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| REPORT TO: | HOUSING AND COMMUNITY SERVICES COMMITTEE | AGENDA ITEM:6 |
| DATE OF MEETING: | 5th JANUARY 2021 | CATEGORY: RECOMMENDED |
| REPORT FROM: | STRATEGIC DIRECTOR (CORPORATE RESOURCES) | OPEN |
| MEMBERS' CONTACT POINT: | VICKI SUMMERFIELD (01283 595939) victoria.summerfield@southderbyshire.gov.uk | DOC: s/finance/committee/2020-21/Jan/budget |
| SUBJECT: | HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2021/22 | 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 1st April 2021 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 2021/22, 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 2021/22, with a comparison to the current year, 2020/21. 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 2021/22 in accordance with directions within the conclusion of the Rents for Social Housing from 2020 consultation.

3.0 Detail

The Position Entering the 2021/22 Budget Round

- 3.1 During the current financial year, the financial position of the HRA has been reviewed and updated to reflect changes to the structure plus the budget out-turn position for 2019/20.
- 3.2 The latest position reported in November 2020, estimated a large deficit on the HRA in 2021/22 of £1.3m, decreasing the HRA's General Reserve to approximately £7.1m.

Formulating the 2021/22 Base Budget

- 3.3 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.
- 3.4 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

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

Base Budget 2021/22

- 3.8 The HRA's Base Budget and longer-term financial projection up to 2030/31 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 2020/21 budget.

HOUSING REVENUE ACCOUNT - BUDGET 2021/22

| | Proposed Budget 2021/22 £'000 | Approved Budget 2020/21 £'000 | Variance £'000 |
|--|--|--|-------------------|
| Rental Income | -12,446 | -12,168 | -278 |
| Non-Dwelling Income | -127 | -143 | 16 |
| Supporting People Grant | -130 | -130 | 0 |
| Other Income | -177 | -177 | 0 |
| General Management | 1,848 | 1,834 | 14 |
| Supporting People | 951 | 866 | 85 |
| Responsive | 1,406 | 1,369 | 37 |
| Planned Maintenance | 1,975 | 1,921 | 54 |
| Bad Debt Provision | 125 | 100 | 25 |
| Interest Payable & Receivable | 1,738 | 1,713 | 25 |
| Depreciation | 4,127 | 3,700 | 427 |
| NET OPERATING INCOME | -710 | -1,115 | 405 |
| Reversal of Depreciation | -4,127 | -3,700 | -427 |
| Capital Expenditure | 1,683 | 1,935 | -252 |
| Disabled Adaptations | 300 | 300 | 0 |
| Asbestos and Health & Safety Surveys | 100 | 100 | 0 |
| Debt Repayment | 1,444 | 765 | 679 |
| Major Repairs Reserve | 600 | 600 | 0 |
| New Build Contribution | 0 | 0 | 0 |
| Drawdown of MRR to fund Capital | 0 | 0 | 0 |
| Asset Replacement Earmarked Reserve | 45 | 45 | 0 |
| Additional Debt Repayment Transfer | 2,150 | 771 | 1,379 |
| Capital works non-traditional properties | 100 | 100 | 0 |
| General Fund Recharges | 0 | -77 | 77 |
| ICT Upgrades | 0 | 105 | -105 |
| HRA (SURPLUS) / DEFICIT | 1,585 | -171 | 1,756 |

3.10 The above table shows that the HRA's deficit is budgeted to increase from the £1.3m reported in November by £215k and the position on the Fund changes from a surplus to deficit position between 2020/21 and 2021/22. Additional expenditure was included in the MTFP in November but updates to the CPI, Right to Buy and void losses forecasts has resulted in an impact to rental income which is detailed later in the report.

3.11 The main variances are summarised in the following table.

| | £'000 |
|--|--------------|
| Capital expenditure and debt repayment | 1,701 |
| Salaries | 101 |
| Forecasted General Fund recharge reduction | 77 |
| General Fund recharges – 2021/22 | 36 |
| Bad Debt provision | 25 |
| Investment income | 25 |
| Insurance | 13 |
| Computer maintenance agreements | 11 |
| Equipment repairs | 10 |
| Utilities for void dwellings | 10 |
| Council Tax for void dwellings | 9 |
| Rental income | -262 |
| Budget increase | 1,756 |

Council House and Garage Rents

3.12 The overall change between 2020/21 and 2021/22 is an estimated increase of £262k. 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.

3.13 Rental income over the life of the MTFP has been amended to include a higher level of Right to Buy than previously forecast, a slight increase in void turnaround and revised CPI figures. The following table shows the impact over the next 10 years.

| | 2021/22 £'000 | 2022 to 2031 £'000 | Total £'000 |
|-----------------------------------|------------------|-----------------------|-----------------|
| Forecast MTFP November 2020 | -12,502 | -127,258 | -139,760 |
| Void losses increase by 0.15% | 19 | 190 | 209 |
| Right to Buy losses increased | 4 | 1,135 | 1,139 |
| CPI Forecast | 0 | 1,186 | 1,186 |
| MTFP Forecast January 2021 | -12,479 | -124,747 | -137,226 |
| Movement on Forecast | 23 | 2,511 | 2,534 |

3.14 The impact of the changes has resulted in a forecast reduction in income over the 10-year plan of £2.5m.

3.15 Right to Buy (RTB) was previously forecast to reduce over the life of the plan in line with Government expectations set under self-financing. The forecast assumed that RTB would reduce dwelling numbers by 18 from 2021/22, 15 by 2023/24, 12 by 2026/27 finally reducing to 10 by 2029/30 for the remaining life of the Plan.

3.16 The updated losses are now assuming that 20 RTB will be sold in 2021/22 and 2022/23 and will then reduce to 18 for the remaining life of the Plan.

3.17 It is likely that this assumption is too low, but the forecast is not considering any future properties purchased or built by the Council over the Plan as there is not a programme of scheduled new build or acquisition after 2020/21. This is currently being reviewed by Officers with a view to updating Members once all options have been considered. This forecast of income losses is a worst-case scenario but will be kept under review.

3.18 The following table shows the movement in the HRA housing stock over the past three years. To-date in 2020/21, 7 houses have been sold through Right to Buy and 9 new properties have been acquired in Aston and Repton. The average number of sales over the last three years is 20. The pandemic has slowed the uptake of RTB in 2020/21

| | 2017/18 | 2018/19 | 2019/20 |
|------------------------------------|--------------|--------------|--------------|
| Dwellings B/fwd | 3,015 | 2,993 | 2,971 |
| Right to Buy | -22 | -22 | -16 |
| New Build Acquisition | 0 | 0 | 13 |
| Council Dwellings Buy Backs | 0 | 0 | 2 |
| Closing number of Dwellings | 2,993 | 2,971 | 2,970 |

3.19 The CPI forecast has been altered for the following two years due to the Office of Budget Responsibility assumptions that CPI will not reach 2% until the end of 2024. CPI is now set at 1% for 2022/23 and 1.5% for 2023/24 rising to 2% by 2024/25. The movement in CPI and CPI forecasts will be kept under close review and therefore further changes may be required.

3.20 Void losses have been forecast at 0.85% per annum since the start of self-financing in 2012 and this has now been increased to 1%. Although the back log in void properties is expected to be on track by the end of this financial year, there are currently long-term properties being held as void whilst review on future opportunities is undertaken. The forecast on void losses will be monitored closely and updated as the year progresses.

3.21 Rental income for HRA garages has been proposed in the fees and charges to increase at the same level as Dwellings, CPI plus 1%. This, however, is budgeted to be lower than previously forecast due to a high number of voids and a limited take up of the void units.

Capital Expenditure and Debt Repayment

3.22 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.

3.23 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.

3.24 A one-off expense for an upgrade to the Housing Management software is included within the MTFP for 2020/21 and although this upgrade has not yet taken place, the sum of £105k will be earmarked for use in 2021/22.

Increased Staffing Costs

3.25 A pay award is not included within the Base Budget at this stage as no official notification has been submitted to the Council although it is expected that no award will be made in 2021/22 in accordance with the Government's national pay freeze.

3.26 The MTFP includes a provision for a potential pay award increase of 2.5% per year for all employees from 2022/23.

3.27 Incremental salary increases are included within the MTFP each year and are expected ahead of the Budget round.

3.28 Base salary costs have increased between years due to the Housing restructure which was approved at this Committee in October 2020. This was included in the update to the MTFP in November 2020.

General Fund Recharges

3.29 A full review was undertaken for recharges from the General Fund to the HRA and reported in February 2020. It was expected based on the 2020/21 budget that there would be a reduction to these charges, and this was built into the MTFP.

3.30 The £77k saving reported for 2020/21 is still expected to be seen but further to the budget round, General Fund services that are recharged to the HRA for 2021/22 have moved significantly due to differing factors.

3.31 The total impact of the increase in HRA recharges is £36k and after a full review of all charges, the following table details the movement by General Fund service area.

| | Movement £'000 |
|--|---------------------------|
| Head of Finance | 53 |
| Head of Organisational Development and Performance | 36 |
| Head of Customer Services | 16 |
| Head of Business Change and ICT | 2 |
| Strategic Director (Corporate Resources) | -12 |
| Head of Corporate Property | -23 |
| Head of Legal and Democratic | -36 |
| Total HRA Recharge Movement | 36 |

3.32 Corporate and Democratic costs plus Civic Offices overheads were reduced as part of the HRA review and Customer Services was increased due to call volumes now being diverted from HRA staff as approved by this Committee. The main increases are from

direct support through Organisational Development and Finance which are based on transactional volumes, head count and cash responsibility.

Bad Debt Provision

- 3.33 It is proposed to increase the budgeted provision due to increases in the debt levels for dwellings plus the likely impact of recovery due to the pandemic.

Investment Income

- 3.34 The reduction expected on investment income is in line with the MTFP as reported in November and is due to interest rates falling and likely lower levels of cash.

Insurance

- 3.25 The overall proposed insurance budget has increased the cost to the Council by £31k but this is split over a number of individual policies. The increased cost to the HRA is £13k which is due mainly to public liability (£5k) and material damage to housing properties (£4k). Public Liability insurance is based on salary levels by the insurer and with increases to the HRA staff numbers this has increased in line. The material damage is based on the value of the assets which have increased between the years.

Computer Maintenance Agreements

- 3.27 Increases to licence and maintenance fees were expected and increased in the MTFP by £4k, or 2%. The proposed budget is an increase of 7%, the majority of which is a contractual agreement for support with the monitoring service for Careline. An overspend is expected in 2020/21 due to an underbudget in previous years.

Equipment

- 3.28 Management of the Careline service includes repairs and renewal of equipment to support customers. As equipment is aging and the expenditure in the current year is likely to be higher than budgeted, it is proposed to increase this budget in 2021/22.

Void Dwellings

- 3.29 The impact of void properties not only effects the income losses as noted earlier in the report, but also costs the HRA. Council Tax levels are significantly higher than budget in 2020/21 due to the high levels of voids but there is also a cost of utilities to not only keep the properties in reasonable condition whilst empty but also for the workforce when refurbishing.

Other Factors

- 3.30 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 2020/21 and 2021/22 estimate an interest on this debt of 3%.
- 3.36 It is considered unlikely that rates will increase up to 3% by March 2022. 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 0.48%.

Depreciation

- 3.37 The increase is due to the revaluation of all Council dwellings in March 2020 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 2021/22, 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.

| | |
|---|--|
| General Reserve | Held as a contingency with a minimum balance of at least £1m. |
| New Build Reserve (Capital Receipts Reserve) | 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. |
| Debt Repayment Reserve | Sums set-aside to repay debt; contributions to the Reserve started from 2016/17 in accordance with the debt repayment profile. |
| Major Repairs Reserve | A Capital Reserve with sums set-aside each year for future programmed major repairs on the housing stock. |
| Earmarked Reserve | 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 declined compared to the previous forecast due to the detail explained previously on income.

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 was 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. The reserve has increased in line with the expected losses noted earlier in the report.

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 2030/31. shows that these repayments can be met. The next repayments are not then due until beyond 2031.

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.

| | |
|--|--|
| Cost inflation | 2.5% per year. This is lower than the current level of inflation and economic forecasts predict that a level of 2% will not be seen until 2024, this increase has not been updated in line. 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. |
| Annual rent increases | CPI + 1% giving a 1.5% increase in 2021/22, 2% in 2022/23, 2.5% in 2023/24 and 3% per year thereafter. |
| Council house sales – “Right to Buys” | 20 in 2021/22 and 22/23 reducing to 18 in 2021/22 and going forwards. Targets set by the Government in calculating the self-financing settlement expect sales of 10 per annum. |
| Interest Rates | 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 1.5% in 2021/22.

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 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 which has now been built into the MTFP at a higher level.

Supporting People Grant

- 3.59 It has been assumed that this continues over the Financial Plan although 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 £125m 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 2020/21 compared to 2019/20 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 2021/22

3.71 In accordance with the statutory provisions, current rents will be increased by CPI of 0.5% as at September 2020 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 £79.64 per week in 2020/21 to £81.24 in 2021/22, an average increase of £1.60 per week.

Limit Rent

3.73 From 1st April 2020, the Government has removed the former Rent Rebate Subsidy Limit, which was effectively a cap that the Council's average rent needs to stay below to avoid a financial penalty through loss of benefit subsidy for rent rebates.

3.74 A new Rent Standard has been introduced which allows authorities to increase rent by CPI +1% with no penalty imposed. Where the rent chargeable is determined to be non-compliant with the Rent Standard by either the Council or the Regulator of Social Housing, the Housing Benefit assessment will need to be recalculated and classified as a 'technical overpayment' on the Subsidy claim.

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.

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2021

| | 2020.21 | 2021.22 | 2022.23 | 2023.24 | 2024.25 | 2025.26 | 2026.27 | 2027.28 | 2028.29 | 2029.30 | 2030.31 |
|--|--------------------|--------------------|--------------|--------------|------------|------------|------------|-------------|-------------|---------------|-------------|
| | Approved Budget | Proposed Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Additional Debt Repayment Transfer | 771 | 2,150 | 2,651 | 2,468 | 1,815 | 1,500 | 1,500 | 750 | 750 | 750 | 1,000 |
| Investment Income | 0 | 0 | 18 | 43 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Capital works non-traditional properties | 100 | 100 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General Fund Recharges | -77 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ICT Upgrades | 105 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 0 | 0 |
| Incremental Salary Increases | 0 | 0 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 |
| HRA Surplus (-) / Deficit | -171 | 1,585 | 2,000 | 1,660 | 805 | 320 | 228 | -547 | -924 | -1,139 | -139 |

HRA General Reserve

| | | | | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| HRA Reserve B/fwd | -8,260 | -8,431 | -6,846 | -4,846 | -3,186 | -2,381 | -2,061 | -1,833 | -2,380 | -3,304 | -4,443 |
| (Surplus) / Deficit for year | -171 | 1,585 | 2,000 | 1,660 | 805 | 320 | 228 | -547 | -924 | -1,139 | -139 |
| HRA Reserve C/fwd | -8,431 | -6,846 | -4,846 | -3,186 | -2,381 | -2,061 | -1,833 | -2,380 | -3,304 | -4,443 | -4,582 |

RESERVES

Debt Repayment Reserve

| | | | | | | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Balance B/fwd | -8,260 | -9,802 | -3,274 | -7,438 | -1,790 | -5,078 | -8,495 | -1,790 | -4,299 | -6,719 | -8,864 |
| Depreciation balance | -765 | -1,322 | -1,513 | -1,884 | -1,473 | -1,417 | -1,456 | -1,759 | -1,670 | -1,395 | -771 |
| Transfers to reserve | -777 | -2,150 | -2,651 | -2,468 | -1,815 | -2,000 | -1,839 | -750 | -750 | -750 | -1,000 |
| Repayment of loan | 0 | 10,000 | 0 | 10,000 | 0 | 0 | 10,000 | 0 | 0 | 0 | 0 |
| Reserve C/fwd | -9,802 | -3,274 | -7,438 | -1,790 | -5,078 | -8,495 | -1,790 | -4,299 | -6,719 | -8,864 | -10,635 |

Earmarked Reserve

| | | | | | | | | | | | |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Balance B/fwd | -251 | -296 | -341 | -386 | -431 | -206 | -251 | -296 | -341 | -386 | -431 |
| Transfers to reserve | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 | -45 |
| Asset Replacement | 0 | 0 | 0 | 0 | 270 | 0 | 0 | 0 | 0 | 0 | 280 |
| Reserve C/fwd | -296 | -341 | -386 | -431 | -206 | -251 | -296 | -341 | -386 | -431 | -196 |

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2021

| | 2020.21 | 2021.22 | 2022.23 | 2023.24 | 2024.25 | 2025.26 | 2026.27 | 2027.28 | 2028.29 | 2029.30 | 2030.31 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | Approved | Proposed | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| | Budget | Budget | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Major Repairs Reserve | | | | | | | | | | | |
| Balance B/fwd | -4,190 | -4,890 | -5,590 | -6,290 | -6,590 | -7,190 | -7,790 | -8,390 | -8,990 | -9,590 | -10,190 |
| Transfers to reserve | -600 | -600 | -600 | -300 | -600 | -600 | -600 | -600 | -600 | -600 | -600 |
| Earmarked non-traditional properties | -100 | -100 | -100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserve Drawdown | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserve C/fwd | -4,890 | -5,590 | -6,290 | -6,590 | -7,190 | -7,790 | -8,390 | -8,990 | -9,590 | -10,190 | -10,790 |
| New Build Reserve | | | | | | | | | | | |
| Capital Receipts B/fwd | -2,213 | -1,322 | -1,943 | -2,561 | -3,021 | -3,478 | -3,935 | -4,237 | -4,539 | -4,842 | -5,041 |
| Acquisitions in year | 2,108 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| S106 Drawdown | -490 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RTB Receipts in year | -727 | -621 | -618 | -460 | -457 | -457 | -302 | -302 | -302 | -199 | -199 |
| Borrowing in year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance c/fwd | -1,322 | -1,943 | -2,561 | -3,021 | -3,478 | -3,935 | -4,237 | -4,539 | -4,842 | -5,041 | -5,240 |