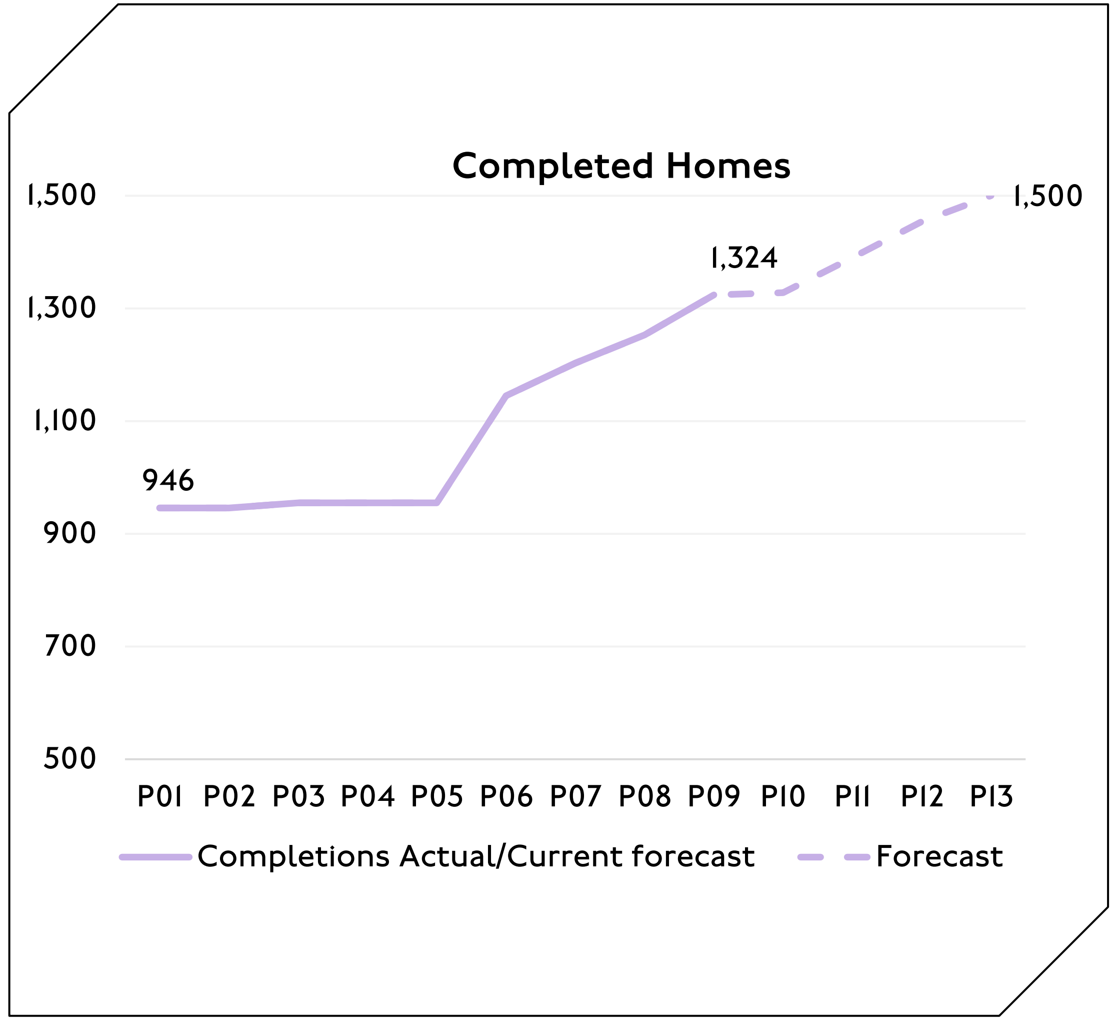
- Aylesbury Street – nine homes, 100 per cent affordable
- Kidbrooke Phase 1(b) – 369 homes, 50 per cent affordable across the site

We are on track to achieve our target of 1,436 by 31 March 2025:

- Albany Road – four homes
- Fenwick Estate – 46 homes, 100 per cent affordable
- Wembley Park Phase 1(a) – 62 homes, 40 per cent affordable across the site

We are seeking to deliver the following additional homes by the end of the financial year, bringing our completed total to 1,500 homes:

- Wembley Park (Block B) – 64 homes, 40 per cent affordable across the site, forecast to complete in February 2025

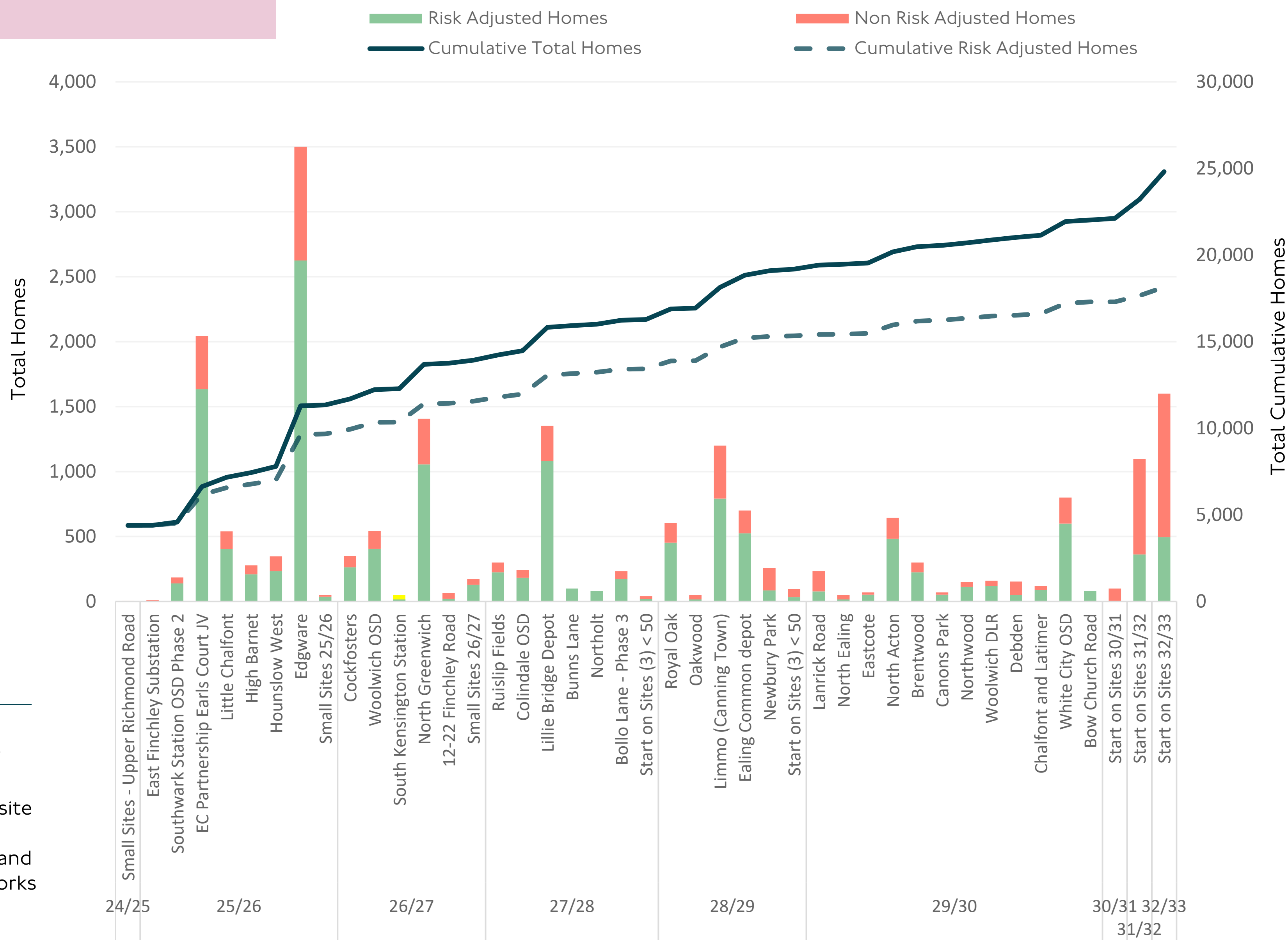


Places for London
The TfL Property Company

Property Development

Places for London ‘Starts on Site’ forward look

- As of 12 October 2024, we have successfully completed the construction of 1,324 homes and have started work on an additional 3,060 homes.
- We are forecasting that by 2031, we will have started on all sites to meet our target of 20,000 homes.



Explanation of ‘start on site’

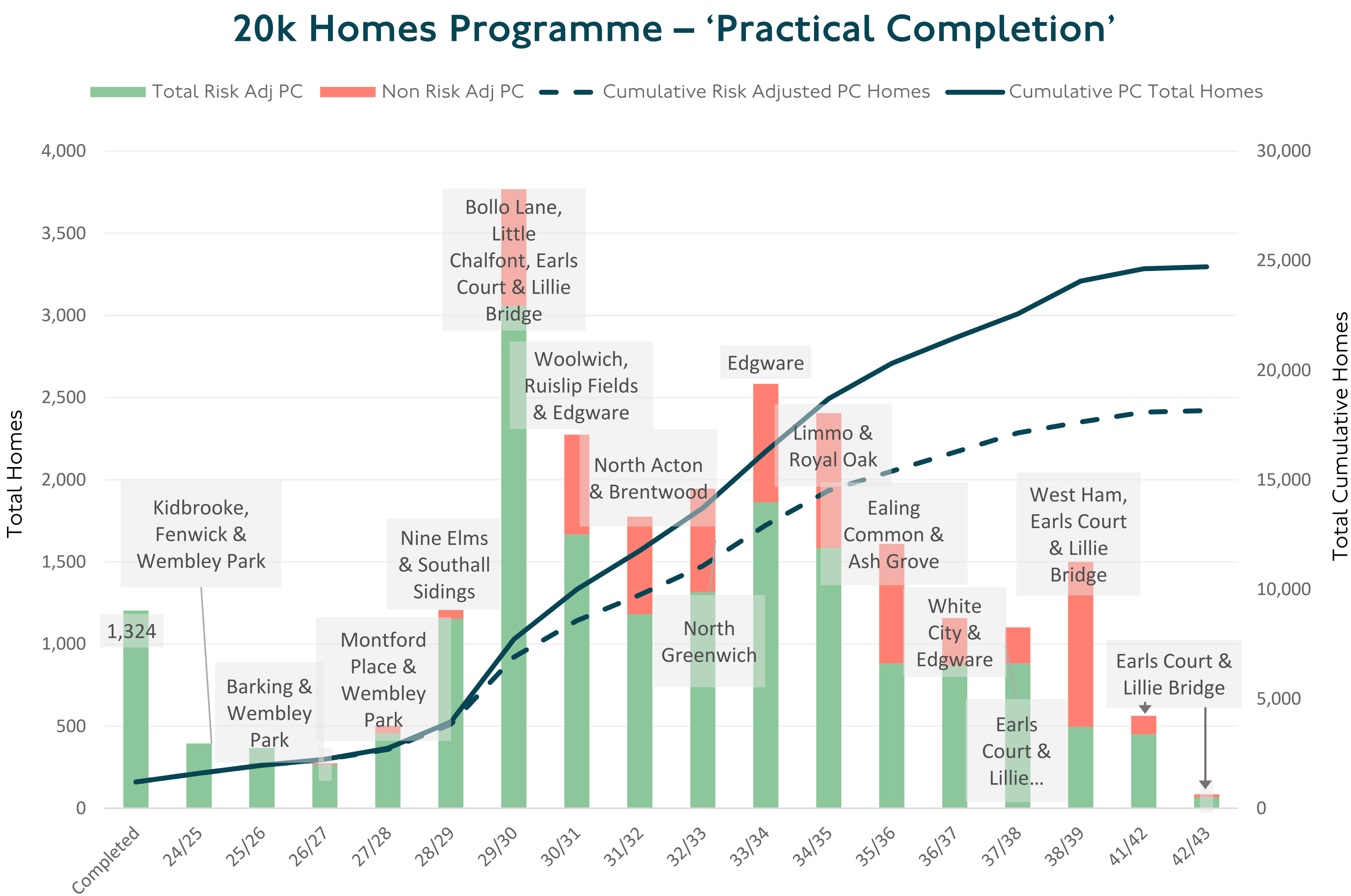
The recording of the start on site of a scheme is when planning permission has been granted and any demolition or enabling works on site have started.

Places for London
The TfL Property Company

Property Development

Practical Completions forward look

- Forecasting to cumulatively complete 1,500 homes by FY24/25.
- Currently forecasting to complete 367 homes in FY25/26.



Places for London

The TfL Property Company

Property Development

2024/25 Scorecard Milestones:

To supplement the ‘Start on Sites’ and ‘Completion’ home targets we will also be measuring ourselves against the following milestones:

Project Name	Project / Milestone	Target date	RAG
Edgware	Planning application submitted	28/09/2024	Achieved 05/07/24
EC Partnership Earls Court JV	Planning application submitted	28/09/2024	Achieved 30/07/24
High Barnet	Contracts exchanged with Barratt	27/10/2024	Achieved 24/10/2024
Kidbrooke Phase 1	Phase 1 Practical Completion	10/11/2024	Achieved 15/11/2024
Southwark station	Station interventions - main contractor ‘start on site’	28/11/2024	Achieved 05/08/24
Bank Station	Land acquired by Joint Venture	24/12/2024	Achieved 01/10/2024
Build to Rent Programme Level	Updated planning applications submitted for three Connected Living London (CLL) Build to Rent sites, nine months post Building regulations. Approved Document B compliance guidance released.	29/12/2024	Achieved 05/09/2024
Fenwick Estate	Handover of development to Lambeth	29/01/2025	Amber
Limmo (Canning Town)	Receipt of final tender	13/03/2025	Green
Network Rail + Places for London	All Gate 0 programmed meetings completed including the recommended Network Rail sites (non-major sites)*	28/03/2025	Green

Property Development

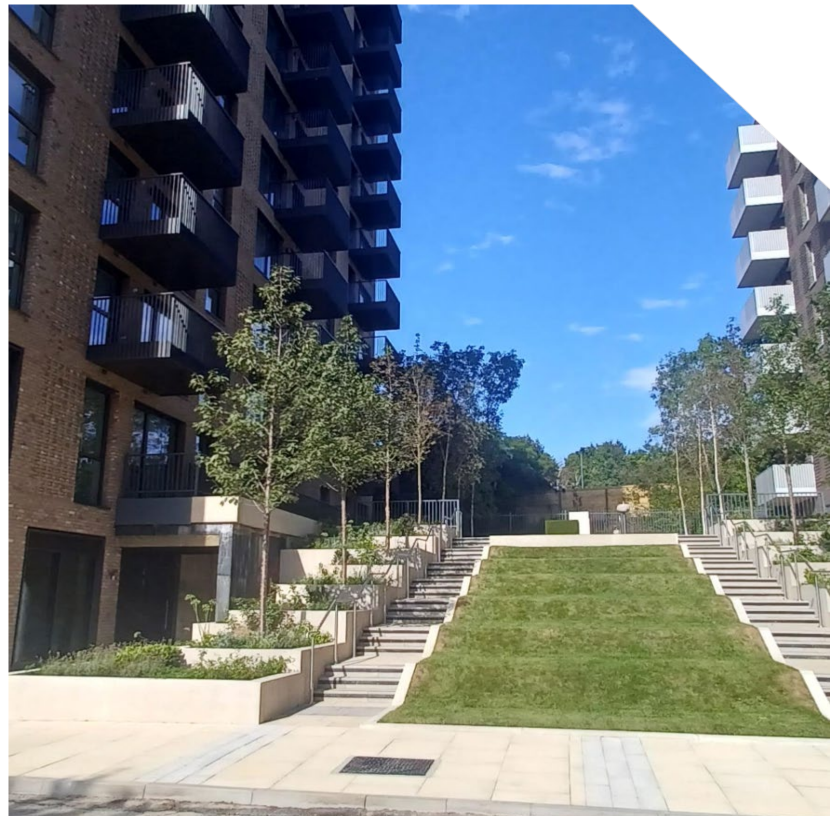
2024/25 Scorecard Milestones:

To supplement the 'Start on Sites' and 'Completion' home targets we will also be measuring ourselves against the following milestones:

- We are forecasting to achieve eight of our 10 milestones.

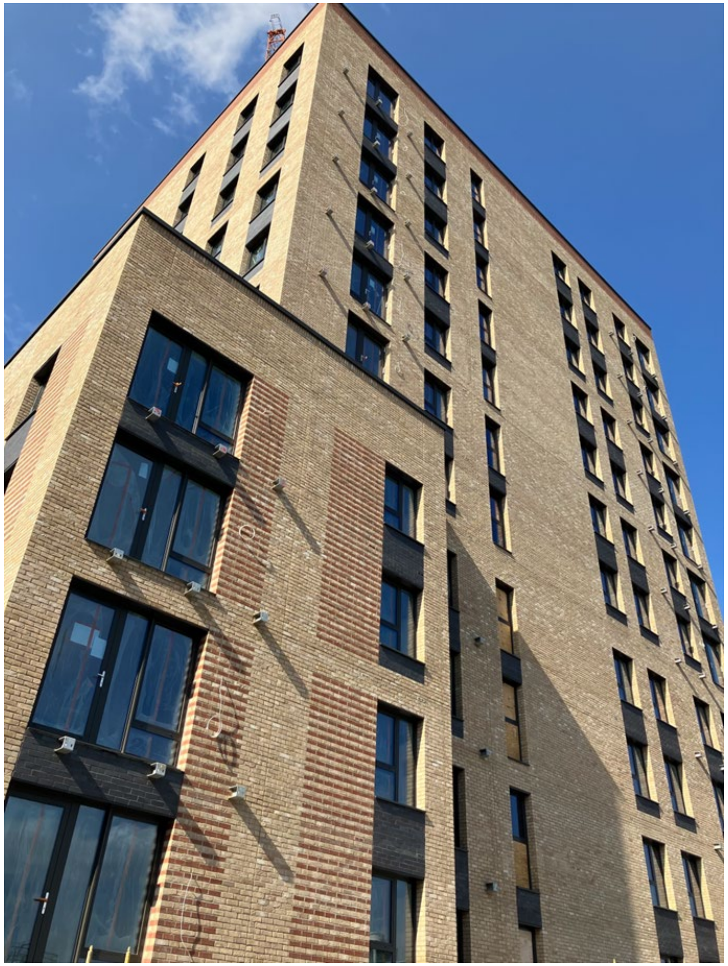
- **Kidbrooke Phase 1** was completed on 15 November 2024 (against a target of 10 November 2024).

- **Fenwick Estate**: Utility connections (water and electricity) and Section 278 works (alterations and improvements to a public highway, agreed with Lambeth Council as part of a planning application) are providing a challenge. Contractors are working with utility providers to resolve matters.

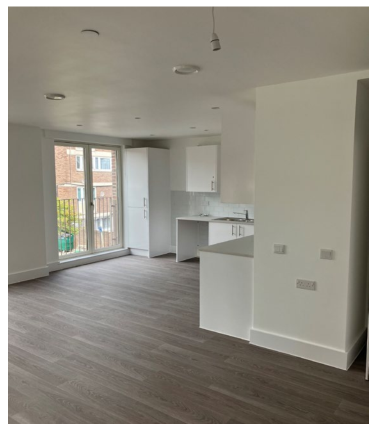


Kidbrooke Phase 1

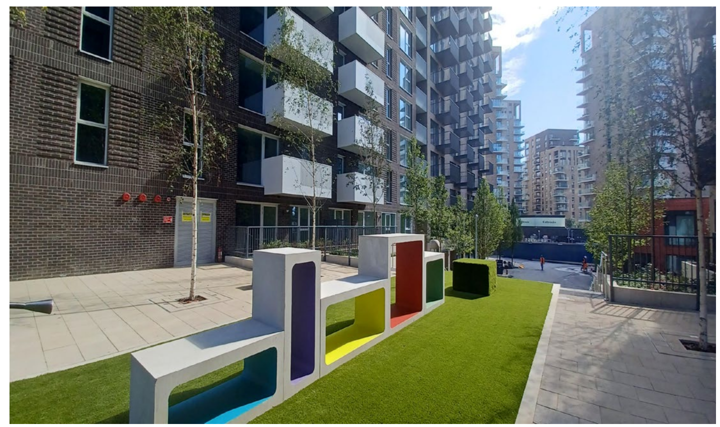
Progress on site photos



Wembley Park
454 homes, 40 per cent affordable



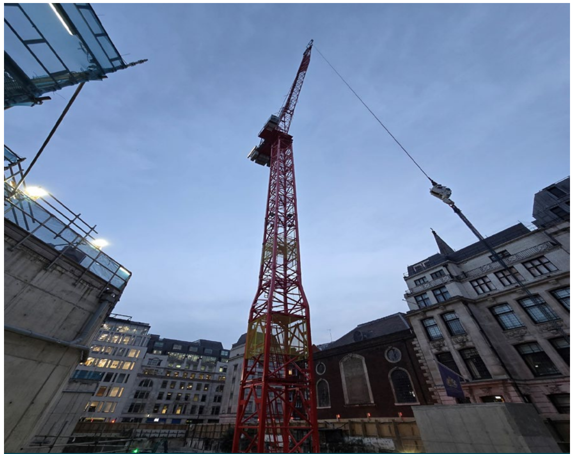
Fenwick Estate
46 homes, 100 per cent affordable



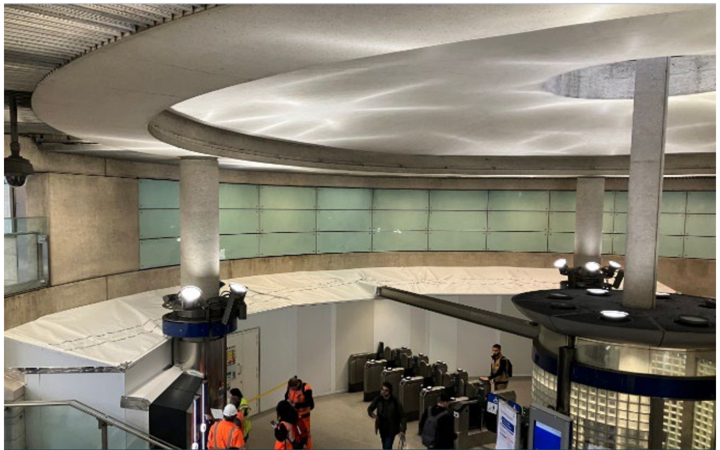
Kidbrooke - Phase One
413 homes, 75 per cent affordable

Commercial Offices

- 10 King William Street is being built beside and above the new Bank station entrance on Canon Street.
- Keltbray is engaged as the enabling works contractor by our Platinum joint venture with Helical.
- The tower crane was erected in October and basement works are underway.
- Completion of the 145,000 sq ft best in class office building is anticipated in December 2026.



10 King William Street



Southwark OSD – inside view of the station

- Southwark Over-Station Development (OSD) – a mixed-use scheme comprising of a building 429 self-contained purpose-built student studios above the Tube station entrance, complemented by 44 affordable homes in a building west of Joan Street.
- TfL's works in Southwark station will enable the future over station development as well as renew and enhance TfL's electrical and mechanical plant.
- Station works will complete in June 2025 allowing the joint venture's building works to commence.

Green and Sustainability

Mark Farrow

Director of Strategy & Planning

Places for London

The TfL Property Company

Places for London
The TfL Property Company

Green and Sustainability

2024/25 Scorecard Milestones:

	Description	Scorecard Target	Expected Date / Result	RAG
	Sustainability Milestones	9/10	9/10	
Promoting vibrant and diverse communities	Allocate five assets to micro or small businesses for meanwhile use	31/03/25	24/07/2024	Achieved
Creating healthy places for people and planet	Science-based Carbon Targets (SBTi) confirmed	31/12/24	31/12/2024	Green
	Start on site for four Net Zero Carbon Retrofit pilot projects	31/03/25	31/03/2025	Amber
	Complete high-level Portfolio-wide climate risk assessment	31/01/25	25/09/2024	Achieved
Supporting and developing local economies	EV Charging preferred bidder decision	31/12/24	25/09/2024	Achieved
	Complete Responsible Business Skills customer training pilot	31/03/25	28/02/2025	Green
	Educational Engagement Programme covering 15 schools and 1,000 young people	31/03/25	30/12/2024	Green
	50% of Retail and Arches New Lettings adopting the London Lease	50% of leases	50% of leases	Green
	Seven Sisters Temporary Market Opened	31/12/24	30/06/2025	Red
Making it happen	Retain GRESB 5* Star Rating (Property Development)	5* Star Rating	5* Star Rating	Green

Places for London
The TfL Property Company

Green and Sustainability

2024/25 Scorecard Milestones:

High level portfolio wide Climate Risk Assessment – achieved ahead of target (25 September 2024)

Outputs were presented to the Places for London Sustainability Steering Group and approved. The next step is to build further awareness across the business, with engagement sessions with our Asset Management colleagues which started in November.

50 per cent of Retail and Arches New Lettings adopting the London Lease

Current average is 49 per cent with lower uptake from Arches. We expect to achieve the 50 per cent target.

Start on site for four Net Zero Carbon (NZC) retrofit pilot projects

Three retail sites have been agreed with initial designs provided by an external consultant. Confirmation of a fourth site is pending and is planned to be an arch. Financing for the scheme has been agreed in principle.

Seven Sisters temporary market opened

Opening of the market has been delayed until spring 2025 due to major issues in the fabric of the building – for example:

- Voids discovered under the floor slabs
- Asbestos ducting
- Unexpected foundations / structures found below the ground
- Unsupported fire hearths at 1st floor level that required additional structural works
- Timber flooring on 1st floor that required strengthening or replacement
- Insufficient electrical supply to service the demands of the market and delays getting power established

Scorecard

Places for London

The TfL Property Company

Mark Farrow

Director of Strategy and Planning

Places for London

The TfL Property Company

Scorecard

Scorecard

Note: The Scorecard only captures 'Leadership Representativeness – 'Gender' and 'BAME' due to the population size of this community precluding us from reporting other protected characteristics due to requirements around anonymity and dependency on self-declaration

2024/25 Places for London Scorecard									
	Measure	Current Score	YTD Target		Target	Floor Target	Year End Forecast	Weighting	RAG
Safety & Risk	Tenant Compliance Risk Profile	3.1%	5%		5%	7.5%	5%	10%	G
	Killed or Seriously Injured (KSI)	0	0		0	0	0.0%	10%	G
Colleague	Total Engagement	N/A	N/A		62%	61%	62%	5%	G
	Leadership Representativeness – Gender	46.3%			46%	44%		5%	G
	Leadership Representativeness - BAME	15.8%			Tracking only				
	All Staff Representativeness								
	- Gender	46.4%			48.0%	46.0%		1.25%	A
	- Ethnicity (BAME)	26.9%			28.0%	25.0%		1.25%	A
	- Disability	7.0%		R	9.4%	8.9%		1.25%	R
	- Minority Faith / Belief (not Christian, Agnostic or Atheist)	12.8%		R	18.5%	15.0%		1.25%	R
Customer	% Affordable Start on Sites	47%	47%		47%	47%	47%	5%	G
	Start on Sites (Cumulative)	4,384	4,383		4,383	4,383	4,384	5%	G
	Housing Completions (Cumulative)	1,203	1,203		1,436	1,432	1,460	5%	G
	Property Development Milestones	6/10	6/10		9/10	7/10	8/10	5%	A
	Customer Satisfaction Survey	65%	60%		60%	58%		5%	G
	Green and Sustainability Milestones	3/10	3/10		9/10	7/10	9/10	15%	G
Finance	Total Revenue	£54.3m	£37.1m		£98.3m	£88.5m	£98.3m	10%	G
	Operating Surplus	£17.3m	£11.8m		£27.0m	£24.3m	£27.0m	5%	G
	Asset Disposals	£0.0m	£9.0m		£12m	£9.8m	£14.3m	5%	G
	Asset Investment	£(23.1)m	£(21.1)m		£(42.8)m +-10%	£(42.8)m +-20%	£40.1m	5%	G
	Dividend				£11m	£11m	£11m	0%	G

Scorecard commentary

Safety and Risk

We are on target to keep less than five per cent of our estate at high or severe compliance risk levels.

Colleague

There has been no material change since the last update. The impact of the transfer of support staff out of Places for London continues to impact our results.

More work is being done on declaration and response rates, though at between 77 and 95 per cent these are already much higher than wider TfL.

Work on the People Plan is ongoing and with plans to include more focused milestones on the scorecard next year to track progress.

Customer Satisfaction

In September we delivered our first customer conference which was attended by 80 customers and Places for London colleagues – the feedback survey has affirmed that it was a great success. The mid-year pulse survey closed showing an encouraging 65 per cent satisfaction albeit with a sample size of 47 customers, one third the typical annual survey.

The pulse survey serves as a tool to inform further work in the customer space and does not contribute to the scorecard target.

Homes

We have met our target for start on sites and remain on track for completed homes. Six of our property development milestones have already been achieved and we are expecting to meet at least eight out of 10 milestones.

Finance

We are currently behind on asset disposals due to the delayed disposal of Rigby Land, but this is expected to be completed this financial year. We are on course to meet all year-end financial targets.

Green

We are on course to achieve nine out of 10 milestones in line with our scorecard targets. There is risk around the carbon net zero retrofits, but there is still confidence this will be achieved. The temporary opening of Seven Sisters Market will not be achieved this financial year. Three milestones have been completed.

Market context

Graeme Craig

Director and Chief Executive

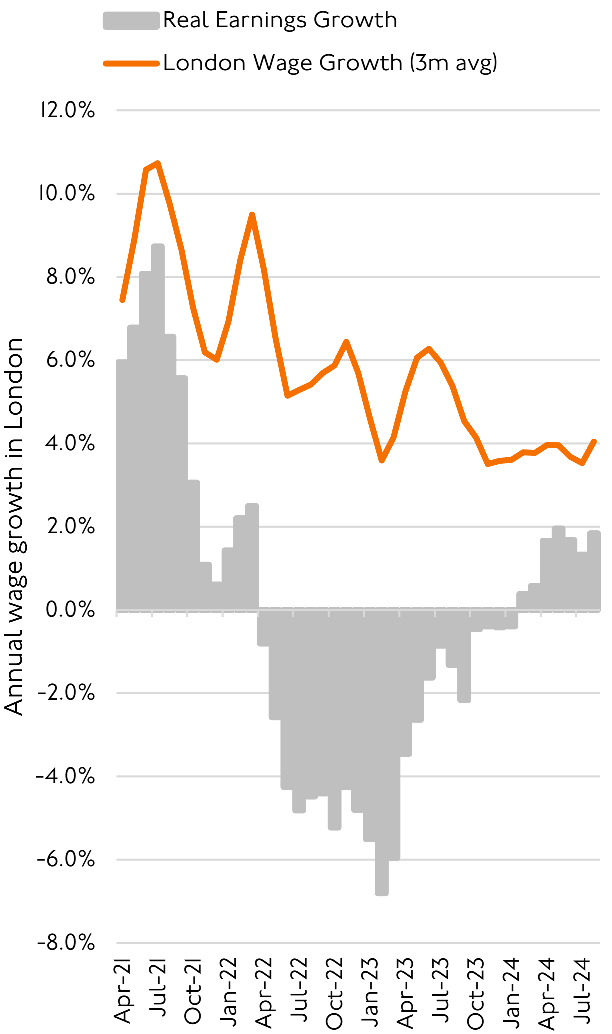
Places for London

The TfL Property Company

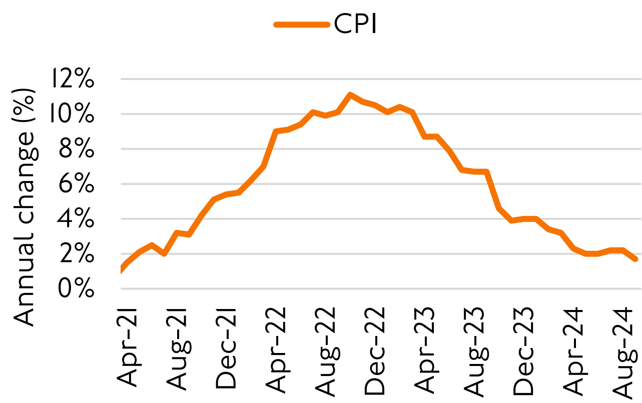
Market context

Inflation fell below target in September and second base rate cut in November

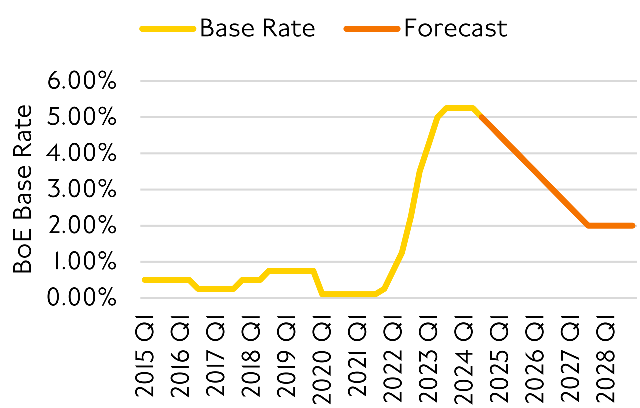
Nominal wage growth was four per cent in the year August 2024, with real growth of 1.8 per cent



Inflation was 1.7 per cent in September 2024, below the two per cent target for the first time since April 2021



Base rate was cut to for the second time (to 4.75 per cent) in November. With the next cut expected in 2025



UK Gross Domestic Product (GDP) growth is expected to have eased in Q3 2024, rising by 0.3 per cent after 0.5 per cent growth in Q2 2024. GDP is expected to finish 2024 1.9 per cent higher than 2023, before growth rate slows down to 1.5 per cent in 2025.

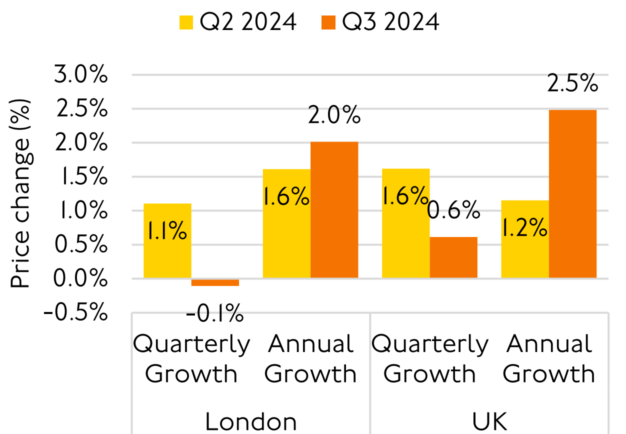
Inflation fell to 1.7 per cent in September, the first time it has been below the two per cent target since April 2021. It is forecast to rise again by the end of the year.

The Bank of England cut interest rates for the second time in November 2024, bringing them down to 4.75 per cent.

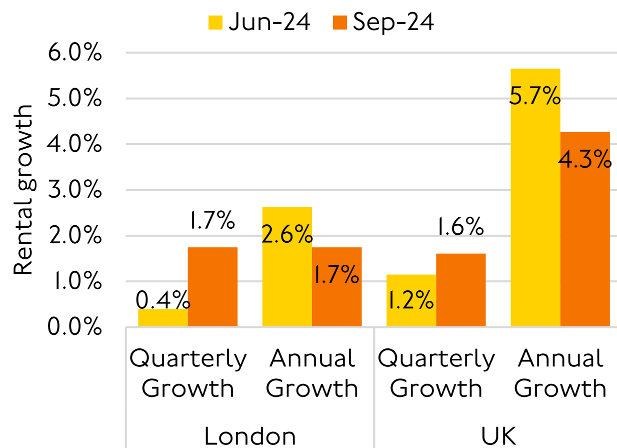
Swap rates rose following the budget, with five-year Sterling Over Night Indexed Average (known as SONIA) swaps back over four per cent in early November 2024, having fallen to 3.8 per cent in early October.

London rental growth continues to ease, while sales values rise. Viability continues to challenge the urban land market

Quarterly house price growth was 1.1 per cent in Q2, up from 0.8 per cent in Q1 – with annual price growth of 1.6 per cent



Rental growth strengthened in Q3, reflecting the strong seasonal letting period. But annual growth continues to ease, down to 1.7 per cent



Savills forecast rental growth of 2.5 per cent in London in 2025, with five-year growth of 14.2 per cent between 2025 and 2029

	2024	2025	2026	2027	2028	2029	2025-29
Mainstream UK rental growth (%)	4.0	4.0	3.5	3.0	3.0	3.0	**17.6**
Mainstream London rental growth (%)	1.5	2.5	2.5	2.5	3.0	3.0	**14.2**

Annual rental growth in London continued to ease, with rents rising by 1.7 per cent in the 12 months to September 2024. The latest Royal Institute of Chartered Surveyors data on new tenant enquiries continues to strengthen. However, affordability challenges in the capital are limiting the rate of growth, with households spending 39 per cent of their gross income on rent on average. Savills forecast this will continue to be the case over the next five years, with rental growth just below that of income growth over the period.

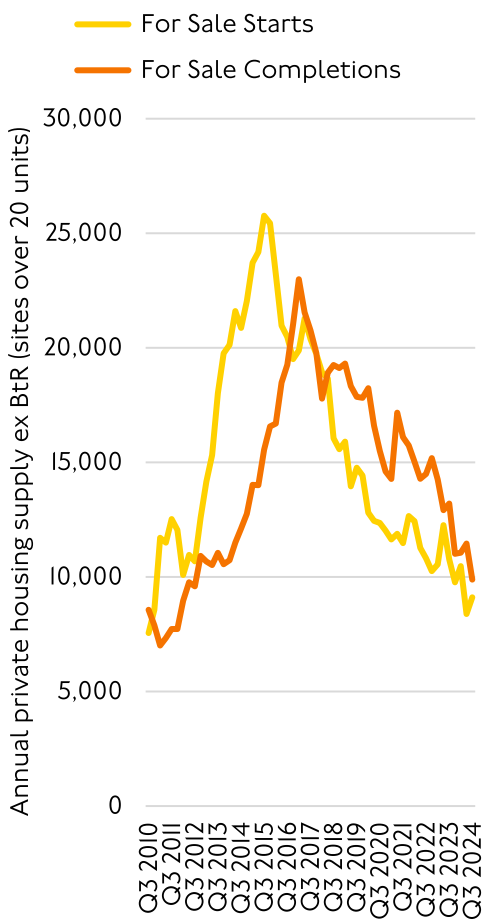
Following three quarters of growth, London house prices remained broadly flat – falling by 0.11 per cent in Q3 2024. Despite this, annual growth rose to 2.0 per cent. The activity has been supported by lower cost of mortgage debt.

UK urban values fell slightly by 0.3 per cent in Q3 2024, taking total annual falls to 1.7 per cent. High-density flat-led schemes continue to face viability challenges. There is a significantly reduced pool of buyers, except for student housing where currently, urban values are exceeding those for private sale and Build to Rent.

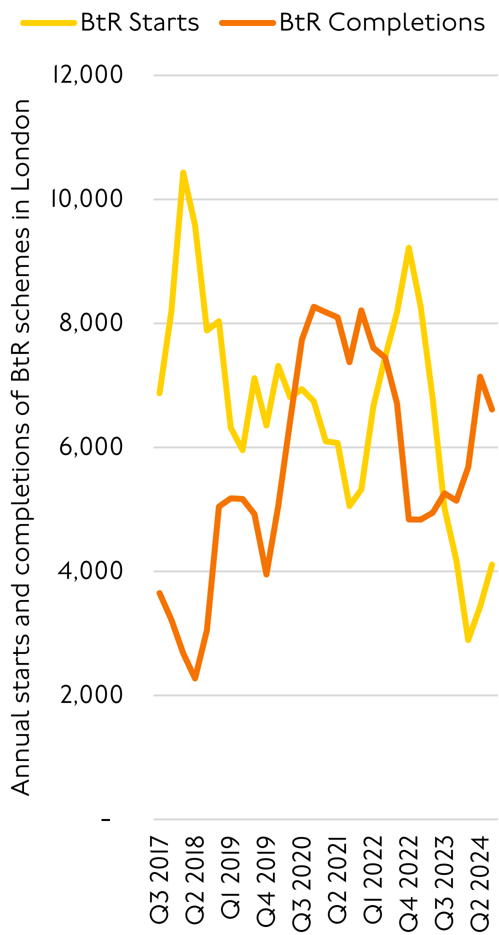
Market context

An uptick in new construction starts for both Build to Rent and private sales in Q3 2024, but challenges remain

Private sale construction starts rose slightly in Q3 compared with the Q2 but are -55 per cent below the same period of 2023.



The number of Build to Rent starts in Q3 rose for the third quarter in a row, with 1,286 units started construction across London.



Build to Rent (BtR) starts on site have continued to recover in Q3 2024, with around 1,300 new homes starting construction. This is over double the level started in the same quarter of 2023. As a result, the annualised figure has risen to over 4,000. This remains well below the levels seen during 2021 and 2022. There has also been a pick-up in new for sale starts, which saw around 1,700 new homes begin construction in Q3 2024. Whilst an improvement this remains below the level of activity seen during 2021 and 2022. We expect the level of new construction starts to remain below these historical levels during 2025 as the sector continues to face headwinds around construction costs and labour availability.

Mirroring the shift in starts, the number of new homes receiving planning permission across London has risen in Q3, with a further around 4,200 gaining consent in the quarter. This brings the rolling annual number back up to around 19,400, the same level as it was at the end of Q1. However, it remains below the long-term average, which will reduce the medium-term pipeline further.

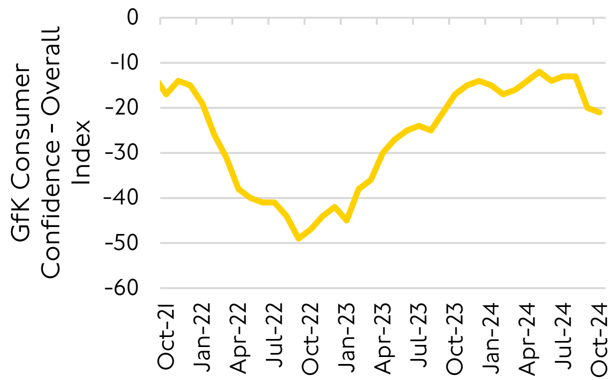
Viability remains a challenge for bringing forward new high-density schemes in London, and there is little evidence that this will change significantly in the short term. Further falls in interest rates and sustained improvement in buyer demand is required. There is also potential that completion of new developments will be further delayed due to bottlenecks in the Gateway signoff procedures for the Building Safety Act.

Places for London
The TfL Property Company

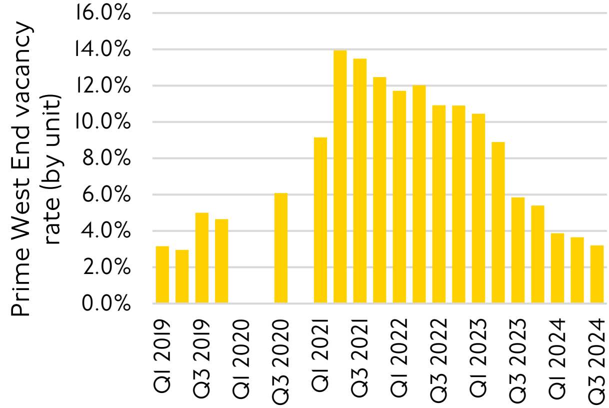
Market context

Consumer confidence has fallen in recent months, but sales volumes remain resilient

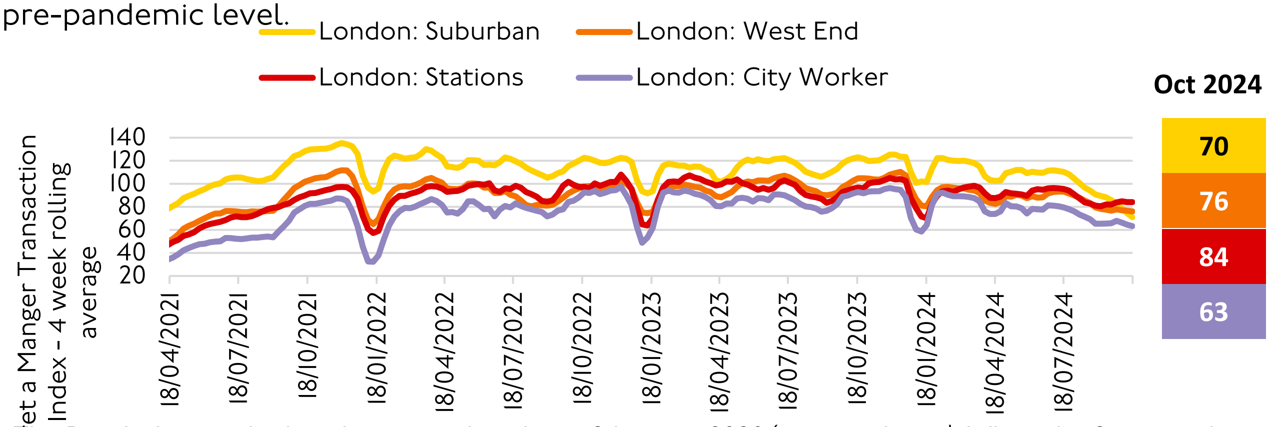
Consumer confidence has weakened significantly in the past two months. As the expectations for the Budget weighed on households and businesses.



Prime West End vacancy rate by unit count continues to fall, reaching 3.2 per cent in Q3 2024.



Sales volumes in Pret remain weakest in The City, where there have yet to surpass pre-pandemic levels, whereas the Suburban London markets continue to outperform their pre-pandemic level.



The Pret Index is calculated against a baseline of January 2020 (pre-pandemic). When the figure is above 100 it implies that sales are above their pre-pandemic level and when below 100 they are below pre-pandemic levels.

During September and October consumer confidence dropped significantly to a level last seen in September 2023 as a result of consumers holding tight ahead of potential changes to their finances and taxes. With the Budget past and interest rates cut again, we could see an improving picture over the near term.

Retail spend across the West End was strong in July and August, up one per cent year on year in each month but fell in September. Domestic appetite continues to drag on performance. International visitor spend is a key driver of performance. Flight bookings to London are up year on year for November and December, which is likely to support higher international spend in the West End in the run up to the end of the year.

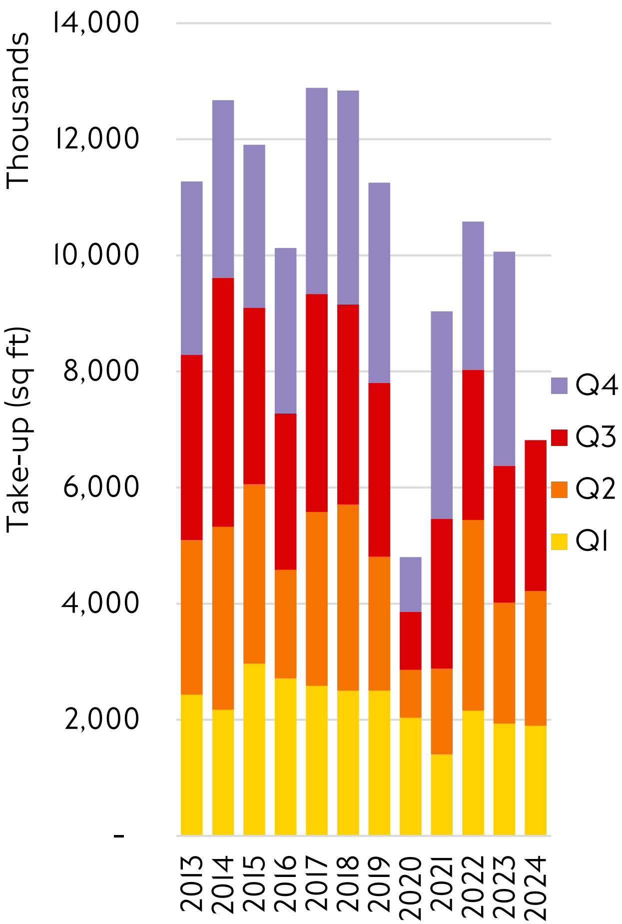
Sales across all London markets for Pret fell during August, September and October. This is likely a response to the changes to the Pret subscription that was announced in July and came into force in September. It appears the largest impact on sales in Pret has been felt in their Suburban branches, with stations being the most resilient. The former is now trading 30 per cent below its pre-coronavirus pandemic levels having averaged 10-15 per cent above throughout 2023.

Places for London
The TfL Property Company

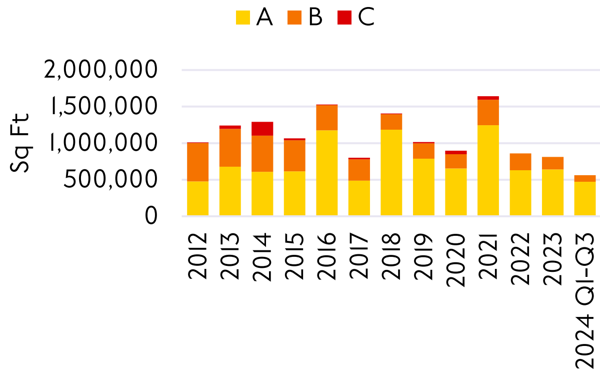
Market context

Central London office leasing activity continues to strengthen, but light industrial and Greater London offices are more subdued

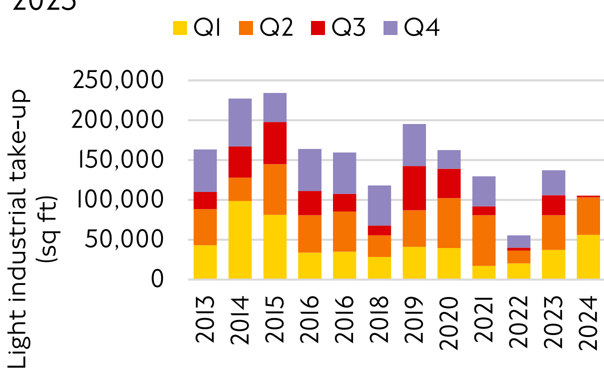
A total of 2.6m sq ft of office space was let in central London in Q3, the strongest Q3 since 2019. Total area so far (in 2024) is 6.8m sq ft, above the five-year average (6.3m sq ft).



250,000 sq ft of office space was let across Greater London in Q3, bringing the total in 2024 to 562k sq ft.



Light industrial leasing activity collapsed to 2,000 sq ft in Q3 2024, the lowest quarterly total in over a decade. But a strong H1 means total let space in Q1-3 2024 is the in line with the same point in 2023



Office leasing in central London continued to rise during Q3 2024, with the highest third quarter of activity since 2019. This brings the total amount of space let this year to 6.3m sq ft, 13 per cent higher than the five-year average. However, the same was not true in Greater London, with take-up in the first nine months of 2024 10 per cent below the same period of the previous year.

Best in class space continues to be sought by occupiers, with 84 per of all space let across Greater London being Grade A. Continued focus on sustainability by occupiers means that this will continue.

Greater London office supply has fallen further, with six per cent less space on the market in November 2024 than August 2024. This has been driven by a fall in Grade B stock. Changing regulations around Minimum Energy Efficiency Standards (MEES) & Energy Performance Certificates (EPCs) is likely to worsen this as we approach 2027 deadline.

Light industrial take-up continued to fall in Q3 2024, with 2,000 sq ft let. This is the lowest quarter in over a decade and is a marked difference to the strong first half of the year. This could reflect business uncertainty during the summer.

Risks and opportunities

Opportunities

- London's stronger economic growth in 2025 will drive demand for commercial and residential space.
- Increased international flight arrivals will support retail spending in the run up to Christmas.
- Slower pace of interest rate cuts will keep mortgage costs higher for Buy to Let landlords, which will likely push more to leave the sector. Especially alongside increased regulation, this would create more need for high-quality Build to Rent.
- The increase in additional Stamp Duty of Buy to Let landlords to five per cent (from three per cent) introduced in the recent Budget will likely drag on demand from 'Buy to Let' landlords to purchase homes – especially in London where the increase would be most keenly felt. This will also create additional demand for Build to Rent.

Risks

- The extra Stamp Duty for 'Buy to Let' landlords will reduce potential demand from this buyer group for new homes being built for sale.
- Higher inflation forecasts could slow down the pace of interest rate cuts, keeping mortgage and other finance costs higher for longer.
- Lower occupier demand for older office stock threatens rental levels, leading to a higher risk of voids and reduced ability to capture rental growth.
- Rising house prices will put pressure on affordability for potential homeowners and first-time buyers.
- Further slowing rental growth in London could impact viability on Build to Rent schemes.
- Tender price inflation forecasts highlight potential pressure on viability of new schemes.