REPORT TO:	**HOUSING AND COMMUNITY SERVICES COMMITTEE**	**AGENDA ITEM: 7**
DATE OF MEETING:	**9th JANUARY 2018**	**CATEGORY: RECOMMENDED**
REPORT FROM:	**STRATEGIC DIRECTOR (CORPORATE RESOURCES)**	**OPEN**
MEMBERS' CONTACT POINT:	**KEVIN STACKHOUSE (01283 595811)** Kevin.stackhouse@south-derbys.gov.uk	**DOC:** s/finance/committee/2017-18/budget
SUBJECT:	**HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2018/19**	**REF:**
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: HC 01**

1.0 Recommendations

1.1 That Council House Rents are reduced by 1% for Tenants with effect from 1st April 2018 in accordance with provisions contained in the Welfare Reform and Work Act 2016.

1.2 That the proposed revenue income and expenditure for 2018/19, together with the 10-year Financial Plan for the Housing Revenue Account 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 2018/19, with a comparison to the current year, 2017/18. 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 2018/19 in accordance with the Welfare Reform and Work Act 2016.

3.0 Detail

The Position Entering the 2018/19 Budget Round

3.1 During 2017/18, the financial position of the HRA has been reviewed and updated to reflect changes to the on-going capital investment, together with the 2016/17 budget out-turn position.

3.2 The latest position reported in October 2017, estimated a surplus on the HRA in 2018/19 of £1,201k, increasing the HRA's General reserve to approximately £5.49m.

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. Consequently, planned capital expenditure was reduced in the 10-year financial plan to reflect this reduction in resources.

Formulating the 2018/19 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 2018/19

3.8 The HRA's Base Budget and longer-term financial projection up to 2027/28 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 the HRA's Net Operating Income position with a comparison to the approved 2017/18 budget.

Summary of HRA	Approved Budget 2017/18 £	Proposed Budget 2018/19 £	Change £
Rental income	-12,320,843	-12,165,641	155,202
Careline Provision	-150,610	-175,110	-24,500
Supporting People Grant	-240,000	-164,262	75,738
Non-Dwelling Income	-110,700	-120,700	-10,000
Bad Debt Provision	44,000	100,000	56,000
Supporting People	833,447	783,000	-50,447
Responsive	1,281,106	1,267,000	-14,106
Planned Maintenance	1,935,610	1,831,170	-104,440
Interest	1,771,688	1,797,575	25,887
General Management	1,789,756	1,891,000	101,244
Depreciation	3,417,058	3,754,263	337,206
Net Operating Income	**-1,749,488**	**-1,201,705**	**547,783**
Reversal of Depreciation Charge	-3,417,058	-3,754,263	-337,206
Capital Expenditure - Major Repairs	2,100,000	2,143,000	43,000
Disabled Adaptations	300,000	300,000	0
Asbestos and Health & Safety Surveys	100,000	100,000	0
Apprenticeship Levy	5,000	5,560	560
Potential Pay Award	0	34,771	34,771
Debt Repayment Provision	1,517,000	1,211,000	-306,000
Total Net Expenditure	**-1,144,545**	**-1,161,637**	**-17,092**

3.10 The above table shows that the HRA's Surplus is budgeted to increase by £17,092 between 2017/18 and 2018/19. This is broadly in line with the forecasted surplus reported in October of £1.2m. The main variances are detailed in the following sections.

Council House Rents

3.11 The overall change between 2017/18 and 2018/19 is an estimated reduction of £155k. This is due mainly to the application of the 1% statutory deduction to rents, which is detailed later in the report. After allowing for Council House Sales, the number of properties is expected to decrease from 3,006 in 2017/18 to 2,988 by the end of 2018/19. The MTFP assumes a loss of 18 properties per annum through right to buy and as at November 2017, 15 have been sold.

3.12 The following table shows the movement in the HRA housing stock over the past 3 years. During 2016/17 23 properties were sold under the Right to Buy Scheme, 20 properties were acquired and completion of phase 1 of new build increased the stock by an additional 45 properties.

Housing Stock Movements	Mar-16	Mar-17	To-date Nov-17	MTFP Estimate Mar-18
Houses	1,552	1,584	1,569	1,566
Flats	785	793	793	793
Bungalows	636	638	638	638
	2,973	**3,015**	**3,000**	**2,997**

Income from Careline Provision (Supporting People)

3.13 This has been increased by £25k to take account of the fact that uptake for the Service from Private Sector Housing customers is anticipated to increase.

Supporting People Grant

3.14 This is the contribution from the County Council. It has been confirmed that part of this funding will continue in 2018/19, detail of which is listed at 3.46. The reduction of £75k applied is due to a lower anticipated take up of the Service by Council House tenants as detailed later in the report.

Housing Restructure and General Fund Recharges

3.15 The Housing Restructure has been included within the Base Budget for 2018/19. This has generated savings of £97k for the year which is £5k lower than originally forecast in the Medium-Term Financial Plan (MTFP).

3.16 Due to the termination of the Shared Services Contract, the HRA has received a lower charge from the General Fund of £67k. The MTFP included a provision of £54k and so the savings here offset the reduced saving of the restructure.

3.17 The Senior Management Restructure has generated savings to the HRA of £20k. This has not been included within the MTFP at this stage pending the next review of the Council's structure by the Local Government Association. This was approved by the Finance and Management Committee on 30th November 2017.

Universal Credit

3.18 Due to the implementation of Universal Credit in November 2018, Rent Rebates payable to the HRA will reduce by an estimated £1.3m in 2018/19. Based on evidence elsewhere in the Country a negative impact to the HRA's cash flow could be significant and therefore an increase to the Bad Debt Provision of £56k is proposed.

Mobile Working and Software Upgrades

3.19 General upgrades to the Orchard Housing system are proposed at a cost of £90k for 2018/19. These upgrades will be carried out during the year to coincide with the implementation of mobile working. An amount of £84k has previously been included within the MTFP for these works.

3.20 Delivering a first class repairs service was reported in April 2017 and highlighted the need to invest in the Direct Labour Organisation (DLO) to ensure we offer a better service to tenants. Within this report an amount of £75k was earmarked as required for the first stage of the review with the implementation of mobile working. This has been included in the Base Budget for 2018/19.

3.21 The implementation of mobile working is assumed to generate savings by reducing contractor spend and providing efficiencies with the work force. This has not been built into the Base Budget as the impact is still unknown at this stage.

Transfer of Staff from the HRA to the General Fund

3.21 Strategic Housing recruitment and changes to role responsibilities has resulted in a saving to the HRA.

3.22 The duties of the role cannot be fully funded by the HRA due to the ring-fence and therefore 75% of this role is now a General Fund responsibility. This was reported to Finance and Management Committee as part of the Quarterly Monitoring in November and has resulted in a reduced Establishment cost of £37k.

Debt Interest

3.23 Part of the existing debt portfolio includes £10m at a variable rate of interest. The budgets for 2017/18 and 2018/19 estimate an interest on this debt of 2.5% and 3% respectively.

3.24 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 2019. 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.

Depreciation

3.25 The increase is due to the revaluation of Council Dwellings in March 2018 which will be depreciated in accordance with accounting practice.

3.26 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.

3.27 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.

3.28 However, under accounting regulations, the annual amount of capital expenditure, plus sums set-aside to repay debt, need to be 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.

3.29 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 2018/19, expenditure is well in excess of depreciation.

The Longer-term Financial Projection

3.30 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.

3.31 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.

3.32 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

3.33 The HRA has 4 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	Accumulated Capital Receipts pending expenditure on building new properties. The financial model assumes that these are drawn down each year to finance New Build ahead of any further borrowing. Therefore, 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.

The Updated Financial Position

3.34 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 worsened slightly compared to the previous forecast due to the slight increase of 0.5% on the potential pay award which has reduced the estimated surplus for 2018/19 by £39k.

3.35 The General Reserve remains above the statutory £1m for the duration of the 10-year projection. This is due to planned repairs being scaled down and the debt repayment provision being re-profiled to ensure sustainability of the HRA after the statutory 1% rent reduction.

3.36 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. An update regarding profiling of the works over the next 30 years is to be reported during 2018/19.

3.37 Due to the completion of phase 1 of New Build, the Capital Receipts Reserve is set to increase each year due to capital receipts from the sale of houses under the Right to Buy Scheme. A review of New Build is currently underway with proposals regarding future development and acquisition to be reported during 2018.

Debt Repayments and Borrowing

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

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

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

3.37 The financial projection to 2026/27 shows that these repayments can be met. The next repayments are not then due until beyond 2030.

Key Variables and Assumptions

3.38 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 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.
Annual rent increases	A 1% reduction per year for 4 years (2016/17 to 2019/20) in accordance with the Welfare Reform and Work Act 2016. Thereafter, CPI + 1% giving 2.5% increases in 2020/21 and 2021/22 and 3% per year thereafter.
Council house sales – "Right to Buys"	18 in 2017/18 and 18 in 2018/19. 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 2026.
Interest Rates	Predominantly fixed; £10m variable debt at 2.5% in 2017/18 rising to 3% in 2018/19 until maturity in 2021/22.

Financial Risks

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

Future Rent Levels

3.40 The biggest risk in the Financial Plan is considered to be future rent levels. The rent level from 2016/17 to 2019/20 has been set in accordance with statutory requirements i.e. a 1% reduction for each of those years.

3.41 Beyond this, it has been confirmed that rents will return to the former calculation using CPI + 1%.

3.42 Clearly, the HRA is dependent on rental income (currently £12.1m per year) for its resources. Even small variations in rent changes (e.g. 0.5%) can have significant implications in monetary terms for the Financial Plan over the longer-term.

Right to Buys

3.43 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 capital works in the future, although on-going rental income is lost.

3.44 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

3.45 It has been assumed that this continues (cash limited) over the Financial Plan; However, this will be subject to policy decisions and directions from the County Council. There have been indications in recent years that this could be reduced from its current level and is currently subject to annual review.

3.46 The Council has received confirmation of funding from County Council to deliver the Older Persons Floating Support Service to 31st March 2019 at the current rate of £5.92 per week up to a maximum of 1,307 customers. We are currently well below the maximum number of customers with an uptake of 350 customers.

3.47 Funding from County Council for the Alarm and Telecare Monitoring Service is only confirmed until 31st March 2018 at the current rate of £2.60 per week for a maximum of 900 customers. We are however expecting this to be extended in March 2018 to 31st March 2019 in line with previous correspondence received from Derbyshire County Council. Our current take up of this service is 606 customers.

3.48 The Careline service proactively markets the alarms monitoring and floating support services that it offers. This is promoted in a variety of ways through leaflets, targeting tenants who would benefit from the service and looking at private customers who need this level of support. Over the next 12 months we will look to widen the marketing to support an increased number of vulnerable tenants and residents.

3.49 A wider review of Supported Housing funding has been launched recently by the Government which will hopefully provide more certainty for on-going service provision.

Impairment

3.50 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.

3.51 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.

3.52 The Government have 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.

3.53 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 £122m in total.

3.54 Clearly however, if there was a wider event affecting many properties, 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

3.55 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)

3.56 Universal Credit is due to be fully implemented in South Derbyshire in November 2018 but will not affect all Council Tenants. There is concern amongst housing professionals that changes could see a reduction in payment of rent and an increase in arrears.

3.57 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.

3.58 In order to mitigate against this risk, intervention may be necessary between the Landlord and the Tenant. This can place additional pressure on resources and increase the management costs in the HRA. As highlighted earlier in the report, an increase in the provision for bad debts has been proposed to mitigate the impact of this risk.

Rent Levels

3.58 As previously highlighted, the Council is now required to follow provisions contained in the Welfare Reform and Work Act 2016. This requires the Council to reduce current rents for tenants by 1% per year, between 2016/17 and 2020/21. The effect has been built into the HRA's Financial Plan.

3.59 The starting point for the 1% reduction is the rent level that existed on 8th July 2015, i.e. the date of Central Government's Budget which proposed the statutory provisions. However, this is different when voids are relet to new tenants.

3.60 There is now 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 Department for Communities and Local Government (DCLG). 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 the Homes and Communities Agency (HCA). 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 2018/19

3.61 In accordance with the statutory provisions, current rents (from whatever basis) will be reduced by 1%.

Effect on Individual Tenants

3.62 Having calculated rents for individual tenants, the average rent level for existing council tenants will reduce from £79.60 per week in 2017/18 to £78.81 in 2018/19, a reduction on average of 79p per week (1%).

Limit Rent

3.63 This is effectively a cap (set by the 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.

3.64 For 2017/18, the Council Limit Rent was set at £80.64 per week, which is above the Council's average rent of £79.60. The Limit Rent is still to be notified to the Council for 2018/19.

4.0 Financial Implications

4.1 As detailed in the report.

5.0 Corporate Implications

5.1 There are no other legal, HR or other corporate implications apart from that considered in the report.

6.0 Community Implications

6.1 The proposed budgets within the HRA provide the financial resources to enable many of the on-going services and Council priorities associated with Council Housing to be delivered to its tenants.

7.0 Background Papers

7.1 None

APPENDIX 1

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2018

	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
	Approved MTFP	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME											
Rental Income	-12,381	-12,166	-12,315	-12,328	-12,581	-12,902	-13,233	-13,575	-14,195	-14,298	-14,677
Non-Dwelling Income	-111	-121	-120	-122	-125	-129	-132	-136	-140	-143	-147
Supporting People Grant	-200	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164
Other Income	-176	-175	-175	-175	-175	-175	-175	-175	-175	-175	-175
Total Income	**-12,868**	**-12,626**	**-12,774**	**-12,789**	**-13,045**	**-13,370**	**-13,704**	**-14,050**	**-14,674**	**-14,780**	**-15,163**
EXPENDITURE											
General Management	1,790	1,891	1,935	1,981	2,028	2,075	2,124	2,174	2,225	2,278	2,331
Supporting People	833	783	804	825	848	871	895	920	947	974	1,003
Responsive	1,281	1,267	1,299	1,331	1,364	1,397	1,432	1,467	1,504	1,541	1,579
Planned Maintenance	1,971	1,831	1,876	1,921	1,968	2,016	2,065	2,115	2,167	2,219	2,273
Bad Debt Provision	44	100	123	123	126	129	132	136	142	143	147
Interest Payable & Receivable	1,762	1,798	1,798	1,798	1,798	1,498	1,498	1,228	1,228	1,228	927
Depreciation	3,417	3,754	3,730	3,716	3,703	3,689	3,676	3,664	3,654	3,644	3,634
Net Operating Income	**-1,770**	**-1,202**	**-1,209**	**-1,094**	**-1,210**	**-1,695**	**-1,882**	**-2,346**	**-2,807**	**-2,753**	**-3,269**
Reversal of Depreciation	-3,417	-3,754	-3,730	-3,716	-3,703	-3,689	-3,676	-3,664	-3,654	-3,644	-3,634
Capital Expenditure	1,500	1,543	1,588	1,635	1,683	1,392	1,433	1,477	1,516	1,547	1,182
Disabled Adaptations	300	300	300	300	300	300	300	300	300	300	300
Asbestos and Health & Safety Surveys	100	100	100	100	100	100	100	100	100	100	100
Debt Repayment	1,517	1,211	1,142	1,081	1,020	1,297	1,543	1,187	1,138	1,097	1,452

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2018

	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
	Approved MTFP	Proposed Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	600	600	600	600	600	600	300	600	600	600	600
Apprenticeship Levy	5	6	6	6	6	6	6	6	6	6	6
Potential Pay Award	0	35	36	37	37	38	39	40	41	42	43
Reduction in GF recharges	-54	0	0	0	0	0	0	0	0	0	0
Restructure Costs/(Savings)	47	0	0	0	0	0	0	0	0	0	0
Pension Deficit	11	0	0	0	0	0	0	0	0	0	0
Orchard upgrade	0	0	0	0	0	0	0	0	0	0	0
Job Evaluation On-going Support Costs	5	0	0	0	0	0	0	0	0	0	0
Incremental Salary Increases	6	0	6	6	6	6	6	6	6	6	6
HRA (Surplus) / Deficit	**-1,150**	**-1,162**	**-1,162**	**-1,046**	**-1,161**	**-1,645**	**-1,830**	**-2,293**	**-2,753**	**-2,698**	**-3,213**
HRA Reserve B/fwd	-3,703	-4,603	-4,465	-4,177	-3,873	-3,683	-3,228	-2,258	-2,052	-1,505	-3,203
(Surplus) / Deficit for year	-1,150	-1,162	-1,162	-1,046	-1,161	-1,645	-1,830	-2,293	-2,753	-2,698	-3,213
Earmarked non-traditional properties	0	100	200	100	100	100	0	0	0	0	0
Transfer to Debt Repayment Reserve	250	1,200	1,250	1,250	1,250	2,000	2,800	2,500	3,300	1,000	1,000
HRA Reserve C/fwd	**-4,603**	**-4,465**	**-4,177**	**-3,873**	**-3,683**	**-3,228**	**-2,258**	**-2,052**	**-1,505**	**-3,203**	**-5,415**
Debt Repayment Reserve											
Balance B/fwd	-1,287	-3,054	-5,465	-7,857	-10,188	-2,458	-5,755	-98	-3,785	-8,223	-320
Depreciation balance	-1,517	-1,211	-1,142	-1,081	-1,020	-1,297	-1,543	-1,187	-1,138	-1,097	-1,452
Transfers to reserve	-250	-1,200	-1,250	-1,250	-1,250	-2,000	-2,800	-2,500	-3,300	-1,000	-1,000
Repayment of loan	0	0	0	0	10,000	0	10,000	0	0	10,000	0
Reserve C/fwd	**-3,054**	**-5,465**	**-7,857**	**-10,188**	**-2,458**	**-5,755**	**-98**	**-3,785**	**-8,223**	**-320**	**-2,772**

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2018

	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
	Approved MTFP	Proposed 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	-1,267	-1,867	-2,567	-3,367	-4,067	-4,767	-5,467	-5,767	-6,367	-6,967	-7,567
Transfers to reserve	-600	-600	-600	-600	-600	-600	-300	-600	-600	-600	-600
Earmarked non-traditional properties	0	-100	-200	-100	-100	-100	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0	0
Reserve C/fwd	**-1,867**	**-2,567**	**-3,367**	**-4,067**	**-4,767**	**-5,467**	**-5,767**	**-6,367**	**-6,967**	**-7,567**	**-8,167**
New Build Reserve											
Capital Receipts B/fwd	-393	-352	-827	-1,196	-1,563	-1,874	-2,183	-2,385	-2,584	-2,784	-2,983
Proposed Lullington Rd	699	0	0	0	0	0	0	0	0	0	0
HCA grant	-180	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-478	-475	-369	-366	-312	-309	-202	-199	-199	-199	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	**-352**	**-827**	**-1,196**	**-1,563**	**-1,874**	**-2,183**	**-2,385**	**-2,584**	**-2,784**	**-2,983**	**-3,182**