

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	7 <sup>th</sup> JANUARY 2020	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2020/21	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HC 01

## **1.0 Recommendations**

- 1.1 That Council House Rents are increased by CPI plus 1% for Tenants with effect from 1<sup>st</sup> April 2020 in accordance with the Welfare Reform and Work Act 2016 and after conclusion of the Rents for Social Housing from 2020 consultation.
- 1.2 That the proposed revenue income and expenditure for 2020/21, together with the 10-year Financial Plan for the Housing Revenue Account (HRA) as detailed in **Appendix 1**, are considered and referred to the Finance and Management Committee for approval.
- 1.3 That the HRA is kept under review and measures identified to mitigate the financial risks detailed in the report and to maintain a sustainable financial position.

## **2.0 Purpose of the Report**

- 2.1 As part of the annual financial cycle, the report details the Housing Revenue Account's (HRA) base budget for 2020/21, with a comparison to the current year, 2019/20. In addition, the report details the updated 10-year financial projection for the HRA following a review during the annual budget round.
- 2.2 The report also sets out details of the proposed rent level for 2020/21 in accordance with directions within the conclusion of the Rents for Social Housing from 2020 consultation.

## **3.0 Detail**

### **The Position Entering the 2020/21 Budget Round**

- 3.1 During 2020/21, the financial position of the HRA has been reviewed and updated to reflect changes to the on-going capital investment, together with the 2018/19 budget out-turn position.
- 3.2 The latest position reported in October 2019, estimated a surplus on the HRA in 2020/21 of £130k, increasing the HRA's General Reserve to approximately £7.1m.
- 3.3 As previously reported, the longer-term financial position for the HRA was significantly changed in 2015 due to the Government legislating to reduce Council House rents by 1% per year to 2020. An update has been issued after consultation and has reverted back to the former rent increase policy of CPI plus 1%.

### **Formulating the 2020/21 Base Budget**

- 3.4 Budgets are generally calculated on a “no increase basis,” i.e. they are maintained at the same level as the previous year adjusted only for known changes, price increases and variations due to contractual conditions, etc.
- 3.5 In addition, budgets are also subject to a base line review which is used to justify proposed spending. This process places responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner. This is supported by the Financial Services Unit, who analyse recent trends across services compared to current budgets.

### **On-going Service Provision**

- 3.6 The budgets are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.).
- 3.7 The full year effects of previous year's restructures and budget savings have been included, with any non-recurring items removed.

### **Base Budget 2020/21**

- 3.8 The HRA's Base Budget and longer-term financial projection up to 2029/30 is detailed in **Appendix 1**. A projection of this length is required for the HRA to ensure that future debt repayments and capital expenditure are affordable for the longer-term sustainability of the Council's housing stock.
- 3.9 The following table provides an overall summary of the HRA's Net Operating Income position with a comparison to the approved 2019/20 budget.

<b>HRA Summary</b>	<b>Proposed Budget 2020/21 £</b>	<b>Approved Budget 2019/20 £</b>	<b>Change £</b>
Rental Income	-12,167,909	-11,955,124	-212,785
Non-Dwelling Income	-143,180	-123,564	-19,616
Supporting People Grant	-130,000	-164,262	34,262
Other Income	-177,010	-171,060	-5,950
General Management	1,779,983	1,820,871	-40,888
Supporting People	839,210	828,864	10,346
Responsive	1,344,017	1,246,018	97,999
Planned Maintenance	1,901,481	1,915,763	-14,282
Bad Debt Provision	100,000	100,000	0
Interest Payable & Receivable	1,712,805	1,712,805	0
Depreciation	3,699,957	4,312,293	-612,336
<b>Net Operating Income</b>	<b>-1,240,646</b>	<b>-477,396</b>	<b>-763,250</b>
Reversal of Depreciation	-3,699,957	-4,312,293	612,336
Capital Expenditure	1,935,000	1,888,000	47,000
Disabled Adaptations	300,000	300,000	0
Asbestos and Health & Safety Surveys	100,000	100,000	0
Debt Repayment	1,542,000	1,424,000	118,000
Major Repairs Reserve	600,000	700,000	-100,000
Asset Replacement Earmarked Reserve	45,000	45,000	0
Capital works non-traditional properties	100,000	200,000	-100,000
Pension Revaluation	15,215	0	15,215
ICT Upgrades	105,000	0	105,000
Potential Pay Award	44,275	0	44,275
Incremental Salary Increases	9,778	0	9,778
<b>HRA Surplus</b>	<b>-144,335</b>	<b>-132,689</b>	<b>-11,646</b>

3.10 The above table shows that the HRA's Surplus is budgeted to increase marginally by £11,646 between 2019/20 and 2020/21. The estimated surplus of £144k for 2020/21 is broadly in line with the forecasted surplus of £130k reported in October.

3.11 The main variances are summarised in the following table.

	£'000
Repairs and Maintenance	127
Increased Debt Repayment Contribution	118
Potential ICT Upgrade	105
Potential Pay Award	44
Reduced Contribution from County Council for Careline Service	38
Insurance Increase	26
Pension Revaluation	15
Incremental Salary Increases	9
Council Tax for Void Dwellings	6
Leaseholder Insurance Recharge	-9
Garage Rental Income	-10
Increase Fees from Private Careline Customers	-10
Reduction in General Fund Recharges	-24
Reduction in Professional Fees	-26
Tools and Materials Reduction	-55
Reduced Capital Expenditure	-153
Dwelling Rental Income	-213
<b>Base Budget Decrease</b>	<b>-12</b>

## Council House and Garage Rents

3.12 The overall change between 2019/20 and 2020/21 is an estimated increase of £209k. This is due mainly to the application of the CPI plus 1% increase to rents as updated in the Direction on the Rent Standard 2019. After allowing for Council House sales, the number of properties is expected to decrease from 2,971 in 2018/19 to 2,951 by the end of 2019/20. The Medium-Term Financial Plan (MTFP) assumes a loss of 20 properties per annum through Right to Buy and as at November 2019, 11 have been sold in 2019/20 to-date.

3.13 The following table shows the movement in the HRA housing stock over the past three years. To-date in 2019/20, 11 houses have been sold through Right to Buy and 6 new properties have been built at Lullington Road.

	Mar 2018	Mar 2019	Nov 2019
Houses	1,562	1540	1535
Flats	793	793	793
Bungalows	638	638	638
	<b>2,993</b>	<b>2,971</b>	<b>2,966</b>

3.14 Rental income for HRA garages has been proposed in the fees and charges to increase at the same level as Dwellings, CPI plus 1% which increases the budgeted income by approximately £3k. Alongside this, a review of actual income received per annum has been undertaken and the budget has been increased by an additional £7k.

## **Capital Expenditure and Debt Repayment**

- 3.15 Proposed capital expenditure is based on stock condition survey data and the fluctuation in required expenditure year-on-year and is included within the MTFP.
- 3.16 The contribution to the Debt Repayment Reserve is profiled in line with capital expenditure to not only ensure that the HRA General Reserve does not fall below the statutory £1m but to also have available funds to repay debts as they become due. The contribution and repayment of debt is included within the MTFP.

## **Increased Staffing Costs**

- 3.17 A pay award is not included within the Base Budget at this stage as discussions are still on-going between the Local Government Unions and the National Employers. A decision is not expected until the new year.
- 3.18 The MTFP includes a provision for a potential pay award of 2.5% (£44k) for all HRA employees and the individual service budgets will be updated once an agreement is reached.
- 3.19 Incremental salary increases are included within the MTFP each year and are expected ahead of the Budget round.
- 3.20 The Pension Fund is revalued by the Actuary every 3 years and the Council has been notified of revised charges. It is understood that an increase of 1% in Council contributions will be applied in 2020/21 and this has been included within the MTFP.
- 3.21 Further detail on the Pension Fund and its performance is to be received from Derbyshire County Council during January 2020 and this detail will be reported to Finance and Management Committee in February.

## **Repairs and Maintenance / Tools and Materials**

- 3.22 Planned maintenance costs have been increased due to planned works and a slower start to completion of scheduled works after appointment of a new contractor. This has previously been included within the MTFP.
- 3.23 The increased cost of scheduled repairs works is partially offset by the reduction in tools and materials required by the Council to complete works.
- 3.24 The Council suffers a loss when Dwellings are void not only of rental income but also through Council Tax payments due. Void properties have had a slower turn around during 2019/20 due to a delay in contractor start. It is anticipated that this will improve as the year progresses and therefore the increased Council Tax budget may not be required.

## **Insurance**

- 3.25 The overall proposed insurance budget has increased the cost to the Council by £17k but this is split over a number of individual policies, some of which are a saving from prior year. The increased cost to the HRA is £26k which is due mainly to the tenants contents insurance which was under budgeted in 2019/20.
- 3.26 An additional charge to Leaseholders of £9k has been included in the Base Budget which partially offsets the overall insurance charge increase.

## **Computer Upgrades & Maintenance**

- 3.27 During the Budget round for 2019/20, it was approved for the HRA to spend a one-off sum of £105k to upgrade/replace the Housing system alongside the implementation of mobile working.
- 3.28 Asset management for the Council is currently under review and a plan regarding the best approach is to be reported during 2020/21.

## **Supported Housing Income**

- 3.29 A decrease in the contribution from Derbyshire County Council of £38k has been included based on the current on-going discussions regarding funding of the service. It is anticipated that the Council will generate additional funding of approximately £10k from private customers and this is evident currently after a review of actual income.

## **General Fund Recharges**

- 3.30 The recharges from the General Fund have reduced by £24k in the proposed budget. There are fluctuations in charges for all central services but after review, the two main reasons for the reduction to the HRA is the reduced Financial Services budget and the reduction in External Audit fees.
- 3.31 A review of the current HRA recharges from the General Fund is underway and will be reported to the Finance and Management Committee in February.

## **Professional Fees**

- 3.32 A reduction to professional fee charges of £17k for contingencies on Council House new build and acquisition is proposed due to the original £30k budget never being utilised. It is expected that the current level of cost will continue at the same level and this is still lower than the proposed budget.
- 3.33 An additional reduction is proposed of £9k for general support which includes valuations of Right to Buy properties. The original budget is never fully utilised and based on current expenditure, the reduction is still prudent.

## **Other Factors**

- 3.34 The following detail is for information on the HRA position and are not variances between budgeted years.

### **Debt Interest**

- 3.35 Part of the existing debt portfolio includes £10m at a variable rate of interest. The budgets for 2019/20 and 2020/21 estimate an interest on this debt of 3%.
- 3.36 There is currently some uncertainty in the economy on whether interest rates will increase over the next year. However, it is considered unlikely that rates will increase up to 3% by March 2021. Therefore, the cost of servicing debt is likely to be lower than budgeted, although this will be kept under review. A 1% variance in the rate equates to approximately £100,000 per year. The current rate payable of the variable debt element is 0.92%.

### **Depreciation**

- 3.37 The decrease is due to the revaluation and a relief of all Council dwellings in March 2019 which will be depreciated in accordance with accounting practice.
- 3.38 Depreciation is calculated on the existing use value and age of each property in the HRA. This is designed to ensure that the Council sets-aside sufficient resources to maintain and replace properties in future years.
- 3.39 The Council has an on-going capital programme and properties generally have a substantial useful life if maintained properly. Although the depreciation charge is included as a cost charged in the net operating income of the HRA, it is reversed out when calculating the overall surplus or deficit on the HRA.
- 3.40 However, under accounting regulations, the annual amount of capital expenditure, plus sums set-aside to repay debt, need to be equal to or greater than the depreciation charge for the year. This is effectively testing that the Council is properly maintaining and financing the liabilities associated with its housing stock.
- 3.41 Where the depreciation charge is lower than actual capital expenditure/debt repayment, the HRA would be charged with the difference in that particular year. For 2020/21, expenditure is in excess of depreciation.

### **The Longer-term Financial Projection**

- 3.42 Following the introduction of the self-financing framework for the HRA in 2012, this generated a surplus for the HRA as the Council was no longer required to pay a proportion (approximately 40%) of its rental income to the Government in accordance with a national redistribution framework.
- 3.43 This released resources, which in the early years of the Housing Business Plan, were available for capital investment in the existing stock, together with

resources for New Build. Surpluses in later years are to be used to repay the debt that the Council inherited in return for becoming “self-financing” and to continue a programme of capital maintenance in future years.

- 3.44 The HRA budget and projection is based on the principles that the HRA will carry a minimum unallocated contingency of at least £1m as a working balance and that sufficient resources are set-aside in an earmarked reserve to repay debt as instalments become due.

### **HRA Reserves**

- 3.45 The HRA has 5 separate reserves as detailed in the following table.

<b>General Reserve</b>	Held as a contingency with a minimum balance of at least £1m.
<b>New Build Reserve (Capital Receipts Reserve)</b>	Accumulated Capital Receipts pending expenditure on building new properties/acquisition of properties. The financial model assumes that these are drawn down each year to finance new build or acquisition ahead of any further borrowing. The carrying balance from year to year remains low.
<b>Debt Repayment Reserve</b>	Sums set-aside to repay debt; contributions to the Reserve started from 2016/17 in accordance with the debt repayment profile.
<b>Major Repairs Reserve</b>	A Capital Reserve with sums set-aside each year for future programmed major repairs on the housing stock.
<b>Earmarked Reserve</b>	Sums set-aside for future replacement of vehicles for the Direct Labour Organisation.

### **The Updated Financial Position**

- 3.46 Following the base budget review, the 10-year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 1**. The overall position has improved slightly compared to the previous forecast due to the detail explained previously.
- 3.47 The General Reserve remains above the statutory £1m for the duration of the 10-year projection.
- 3.48 After review of the capital programme, sums are being set-aside in the Major Repairs Reserve to ensure that future capital improvements can be funded. A revised stock condition survey has been completed and an update regarding profiling of the works over the next 30 years has been reported during 2019/20.

3.49 There are a number of sites approved for acquisition, but the Capital Receipts Reserve is set to increase each year due to receipts from the sale of houses under the Right to Buy Scheme.

### **Debt Repayments and Borrowing**

3.50 The Council took on the management of debt valued at £58m in 2012. No additional borrowing has been required.

3.51 The following debt repayments are due over the life of the current financial plan:

- 2021/22 - £10m
- 2023/24 - £10m
- 2026/27 - £10m

3.52 The financial projection to 2028/29 shows that these repayments can be met. The next repayments are not then due until beyond 2030.

### **Key Variables and Assumptions**

3.53 The Financial Plan is based on certain assumptions in future years regarding what are considered to be the key variables. These are summarised in the following table.

<b>Cost inflation</b>	2.5% per year. This is lower than the current level of inflation although some economic forecasts predict that a level of 2% could be seen in the medium-term. A provision of 2.5% in the short-term is considered prudent to reflect that prices for materials in the building industry tend to rise quicker than average inflation.
<b>Annual rent increases</b>	CPI + 1% giving a 2.7% increase in 2020/21 and 2021/22 and 3% per year thereafter.
<b>Council house sales – “Right to Buys”</b>	20 in 2019/20 and 20/21 reducing to 18 in 2021/22 and 2022/23. Future years are based on targets set by the Government in calculating the self-financing settlement. These reduce incrementally per year eventually reaching 10 per year by 2030.
<b>Interest Rates</b>	Predominantly fixed; £10m variable debt at 3% until maturity in 2021/22.

### **Financial Risks**

3.54 The main risks to the HRA are considered to be those as detailed in the following sections.

### **Future Rent Levels**

3.55 The biggest risk in the Financial Plan is considered to be future rent levels. The rent level has been confirmed as CPI plus 1% which will increase rent levels by 2.7% in 2020/21.

- 3.56 The HRA is dependent on rental income (currently £12m per year) for its resources. Even small variations in rent changes can have significant implications in monetary terms for the Financial Plan over the longer-term.

### **Right to Buys**

- 3.57 A moderate decrease in current properties from sales continues to be built into the Budget and Financial Plan and this reflects the current level of sales. Therefore, the HRA will continue to generate resources for further new build and acquisition in the future, although on-going rental income is lost.
- 3.58 The main risk relates to a sudden surge in sales which has been apparent in recent years; although this generates capital, the loss in on-going rental income could have a much more adverse impact on the HRA.

### **Supporting People Grant**

- 3.59 It has been assumed that this continues over the Financial Plan although reduced from 2020/21; however, this will be subject to policy decisions and directions from Derbyshire County Council.
- 3.60 Floating Support and Alarm and Telecare Monitoring contributions will impact the financial position of the Council although the full impact is currently unknown. A review is currently being undertaken by the County Council with discussions being held with the Council's Head of Housing. As updates are known they will be reported to both Housing and Community Services and Finance and Management Committee.

### **Impairment**

- 3.61 Impairment is an accounting adjustment that reflects a sudden reduction in the value of an asset. An asset becomes impaired where a one-off event (e.g. fire, vandalism, etc.) causes significant damage or there is a significant change in market conditions, which reduces the value of the asset.
- 3.62 In accordance with accounting regulations, provision has to be made in an organisation's accounts for the loss in an asset's value through impairment. However, as with depreciation, this is purely an accounting exercise for local authorities. Impairment charges are reversed out of revenue accounts to ensure that it does not affect the "bottom line" and Rent (in the HRA's case) payable by Council Tenants.
- 3.63 The Government has been reviewing this accounting treatment to bring local authorities into line with other organisations in accordance with International Reporting Standards. This has been challenged by the relevant professional bodies.
- 3.64 Large impairment adjustments are rare. In addition, impairment needs to affect the wider asset base. For example, damage to one property would not affect

the overall value of the Council's stock, which is currently valued at £123m in total.

- 3.65 If there was a wider event affecting many properties however, this would lead to an impairment charge. It is considered that the most likely scenario is a sudden fall in property values as this would affect the overall valuation of the stock. The potential for impairment charges could have serious implications for all housing authorities and this is why it has been challenged.

### **Changes in Central Government Policy**

- 3.66 Although the HRA continues to operate under a self-financing framework, Central Government retain the power to change policy in many areas which can impact upon the Financial Projection.

### **Changes to Welfare Reform and Universal Credit (UC)**

- 3.67 Universal Credit has been implemented in South Derbyshire for all working age new claimants during 2018 and there is concern amongst housing professionals that changes will see a reduction in payment of rent and an increase in arrears.
- 3.68 Currently, Housing Benefit is paid directly to a tenant's Rent Account where this is due. In a system of Universal Credit, the benefit element is effectively paid direct to the Tenant. The Pilot Schemes and evidence locally suggests that this gives the potential for tenants to default on their rent payments.
- 3.69 The rebate directly received from Housing Benefit by the HRA has noticeably reduced during 2019/20 compared to 2018/19 and the debt position at this stage is higher than in last financial year. This is being kept under review.

### **Rent Levels**

- 3.70 There is a mixture of rent levels that exist in the "self-financing" system which apply to existing and new tenants, together with those that apply to properties built or acquired as part of the New Build programme. These are detailed below:

- **The Base (Current) Rent:** This is the actual rent that applied in July 2015. For many tenants, this rent is lower than the "Formula Rent" that existed in the previous Rent Restructuring System. This rent will remain unless a property becomes void.
- **Formula Rent:** This was a rent level (target) set nationally as part of Central Government's Rent Restructuring Policy. Approximately 2/3rds of the Council's properties were below this Target and were being phased-in towards the Target over a 10-year period.

This phasing ended in 2014/15, although a Formula Rent for each property remains. Councils have the option to relet void properties to new tenants at

the Formula Rent and this is part of the Council's Rent Policy. The Formula Rent is generally lower than Social Rents.

- **Social Rent:** This is determined by the Ministry of Housing, Communities and Local Government (MHCLG). Generally, it reflects rents charged by Registered Social Landlords in the area. New Build properties have to be let at Social Rent levels, unless they have been partly funded by grant from Homes England. In that case, properties need to be let at an "Affordable Rent." Void properties, when relet to new tenants, can also be let at Social Rent levels.
- **Affordable Rent:** This is 80% of the Market Rent and tends to be higher than Social Rents
- **Market Rent:** This is determined by the District Valuer and reflects rent levels in the private rented sector in the area.

### **Proposed Rent Levels 2020/21**

3.71 In accordance with the statutory provisions, current rents will be increased by CPI of 1.7% as at September 2019 plus 1%.

### **Effect on Individual Tenants**

3.72 Having calculated rents for individual tenants, the average rent level for existing council tenants will increase from £77.54 per week in 2019/20 to £79.64 in 2020/21, an average increase of £2.10 per week.

### **Limit Rent**

3.73 This is effectively a cap (set by the Department for Work and Pensions (DWP) each year) that the Council's average rent needs to stay below, to avoid a financial penalty through loss of benefit subsidy for rent rebates. However, New Build properties let at Affordable Rent levels are excluded from this Limit.

3.74 For 2019/20, the Council Limit Rent was set at £78.98 per week, which is above the Council's average rent of £77.54. The Limit Rent is still to be notified to the Council for 2020/21.

## **4.0 Financial Implications**

4.1 As detailed in the report.

## **5.0 Corporate Implications**

### **Employment Implications**

5.1 None.

### **Legal Implications**

5.2 None.

### **Corporate Plan Implications**

5.3 The proposed budgets and spending included in the HRA provides the financial resources to enable on-going services and Council priorities.

### **Risk Impact**

5.4 The Financial Risk Register is detailed in the Medium-Term Financial Plan and financial risks specific to this Committee are detailed in Section 3.

## **6.0 Community Impact**

### **Consultation**

6.1 The proposed Budget will be disseminated through Local Area Forums and also through tenant representative groups.

### **Equality and Diversity Impact**

6.2 None.

### **Social Value Impact**

6.3 None.

### **Environmental Sustainability**

6.4 None.

## **7.0 Conclusions**

7.1 That the proposed base budgets are scrutinised and approved to provide the financial resources for continuation of service delivery.

## **8.0 Background Papers**

8.1 None.

## APPENDIX 1

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2020

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## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional Debt Repayment Transfer	0	777	2,150	2,651	2,468	1,815	2,000	1,839	750	750	750
Investment Income	-85	0	25	43	68	0	0	0	0	0	0
Capital works non-traditional properties	200	100	100	100	0	0	0	0	0	0	0
Reverse Pension Deficit Increase Incl in Base Budget	0	-3	0	0	0	0	0	0	0	0	0
Pension Revaluation	0	18	18	19	19	20	20	21	21	22	22
ICT Upgrades	0	105	0	0	0	0	0	0	0	0	0
Potential Pay Award	0	44	45	47	48	49	50	51	53	54	55
Incremental Salary Increases	0	10	10	10	11	11	11	11	12	12	12
<b>HRA Surplus (-) / Deficit</b>	<b>-136</b>	<b>-145</b>	<b>1,286</b>	<b>1,634</b>	<b>1,249</b>	<b>292</b>	<b>288</b>	<b>14</b>	<b>-1,333</b>	<b>-1,543</b>	<b>-1,799</b>

### HRA General Reserve

HRA Reserve B/fwd	-6,919	-7,055	-7,200	-5,921	-4,297	-3,047	-2,770	-2,482	-2,468	-3,801	-5,344
(Surplus) / Deficit for year	-136	-145	1,279	1,624	1,249	277	288	14	-1,333	-1,543	-1,799
<b>HRA Reserve C/fwd</b>	<b>-7,055</b>	<b>-7,200</b>	<b>-5,921</b>	<b>-4,297</b>	<b>-3,047</b>	<b>-2,770</b>	<b>-2,482</b>	<b>-2,468</b>	<b>-3,801</b>	<b>-5,344</b>	<b>-7,143</b>

### RESERVES

#### Debt Repayment Reserve

Balance B/fwd	-5,046	-6,470	-8,012	-1,484	-5,648	0	-3,288	-6,705	0	-2,509	-4,929
Depreciation balance	-1,424	-765	-1,322	-1,513	-1,884	-1,473	-1,417	-1,456	-1,759	-1,670	-1,395
Transfers to reserve	0	-777	-2,150	-2,651	-2,468	-1,815	-2,000	-1,839	-750	-750	-750
Repayment of loan	0	0	10,000	0	10,000	0	0	10,000	0	0	0
<b>Reserve C/fwd</b>	<b>-6,470</b>	<b>-8,012</b>	<b>-1,484</b>	<b>-5,648</b>	<b>0</b>	<b>-3,288</b>	<b>-6,705</b>	<b>0</b>	<b>-2,509</b>	<b>-4,929</b>	<b>-7,074</b>

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

### Earmarked Reserve

Balance B/fwd	-141	-186	-231	-276	-321	-366	-141	-186	-231	-276	-321
Transfers to reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
Asset Replacement	0	0	0	0	0	270	0	0	0	0	0

<b>Reserve C/fwd</b>	<b>-186</b>	<b>-231</b>	<b>-276</b>	<b>-321</b>	<b>-366</b>	<b>-141</b>	<b>-186</b>	<b>-231</b>	<b>-276</b>	<b>-321</b>	<b>-366</b>
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### Major Repairs Reserve

Balance B/fwd	-3,454	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154	-9,754
Transfers to reserve	-700	-600	-600	-600	-300	-600	-600	-600	-600	-600	-600
Earmarked non-traditional properties	-200	-100	-100	-100	0	0	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0	0

<b>Reserve C/fwd</b>	<b>-4,354</b>	<b>-5,054</b>	<b>-5,754</b>	<b>-6,454</b>	<b>-6,754</b>	<b>-7,354</b>	<b>-7,954</b>	<b>-8,554</b>	<b>-9,154</b>	<b>-9,754</b>	<b>-10,354</b>
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### New Build Reserve

Capital Receipts B/fwd	-2,460	-1,588	-2,315	-2,936	-3,554	-4,014	-4,471	-4,928	-5,230	-5,533	-5,835
Lullington Rd Phase 2	237	0	0	0	0	0	0	0	0	0	0
Acquisitions in year	1,410	0	0	0	0	0	0	0	0	0	
Homes England grant	-45	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-730	-727	-621	-618	-460	-457	-457	-302	-302	-302	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0

<b>Balance c/fwd</b>	<b>-1,588</b>	<b>-2,315</b>	<b>-2,936</b>	<b>-3,554</b>	<b>-4,014</b>	<b>-4,471</b>	<b>-4,928</b>	<b>-5,230</b>	<b>-5,533</b>	<b>-5,835</b>	<b>-6,034</b>
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