REPORT TO:	**HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL – BUDGET)**	**AGENDA ITEM: 7**
DATE OF MEETING:	**8th JANUARY 2019**	**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/2018-19/Jan 19/budget
SUBJECT:	**HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2019/20**	**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 2019 in accordance with provisions contained in the Welfare Reform and Work Act 2016.

1.2 That the proposed revenue income and expenditure for 2019/20, 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 2019/20, with a comparison to the current year, 2018/19. 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 2019/20 in accordance with the Welfare Reform and Work Act 2016.

3.0 Detail

The Position Entering the 2019/20 Budget Round

3.1 During 2018/19, the financial position of the HRA has been reviewed and updated to reflect changes to the on-going capital investment, together with the 2017/18 budget out-turn position.

3.2 The latest position reported in October 2018, estimated a surplus on the HRA in 2019/20 of £159k, increasing the HRA's General Reserve to approximately £5.30m.

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 2019/20 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 2019/20

3.8 The HRA's Base Budget and longer-term financial projection up to 2028/29 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 2018/19 budget.

Summary of the HRA	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
Rental income	-12,200,641	-11,955,124	245,517
Careline Provision	-150,000	-150,000	0
Supporting People Grant	-164,262	-164,262	0
Non-Dwelling Income	-145,810	-144,624	1,186
Bad Debt Provision	100,000	100,000	0
Supporting People	795,449	830,696	35,247
Responsive	1,282,777	1,246,018	-36,759
Planned Maintenance	1,860,110	1,914,763	54,653
Interest	1,797,575	1,797,805	230
General Management	1,941,815	1,879,820	-61,995
Depreciation	4,535,000	4,312,293	-222,707
Net Operating Income	**-347,987**	**-332,615**	**15,372**
Reversal of Depreciation Charge	-4,535,000	-4,312,293	222,707
Capital Expenditure - Major Repairs	2,143,000	2,588,000	445,000
Disabled Adaptations	300,000	300,000	0
Asbestos and Health & Safety Surveys	100,000	100,000	0
Apprenticeship Levy	5,675	0	-5,675
Senior Management Restructure	0	-10,000	-10,000
JEQ On-going Support Costs	4,770	4,770	0
Asset Replacement Reserve Transfer	45,000	45,000	0
Debt Repayment Provision	1,992,000	1,424,000	-568,000
Total Net Expenditure	**-292,542**	**-193,138**	**99,404**

3.10 The above table shows that the HRA's Surplus is budgeted to decrease by £99,404 between 2018/19 and 2019/20. The estimated surplus of £193k is broadly in line with the forecasted surplus reported in October of £159k. The main variances are summarised in the following table.

Changes in Base Budget 2018/19 to 2019/20	£'000
Capital Expenditure	445
Rental and Service Charge Income	246
Staffing Costs	76
Revenue Repairs & Maintenance	26
Insurance	-4
General Fund Recharges	-7
Senior Management Restructure	-10
Computer Upgrades & Maintenance	-105
Debt Repayment Provision	-568
Base Budget Increase	**99**

Council House Rents

3.11 The overall change between 2018/19 and 2019/20 is an estimated reduction of £246k. 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 Medium Term Financial Plan (MTFP) assumes a loss of 20 properties per annum through Right to Buy and as at November 2018, 19 have been sold in 2018/19 to-date.

3.12 The following table shows the movement in the HRA housing stock over the past three 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 to 3,015.

Housing Stock Movements	Mar-17	Mar-18	To-date Nov 18	MTFP Estimate Mar-19
Houses	1,584	1,562	1,543	1,542
Flats	793	793	793	793
Bungalows	638	638	638	638
	3,015	**2,993**	**2,974**	**2,973**

Capital Expenditure and Debt Repayment

3.13 Proposed capital expenditure is based on stock condition survey data and the fluctuation in required expenditure year-on-year is included within the MTFP.

3.14 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

3.15 Staffing costs have increased by £76k from 2018/19 to 2019/20 due to incremental pay, the nationally agreed pay award and the Apprenticeship Levy. Detail of the increase is included below.

Staffing Costs Changes 2018/19 to 2019/20	£'000
Pay Award and National Living Wage	58
Incremental Pay Rises	12
Apprenticeship Levy	6
Total Staffing Changes	**76**

Senior Management Restructure

3.16 Further to the approval at Finance and Management Committee of the proposed Senior Management Restructure (subject to consultation), a saving in 2019/20 to the HRA of approximately £10k for implementation has been included in the Base Budget with an increase in cost from 2020/21 included in the MTFP going forward. This will be reviewed in February 2019 following the consultation process but is included at this stage so that the potential effect on the HRA is taken into account in the longer-term financial plan.

Repairs & Maintenance

3.17 Planned maintenance costs have been increased marginally due to known contracted electrical and gas maintenance works. This has previously been included within the MTFP.

Insurance

3.17 The overall proposed insurance budget has increased the cost to the Council by £8k but this is split over a number of individual policies, some of which are a saving from prior year. The reduced cost to the HRA is £4k which is due mainly to the savings on Premises Insurance for Leasehold properties.

Computer Upgrades & Maintenance

3.18 During the Budget round for 2018/19, it was approved for the HRA to spend a one-off sum of £105k to upgrade the Orchard Housing system alongside the implementation of mobile working.

3.19 Due to recruitment into vacant posts for the revised Housing team plus the ICT and Business Change Manager during the final quarter of 2017/18, implementation of mobile working and large system upgrades have been delayed and are now under review as a corporate project.

3.20 It is proposed to reduce the budget by £105k in 2019/20 but to include this one-off expenditure in 2020/21 for future developments to systems that should be underway within the next two financial years and this has been included within the MTFP. Any saving in the current year will increase the HRA General Reserve in the short-term.

General Fund Recharges

3.21 The recharges from the General Fund have reduced by £7k in the proposed budget. There are fluctuations in charges for all of the central services but after review, the main reason for the reduction to the HRA is the overall Council saving for the shared service arrangement for Procurement with Chesterfield NHS Trust.

Debt Interest

3.23 Part of the existing debt portfolio includes £10m at a variable rate of interest. The budgets for 2018/19 and 2019/20 estimate an interest on this debt of 3%.

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 2020. 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 decrease is due to the revaluation of Council Dwellings in March 2019 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 2019/20, expenditure is 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 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. 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.
Earmarked Reserve	Sums set-aside for future replacement of vehicles for the Direct Labour Organisation.

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 detail explained previously.

3.35 The General Reserve remains above the statutory £1m for the duration of the 10-year projection.

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. A revised stock condition survey has been completed and an update regarding profiling of the works over the next 30 years is to be reported during before the end of the 2018/19 financial year.

3.37 Due to the completion of phase 1 of New Build there is only one site remaining on phase 2 for development at Lullington Road which will be complete in 2018/19. 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 and the potential for direct acquisition is currently underway with opportunities regarding future development and acquisition to be reported during 2018/19.

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 2028/29 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 four 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"	20 in 2018/19 and 18 in 2019/20. 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 3% 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 The HRA is dependent on rental income (currently £12.2m 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 Derbyshire County Council. A full review is currently being undertaken by County Council which will impact on the HRA finances, although to what extent is currently unknown; the detail of proposals is listed below.

Alarm and Telecare Monitoring

3.46 The Council has received confirmation that the contract for telecare services is to be extended for a further two years. A consultation is underway with service users which closes on 25th January 2019.

3.47 Currently, customers in receipt of Housing Benefit who require the telecare services are fully funded by the County Council through the grant. Proposals under the consultation are to change the eligibility criteria to a 'needs based' assessment in line with the Care Act 2014.

3.48 The threshold under the Care Act 2014 is higher than the criteria currently in place and initial review has suggested that up to 70% of current recipients could be at risk of losing their funding.

3.49 The County Council will update the Council once the consultation closes but has informed the Council that it is intending to implement the changes after Cabinet approval as early as the summer in 2019.

Floating Support

3.50 The warden visiting service contract has been previously extended by the County Council and will end in October 2019. The County Council is looking to procure a new contract during the spring of 2019 but to-date, no specification for the contract has been released. The tender exercise is a large value contract for the County Council and will therefore be open to all competition.

3.51 If the Council is unsuccessful in the tender exercise, the contract will end and TUPE will potentially apply. This will reduce the cost base to the Council but has not been reviewed in any great length at this stage.

Impairment

3.52 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.

3.53 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.

3.54 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.

3.55 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.

3.56 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

3.57 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)

3.58 Universal Credit has been implemented in South Derbyshire for all working age new claimants during 2018 and although there is concern amongst housing professionals that changes could see a reduction in payment of rent and an increase in arrears, the impact so far has been minimal.

3.59 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.

3.60 As mentioned previously, UC only applies to new working age claimants at this stage and so hasn't currently had a large impact but this will be kept under review.

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 2019/20. 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 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 2019/20

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 £78.81 per week in 2018/19 to £77.71 in 2019/20, a reduction on average of £1.10 per week. This is greater than 1% due to the loss through right to buy of a number of the larger Council houses during the past 12 months which were at a higher level of social rent.

Limit Rent

3.63 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.

3.64 For 2018/19, the Council Limit Rent was set at £79.81 per week, which is above the Council's average rent of £78.66. The Limit Rent is still to be notified to the Council for 2019/20.

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 contribute to the key aim of "improving the quality and making best use of existing Council housing stock to meet current and future needs (PE1).

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 4.

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 2019

	2018.19 Approved Budget £'000	2019.20 Proposed Budget £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000
INCOME											
Rental Income	-12,201	-11,955	-12,204	-12,437	-12,743	-13,062	-13,396	-13,738	-14,093	-14,463	-14,842
Non-Dwelling Income	-121	-124	-126	-129	-133	-136	-140	-144	-148	-152	-156
Supporting People Grant	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164
Other Income	-175	-171	-171	-171	-171	-171	-171	-171	-171	-171	-171
Total Income	**-12,661**	**-12,414**	**-12,665**	**-12,901**	**-13,211**	**-13,533**	**-13,871**	**-14,217**	**-14,576**	**-14,950**	**-15,333**
EXPENDITURE											
General Management	1,942	1,880	1,923	1,967	2,013	2,059	2,107	2,155	2,205	2,256	2,308
Supporting People	795	829	851	873	897	921	947	973	1,000	1,029	1,059
Responsive	1,283	1,247	1,278	1,309	1,341	1,374	1,408	1,443	1,479	1,515	1,552
Planned Maintenance	1,860	1,915	1,961	2,009	2,059	2,109	2,160	2,213	2,267	2,322	2,379
Bad Debt Provision	100	100	122	124	127	130	133	137	140	144	148
Interest Payable & Receivable	1,798	1,798	1,798	1,798	1,498	1,498	1,228	1,228	1,228	927	928
Depreciation	4,535	4,312	4,483	4,464	4,445	4,430	4,416	4,401	4,390	4,378	4,367
Net Operating Income	**-348**	**-333**	**-249**	**-357**	**-831**	**-1,012**	**-1,472**	**-1,667**	**-1,867**	**-2,378**	**-2,592**
Known variations:											
Reversal of Depreciation	-4,535	-4,312	-4,483	-4,464	-4,445	-4,430	-4,416	-4,401	-4,390	-4,378	-4,367
Capital Expenditure	1,543	1,888	1,935	1,683	1,470	1,433	1,477	1,516	1,547	1,182	1,261
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	1,992	1,424	1,548	1,781	1,975	2,297	1,939	1,885	1,843	2,196	2,106
Major Repairs Reserve	600	700	600	600	600	300	600	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	45	45

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2019

	2018.19 Approved Budget £'000	2019.20 Forecast £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000
Apprenticeship Levy	6	0	0	0	0	0	0	0	0	0	0
ICT Upgrades	0	0	105	0	0	0	0	0	0	0	0
Senior Management Restructure	0	-10	13	36	32	32	32	32	32	32	32
Job Evaluation On-going Support Costs	5	5	5	5	5	5	5	5	5	5	6
Incremental Salary Increases	0	0	10	10	10	10	10	10	10	10	11
HRA Surplus (-) / Deficit	**-293**	**-193**	**-71**	**-261**	**-739**	**-920**	**-1,379**	**-1,574**	**-1,774**	**-2,285**	**-2,499**

HRA General Reserve

	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
HRA Reserve B/fwd	-5,147	-5,340	-5,333	-5,304	-3,765	-2,204	-1,095	-1,074	-1,198	-1,489	-3,524
(Surplus) / Deficit for year	-293	-193	-71	-261	-739	-920	-1,379	-1,574	-1,774	-2,285	-2,499
Earmarked non-traditional properties	100	200	100	100	100	0	0	0	0	0	0
Transfer to Debt Repayment Reserve	0	0	0	1,700	2,200	2,029	1,400	1,450	1,483	250	500
HRA Reserve C/fwd	**-5,340**	**-5,333**	**-5,304**	**-3,765**	**-2,204**	**-1,095**	**-1,074**	**-1,198**	**-1,489**	**-3,524**	**-5,523**

RESERVES

Debt Repayment Reserve

	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
Balance B/fwd	-3,054	-5,046	-6,470	-8,018	-1,499	-5,674	0	-3,339	-6,674	0	-2,446
Depreciation balance	-1,992	-1,424	-1,548	-1,781	-1,975	-2,297	-1,939	-1,885	-1,843	-2,196	-2,106
Transfers to reserve	0	0	0	-1,700	-2,200	-2,029	-1,400	-1,450	-1,483	-250	-500
Repayment of loan	0	0	0	10,000	0	10,000	0	0	10,000	0	0
Reserve C/fwd	**-5,046**	**-6,470**	**-8,018**	**-1,499**	**-5,674**	**0**	**-3,339**	**-6,674**	**0**	**-2,446**	**-5,052**

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2019

	2018.19 Approved Budget £'000	2019.20 Forecast £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000
Earmarked Reserve											
Balance B/fwd	-215	-10	-55	-100	-145	-190	-235	-10	-55	-100	-145
Transfers to reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
Asset Replacement	250	0	0	0	0	0	270	0	0	0	0
Reserve C/fwd	**-10**	**-55**	**-100**	**-145**	**-190**	**-235**	**-10**	**-55**	**-100**	**-145**	**-190**
Major Repairs Reserve											
Balance B/fwd	-2,754	-3,454	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154
Transfers to reserve	-600	-700	-600	-600	-600	-300	-600	-600	-600	-600	-600
Earmarked non-traditional properties	-100	-200	-100	-100	-100	0	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0	0
Reserve C/fwd	**-3,454**	**-4,354**	**-5,054**	**-5,754**	**-6,454**	**-6,754**	**-7,354**	**-7,954**	**-8,554**	**-9,154**	**-9,754**
New Build Reserve											
Capital Receipts B/fwd	-1,529	-1,733	-2,360	-2,984	-3,450	-3,913	-4,219	-4,521	-4,824	-5,023	-5,222
Lullington Rd Phase 2	754	0	0	0	0	0	0	0	0	0	0
Deed of Release	-45	0	0	0	0	0	0	0	0	0	0
Homes England grant	-180	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-733	-627	-624	-466	-463	-305	-302	-302	-199	-199	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	**-1,733**	**-2,360**	**-2,984**	**-3,450**	**-3,913**	**-4,219**	**-4,521**	**-4,824**	**-5,023**	**-5,222**	**-5,421**