

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Council	<b>REPORT NUMBER:</b> <b>MC/19/39</b>
<b>FROM:</b> Councillor John Whitehead, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 27 February 2020
<b>OFFICER:</b> Katherine Steel, Assistant Director, Corporate Resources Gavin Fisk, Assistant Director, Housing Melissa Evans, Corporate Manager, Finance and Commissioning & Procurement	<b>KEY DECISION REF NO.</b> N/A

### **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2020/21 AND LONGER-TERM OUTLOOK**

#### **1. PURPOSE OF REPORT**

- 1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the HRA Budget for 2020/21 and longer-term outlook.
- 1.2 To enable Members to consider key aspects of the 2020/21 HRA Budget, including Council House rent levels.

#### **2. OPTIONS CONSIDERED**

- 2.1 The Housing Revenue Account Budget for 2020/21 and longer-term outlook is an essential element in achieving a balanced budget and sustainable medium-term position, therefore no other options are appropriate in respect of this.

#### **3 RECOMMENDATIONS**

- 3.1 That the HRA revenue budget proposals for 2020/21 and the longer-term outlook set out in the report be approved.
- 3.2 That the HRA capital budget proposals for 2020/21 set out in Appendix A in the report be approved.
- 3.3 That the CPI + 1% increase of 2.7% in Council House rents, equivalent to an average rent increase of £2.19 a week be implemented.
- 3.4 That garage rents are kept at the same level as 2019/20.
- 3.5 That Sheltered Housing Service charges be increased by £2 per week to reduce the subsidy by £30k.

3.6	That Sheltered Housing utility charges be increased by 5% (average £0.62 increase per week).
3.7	That the budgeted deficit of £564k be transferred from the HRA Reserves in 2020/21.
3.8	That in principle, Right to Buy (RTB) receipts should be retained to enable continued development and acquisition of new council dwellings.
3.9	That the revised 30-year HRA Business Plan in Appendix B be noted.
<b>REASON FOR DECISION</b>	
<b>To bring together all the relevant information to enable Members to approve the Councils Housing Revenue Account budget.</b>	

## 4 KEY INFORMATION

### HRA Overall Financial and Budget Strategy

- 4.1 The Councils HRA Business Plan presents a positive financial picture over the longer term (a thirty-year period as required under the self-financing regime)
- The Welfare Reform and Work Act allows rents to be increased by CPI (currently 1.7%) +1% for five years from 2020/21.
  - The removal of the HRA Debt Cap from 29 October 2018 means that local authorities can borrow to fund new homes without worrying about breaching this cap. Any borrowing will be subject to the Council adhering to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code.

## 5 HRA FINANCIAL POSITION

- 5.1 The updated 30-year HRA Business Plan is attached at Appendix B. The plan is predicated on an annual rent increase of 2.7% for 2020/21 followed by 4 years annual rent increase of CPI + 1%. The remaining 25 years are based on an annual rent increase of CPI only.
- 5.2 It also reflects;
- HCA and other scheme development costs;
  - Funding to support spend of RTB receipts and capital programme expenditure.
- 5.3 The self-financing regime replaced the old HRA subsidy system on 1 April 2012. Mid Suffolk's settlement payment was calculated at £57m based on projected income, expenditure and existing stock values. This took HRA long-term borrowing to £82m.
- 5.4 The HRA Business Plan is currently viable over the 30-year period with treasury debt forecast to reduce to £27.1m by year 30. However, the longer-term picture is harder to forecast with a number of unknowns inherent with such future projections.

5.5 The Corporate Plan clearly sets out the Council’s aligned corporate outcomes. The key housing projects supporting delivery of the priorities are outlined in the HRA Business Plan.

5.6 New homes have delivered New Homes Bonus for the Council, additional rent and Council Tax and local businesses will also benefit. All these factors will bring growth to our local economy. Recent analysis by the Local Government Association and Capital Economics has found;

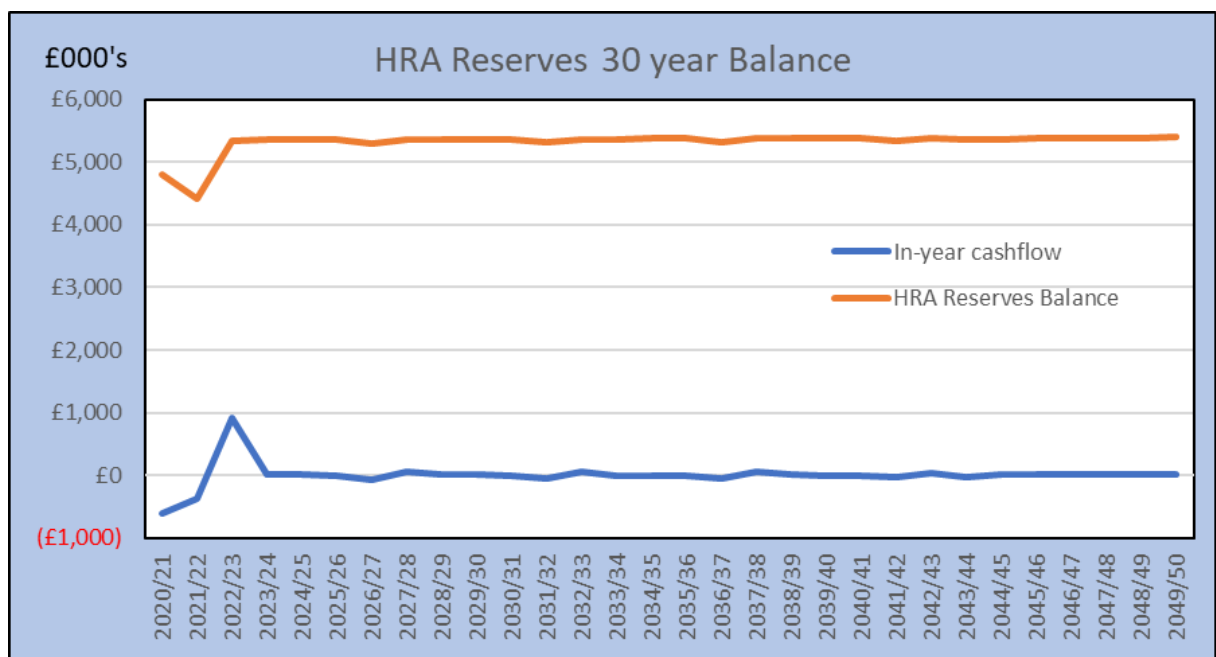
- Every £1 invested in a new social home generates £2.84 in the wider economy.
- Every new social home would generate a saving of £780 per year in Housing Benefit.
- Every new social home would generate a fiscal surplus through rental income.

## 6 HRA POTENTIAL RESOURCES AVAILABLE FOR INVESTMENT

6.1 A key aspect of the business plan is the reserve balance predicted over the coming years. Another important feature is the ability to repay debt and the amount available for building new homes. These are illustrated in the following graphs:

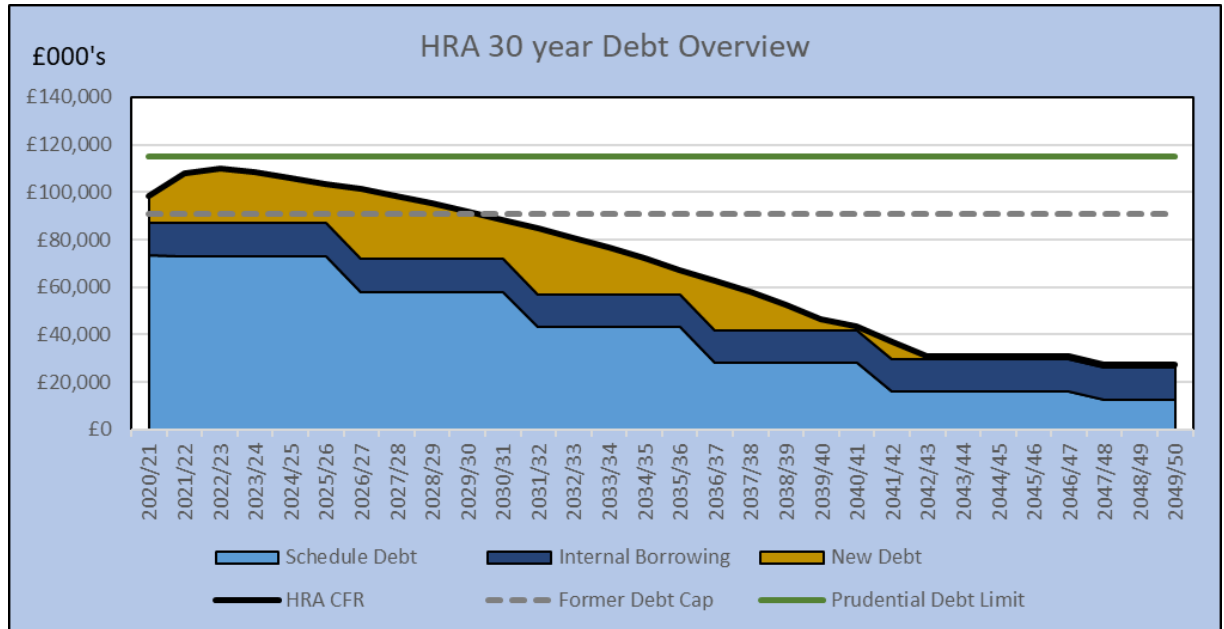
Graph A - Reserve balances and annual cash flow from 2020/21 for 30 years

6.2 This graph shows reserve balances within the HRA over the 30 years and the annual cash flow. The reserve balances remain at a constant £4.7m after 2022/23. A detailed breakdown of all the HRA earmarked reserves forecast as at 31<sup>st</sup> March 2021 can be found in Appendix C. The revised HRA Business Model allocates the revenue contribution to capital (RCCO) to increasing reserve balances, when it is not required to fund the capital programme. This change has been implemented from 2024/25 onwards and is to demonstrate that the Council can afford to repay any new debt as required by the CIPFA Prudential Code.



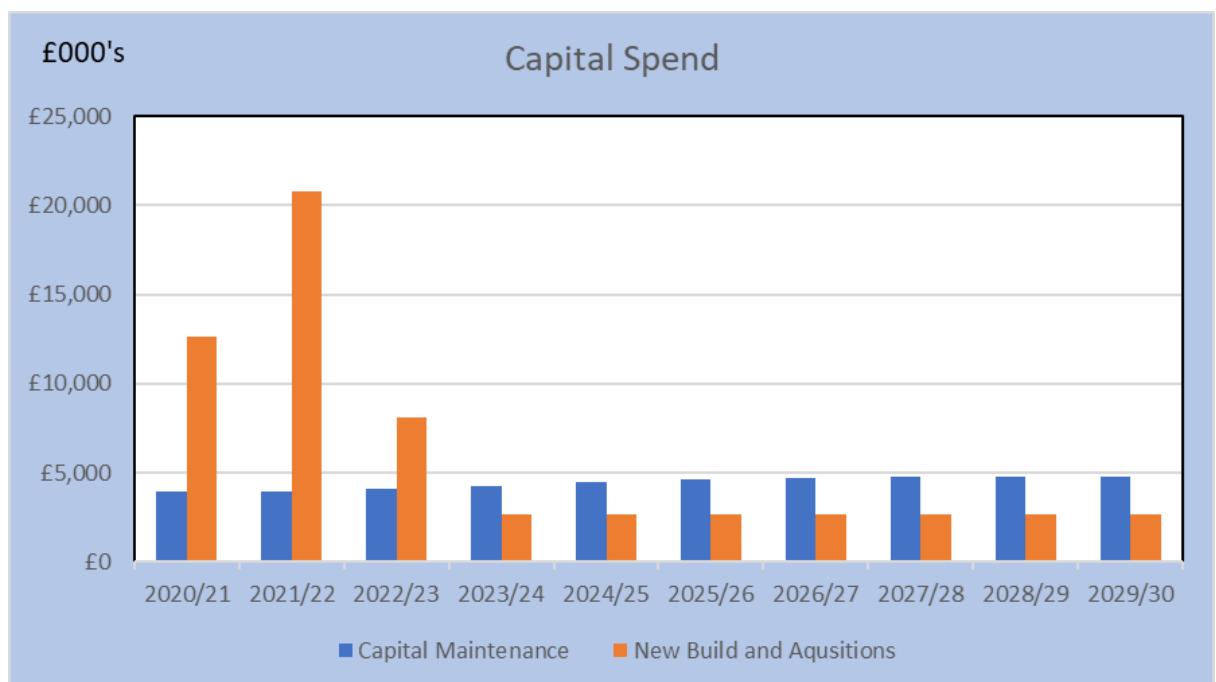
Graph B – HRA Debt Overview from 2020/21 for 30 years

6.3 This shows the different types of debt held by the HRA over the next 30 years. Most of the new debt is forecast to be repaid within 23 years and total debt to reduce significantly by 2049/50. However, this is based on a capital programme of £2.7m per annum for new build and acquisitions after 2022/23. Although the debt cap has been removed it also provides an indication of when the debt cap would have been breached had it remained.



Graph C - Capital Programme from 2020/21 for 10 years

6.4 This graph shows proposed capital programme expenditure within the HRA Business Plan up to Year 10. The spend is split between capital maintenance on council dwellings and new build and acquisitions.



## **7 HRA KEY ACHIEVEMENTS**

- 7.1 A fundamental review of the housing service has been undertaken during 2019/20 to identify savings, efficiencies and income generation opportunities that will achieve a sustainable business plan into the future. The review has examined:
- New build programme and retention of Right to Buy receipts. The appointment of Icenii to look into development opportunities has enabled us to provide a 3-year development programme of new build and acquisitions.
  - Introduction of locality-based working within the building services team to reduce travel times, save fuel costs and improve service delivery.
  - A review of the Travis Perkins materials contract which has delivered savings and efficiencies as well as improvement in customer service.
  - Introduction of the Homes and Housing Strategy (2019-2024) and Homelessness Reduction and Rough Sleeping Strategies (2019-2024)
  - Introduction of policies including a mobility scooter, income management and regulatory reform order.
  - Void performance being maintained at an average of 16 days.
  - Introduction of pre-court and pre-eviction panels to reduce levels of debt and evictions due to the non-payment of rent.
  - Tenant Board conducted their first scrutiny review of the repairs service.
  - Housing conference held for all housing staff

## **8 HRA INCOME AND SAVINGS OPPORTUNITIES**

- 8.1 The Councils Homes and Housing Strategy specifically identifies the need for the HRA to be as efficient and effective as possible with an ambition to save 1% of our budget across the 3 years 2019 – 2022.
- 8.2 During the past year the Housing Revenue Account has identified and made savings to its Revenue budgets including;
- Increasing leaseholder service/management charges by £9k
  - Reduction in ICT project costs of £18k
  - Removal of decorating vouchers for new tenants saving £3k
  - Reducing reserves by £20k previously carried forward to support financial inclusion
  - Removal of decorating grants for tenants that have had their home rewired saving £5k
- 8.3 Next year will see a focus on all contracts (more than £50k) to review the terms of each of these and to identify savings opportunities, as well as a decision on the long-term future of Building Services via a joint venture with Flagship Housing. A review of the HRA Business Plan will also be undertaken.

- 8.4 Sheltered housing – Mid Suffolk currently subsidises sheltered service charges from the HRA by approximately £66k each year. By increasing the service charge by £2 per week for 2020/21, the subsidy will be reduced by £30k. Following an increase in utility prices a 5% increase in utility charges is proposed, which is an average increase of 62p per week.
- 8.5 Garage rents – A project to reduce the number of void garages began during 2019/20. Further work will continue in 2020/21 to identify alternative use of long term/unviable garage sites. It is proposed that garage rents are kept at the same level as the current year.
- 8.6 A project was undertaken by Corporate Managers in 2018/19 to identify where income could be increased, or savings made, for the next four years. Income increases or savings continue to be reflected in the budget and will be monitored during the year.

## **9 RETENTION OF RIGHT TO BUY RECEIPTS**

- 9.1 Right to Buy (RTB) sales for Mid Suffolk were lower than those projected in the business plan. In 2018/19 Mid Suffolk sold 12 against an original projection of 35 sales.
- 9.2 The money received from RTB sales can only be used as a 30% contribution towards the cost of a replacement home. The remaining 70% of the replacement cost must be found from other HRA resources. As sales increase, it means that the level of match funding required (70%) increases. If the receipts are not spent within the 3-year period allowed, they must be repaid to Government with 4% above the base rate interest added. There has been a recent consultation on Right to Buys, which both Babergh and Mid Suffolk contributed to and we are currently awaiting the results of this.

## 10 HRA REVENUE BUDGET 2020/21

10.1 The table below sets out the HRA budget for 2020/21, based on a 2.7% rent increase and highlights the movement from the 2019/20 budget.

	Budget 2019/20	Budget 2020/21	Movement Adverse/ (Favourable)	Comments
	£'000	£'000	£'000	
Dwelling Rents	(14,154)	(14,258)	(104)	Although rents have increased by 2.7% for 2020/21 generating £375k, a cost pressure of £267k has resulted due to 2019/20 being 53 rent weeks, compared to 52 weeks in 2020/21. Also delays in anticipated new build developments budgeted for in 2019/20 have impacted the anticipated income by £4k.
Service Charges	(671)	(689)	(18)	Reflects £2 increase per week
Non-Dwelling Income	(389)	(355)	34	Assumed increase in rental of void garages did not materialise This will be reviewed in 2020/21.
Other Income	(8)	(23)	(15)	Commercial rent income previously categorised as dwelling rent income.
Interest Received	(8)	(9)	(1)	
<b>Income</b>	<b>(15,230)</b>	<b>(15,334)</b>	<b>(104)</b>	
General Management	2,162	2,437	275	£124k due to staffing cost changes which includes pay award/increments of £23k. IT maintenance costs of £40k due to the budget moving from the central ICT budget within the General Fund to the HRA. Overheads have increased by £40k due to additional customer services costs (% increased), £55k holiday accrual cost pressure not included in the budget last year, utilities cost pressure of £13k due to de-sheltered properties and other minor variances totalling a cost pressure of £3k.
Special Management	833	826	(7)	Reduction in community alarms due to de-sheltering of schemes £14k, partly offset by increment and pay award on staffing costs £7k.
Repairs and Maintenance	1,836	2,010	174	Salary savings of £111k as a result of the restructure (net of pay award/increments of £37k) £73k increase in recharge income, offset by increase in repairs, £24k saving on vehicle fuel based on 3-year average costs, £18k net saving on external contractors and tools and equipment. Increase in voids repairs £200k, and an increase of £200k for general repairs based on 3-year trend.
Property Services	1,284	1,255	(29)	Planned heating maintenance saving £100k due to closer scrutiny of the contract, planned maintenance painting increase of £95k due to backlog of work, asbestos survey £24k saving due to the Trades team now monitoring the arrangements.
Depreciation	3,709	3,709	0	
Interest payable	2,912	2,968	56	Increase due to higher borrowing costs
Revenue Contribution to Capital	2,827	2,604	(223)	Revised capital programme therefore funding required in year is reduced
Bad Debt Provision	86	89	3	Minor increase per the business model
<b>Deficit for Year</b>	<b>419</b>	<b>564</b>	<b>145</b>	

## 11 HRA CAPITAL INVESTMENT PROGRAMME

11.1 The Capital Programme for the four-year period from 2020/21 totals £60.4m. The detailed Capital Programme is attached at Appendix A.

11.2 The table below shows a summary of the capital expenditure and financing for 2020/21 to 2023/24

<b>Expenditure</b>	<b>£m</b>
Housing Maintenance Programme and other capital spend	16.2
New Build & Acquisitions	44.2
<b>Total</b>	<b>60.4</b>
<b>Financing</b>	
Capital Receipts (disposals and RTB receipts) and HCA grant	17.7
Major Repairs Reserve	14.8
Revenue Contributions	11.4
Borrowing	16.5
<b>Total</b>	<b>60.4</b>

11.3 The engagement of Icenl to work with us to investigate development sites for new homes and has led to a proposed Capital Programme for 2019-2023 of 185 affordable homes and 85 shared ownership homes.

11.4 The programme includes new build development at the former HQ site in Needham Market, Needham Market Middle School, and Stowmarket Middle School as well as identifying acquisitions and the opportunities presented by Section 106 across the District.

## **12 LINKS TO THE CORPORATE PLAN**

12.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan. Specific links are to financially sustainable Councils, managing our corporate assets effectively, and property investment to generate income.

## **13 FINANCIAL IMPLICATIONS**

13.1 These are detailed in the report.

## **14 LEGAL IMPLICATIONS**

14.1 There are none that apply.



## 15 RISK MANAGEMENT

- 15.1 This report is most closely linked with the Council's Significant Risk No. 13 – We may be unable to respond in a timely and effective way to financial demands and also Corporate Risk No. SE05 – if the Finance Strategy is not in place with a balanced position over the medium term the Councils will not be able to deliver the core objectives and service delivery may be at risk of not being delivered. Other key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If we do not consider the ongoing impacts of the Welfare and Funding Reforms, then it could lead to unpreparedness for further changes.	Unlikely - 2	Bad – 3	Ensure adequate bad debt provision and that the Income Management Strategy seeks to mitigate the impact of the changes on residents, the Council's income streams and budgets.
If there are increases in inflation and other variables, then Council Housing self-financing could result in a greater risk to investment and service delivery plans.	Unlikely - 2	Noticeable – 2	Inflation and interest rate assumptions have been modelled in the HRA business plan. Capital receipts and capital programme funding reviewed.
If we fail to spend retained RTB receipts within 3-year period, then it will lead to requirement to repay to Government with an additional 4% interest.	Unlikely - 2	Bad - 3	Provision has been made in the updated HRA Investment Strategy to enable match funding and spend of RTB receipts.
If we borrow too much to fund new homes, we will not be able to pay the loan interest.	Unlikely - 2	Bad - 3	Follow the CIPFA Prudential Code which states Capital investment plans must be affordable, prudent and sustainable.
If Brexit has a negative impact on the Economy, then interest rates/inflation/house prices and demand/jobs could be impacted.	Probable - 3	Bad - 3	Understanding and acting on intelligence from Local Government Association (LGA) and CIPFA.
If capital data is inaccurate it could lead to problems with treasury management debt and cashflows.	Unlikely - 2	Bad - 3	Work closely with treasury management when setting capital budgets and how this will be financed. Monitor the capital spend quarterly and raise any changes with treasury management.

## **16 CONSULTATIONS**

16.1 Consultations have taken place with Assistant Directors, Corporate Managers and other Budget Managers as appropriate.

## **17 EQUALITY ANALYSIS**

17.1 An equality impact assessment has been undertaken with the Assistant Director, Corporate Managers and other Budget Managers as appropriate.

## **18 ENVIRONMENTAL IMPLICATIONS**

18.1 Assistant Directors, Corporate Managers and other Budget Managers will consider the environmental impact of any savings proposals and throughout the year as they manage their budgets.

## **19 APPENDICES**

<b>Title</b>	<b>Location</b>
Appendix A – 4 Year Capital Programme	Attached
Appendix B – 30-Year HRA Business Plan	Attached
Appendix C – Earmarked Reserves 2020/21	Attached

## **20 BACKGROUND DOCUMENTS**

Housing Revenue Account (HRA) Budget 2020/21 and Longer-Term Outlook – January Cabinet MCa/19/38

Housing Revenue Account (HRA) Budget 2020/21 and Longer-Term Outlook – February Cabinet MCa/19/44

APPENDIX A

**CAPITAL PROGRAMME FOR 2020/21 to 2023/24**

MID SUFFOLK	Expenditure					Financing					
CAPITAL PROGRAMME 2020/21 - 2023/24 HOUSING REVENUE ACCOUNT	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	TOTAL BUDGET (Over 4 years) £000	External Grants & Contributions £000	Capital Receipts £000	Borrowing £000	Major Repairs Reserve £000	Revenue Contributions £000	Total Financing (Over 4 years) £000
<b>Housing Maintenance</b>											
Planned maintenance	3,505	3,515	3,633	3,815	14,468	-	-	-	14,362	106	14,468
ICT Projects	200	200	200	200	800	-	-	-	433	367	800
Environmental Improvements	40	40	40	40	160	-	-	-	4	156	160
Disabled Facilities Work	200	200	200	200	800	-	-	-	-	800	800
New build incl acquisitions	12,604	20,816	8,111	2,667	44,198	5,554	12,119	16,529	-	9,996	44,198
<b>Total HRA Capital</b>	<b>16,549</b>	<b>24,771</b>	<b>12,184</b>	<b>6,922</b>	<b>60,426</b>	<b>5,554</b>	<b>12,119</b>	<b>16,529</b>	<b>14,799</b>	<b>11,425</b>	<b>60,426</b>

**HRA Business Plan updated 2020/21 – 2029/30**

**APPENDIX B**

Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
£'000	1	2	3	4	5	6	7	8	9	10
<b>INCOME:</b>										
Rental Income	(14,258)	(15,152)	(16,042)	(16,647)	(17,495)	(17,527)	(17,896)	(18,273)	(18,658)	(19,052)
Service Charges	(689)	(723)	(746)	(776)	(808)	(840)	(875)	(910)	(947)	(966)
Non-Dwelling Income	(355)	(389)	(389)	(397)	(405)	(413)	(421)	(429)	(438)	(447)
Grants & Other Income	(23)	(23)	(23)	(23)	(24)	(24)	(25)	(25)	(26)	(26)
<b>Total Income</b>	<b>(15,325)</b>	<b>(16,287)</b>	<b>(17,200)</b>	<b>(17,844)</b>	<b>(18,732)</b>	<b>(18,804)</b>	<b>(19,217)</b>	<b>(19,638)</b>	<b>(20,070)</b>	<b>(20,491)</b>
<b>EXPENDITURE:</b>										
General Management	2,437	2,158	2,224	2,329	2,447	2,505	2,572	2,626	2,680	2,736
Sheltered Housing Management	826	1,136	1,172	1,243	1,281	1,319	1,358	1,399	1,441	1,484
Other Management	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	89	94	100	103	108	108	111	113	115	118
Responsive & Cyclical Repairs	3,265	2,614	2,697	3,026	3,320	3,468	3,642	3,765	3,890	4,019
<b>Total Revenue Expenditure</b>	<b>6,617</b>	<b>6,002</b>	<b>6,193</b>	<b>6,701</b>	<b>7,156</b>	<b>7,400</b>	<b>7,682</b>	<b>7,903</b>	<b>8,126</b>	<b>8,357</b>
Interest Paid	2,968	3,146	3,147	3,116	2,875	2,858	2,891	2,484	2,457	2,435
Interest Received	(9)	(8)	(10)	(11)	(12)	(13)	(15)	(16)	(18)	(19)
Depreciation	3,709	3,709	3,709	3,820	4,203	4,283	4,364	4,447	4,532	4,618
<b>Net Operating Income</b>	<b>(2,040)</b>	<b>(3,438)</b>	<b>(4,161)</b>	<b>(4,218)</b>	<b>(4,510)</b>	<b>(4,277)</b>	<b>(4,293)</b>	<b>(4,820)</b>	<b>(4,972)</b>	<b>(5,101)</b>
<b>APPROPRIATIONS:</b>										
Revenue Provision (HRACFR)	0	0	653	1,787	4,505	4,278	4,358	4,761	4,966	5,095
Revenue Contribution to Capital	2,604	3,822	2,586	2,413	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>2,604</b>	<b>3,822</b>	<b>3,239</b>	<b>4,200</b>	<b>4,505</b>	<b>4,278</b>	<b>4,358</b>	<b>4,761</b>	<b>4,966</b>	<b>5,095</b>
<b>ANNUAL CASHFLOW</b>	<b>564</b>	<b>384</b>	<b>(922)</b>	<b>(18)</b>	<b>(5)</b>	<b>1</b>	<b>65</b>	<b>(59)</b>	<b>(5)</b>	<b>(6)</b>
Reserves Opening Balance	(4,794)	(4,230)	(3,847)	(4,769)	(4,787)	(4,792)	(4,790)	(4,725)	(4,784)	(4,789)
<b>Reserves Closing Balance</b>	<b>(4,230)</b>	<b>(3,847)</b>	<b>(4,769)</b>	<b>(4,787)</b>	<b>(4,792)</b>	<b>(4,790)</b>	<b>(4,725)</b>	<b>(4,784)</b>	<b>(4,789)</b>	<b>(4,796)</b>

Note: The Revenue Provision is the payment of RCCO to reduce debt from 2022/2023

**HRA Business Plan updated 2030/31 – 2039/40**

**APPENDIX B**

Year	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
£'000	11	12	13	14	15	16	17	18	19	20
<b>INCOME:</b>										
Rental Income	(19,779)	(19,863)	(20,282)	(20,709)	(21,146)	(21,939)	(22,046)	(22,511)	(22,985)	(23,469)
Service Charges	(985)	(1,005)	(1,025)	(1,046)	(1,067)	(1,088)	(1,110)	(1,132)	(1,155)	(1,178)
Non-Dwelling Income	(456)	(465)	(474)	(484)	(493)	(503)	(513)	(524)	(534)	(545)
Grants & Other Income	(27)	(27)	(28)	(29)	(29)	(30)	(30)	(31)	(32)	(32)
<b>Total Income</b>	<b>(21,247)</b>	<b>(21,361)</b>	<b>(21,809)</b>	<b>(22,267)</b>	<b>(22,735)</b>	<b>(23,560)</b>	<b>(23,700)</b>	<b>(24,197)</b>	<b>(24,705)</b>	<b>(25,224)</b>
<b>EXPENDITURE:</b>										
General Management	2,793	2,851	2,910	2,970	3,032	3,095	3,159	3,225	3,292	3,360
Sheltered Housing Management	1,529	1,575	1,622	1,671	1,721	1,773	1,826	1,880	1,937	1,995
Other Management	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	122	123	125	128	131	135	136	139	142	145
Responsive & Cyclical Repairs	4,152	4,289	4,431	4,577	4,729	4,885	5,047	5,213	5,386	5,563
<b>Total Revenue Expenditure</b>	<b>8,595</b>	<b>8,837</b>	<b>9,088</b>	<b>9,346</b>	<b>9,612</b>	<b>9,888</b>	<b>10,168</b>	<b>10,458</b>	<b>10,756</b>	<b>11,063</b>
Interest Paid	2,410	2,440	1,970	1,940	1,909	1,880	1,891	1,911	1,363	1,324
Interest Received	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(16)	(17)	(18)
Depreciation	4,706	4,795	4,886	4,979	5,074	5,170	5,268	5,368	5,470	5,574
<b>Net Operating Income</b>	<b>(5,549)</b>	<b>(5,301)</b>	<b>(5,879)</b>	<b>(6,016)</b>	<b>(6,155)</b>	<b>(6,637)</b>	<b>(6,388)</b>	<b>(6,476)</b>	<b>(7,132)</b>	<b>(7,280)</b>
<b>APPROPRIATIONS:</b>										
Revenue Provision (HRACFR)	5,548	5,355	5,823	6,014	6,153	6,635	6,441	6,422	7,128	7,278
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>5,548</b>	<b>5,355</b>	<b>5,823</b>	<b>6,014</b>	<b>6,153</b>	<b>6,635</b>	<b>6,441</b>	<b>6,422</b>	<b>7,128</b>	<b>7,278</b>
<b>ANNUAL CASHFLOW</b>	<b>(1)</b>	<b>53</b>	<b>(56)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>53</b>	<b>(54)</b>	<b>(4)</b>	<b>(2)</b>
Reserves Opening Balance	(4,796)	(4,797)	(4,743)	(4,799)	(4,801)	(4,803)	(4,804)	(4,751)	(4,806)	(4,810)
<b>Reserves Closing Balance</b>	<b>(4,797)</b>	<b>(4,743)</b>	<b>(4,799)</b>	<b>(4,801)</b>	<b>(4,803)</b>	<b>(4,804)</b>	<b>(4,751)</b>	<b>(4,806)</b>	<b>(4,810)</b>	<b>(4,811)</b>

**HRA Business Plan updated 2040/41 – 2049/50**

**APPENDIX B**

Year	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50
£'000	21	22	23	24	25	26	27	28	29	30
<b>INCOME:</b>										
Rental Income	(23,964)	(24,845)	(24,984)	(25,510)	(26,048)	(26,596)	(27,156)	(28,134)	(28,312)	(28,909)
Service Charges	(1,201)	(1,225)	(1,250)	(1,275)	(1,300)	(1,326)	(1,353)	(1,380)	(1,407)	(1,435)
Non-Dwelling Income	(556)	(567)	(578)	(590)	(601)	(613)	(626)	(638)	(651)	(664)
Grants & Other Income	(33)	(34)	(34)	(35)	(36)	(36)	(37)	(38)	(38)	(39)
<b>Total Income</b>	<b>(25,753)</b>	<b>(26,670)</b>	<b>(26,846)</b>	<b>(27,409)</b>	<b>(27,985)</b>	<b>(28,572)</b>	<b>(29,172)</b>	<b>(30,190)</b>	<b>(30,409)</b>	<b>(31,047)</b>
<b>EXPENDITURE:</b>										
General Management	3,430	3,501	3,574	3,648	3,724	3,801	3,880	3,961	4,043	4,127
Sheltered Housing Management	2,055	2,116	2,180	2,245	2,313	2,382	2,454	2,527	2,603	2,681
Other Management	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	148	153	154	158	161	164	168	174	175	179
Responsive & Cyclical Repairs	5,747	5,937	6,133	6,335	6,544	6,760	6,982	7,212	7,450	7,695
<b>Total Revenue Expenditure</b>	<b>11,380</b>	<b>11,708</b>	<b>12,041</b>	<b>12,386</b>	<b>12,741</b>	<b>13,107</b>	<b>13,484</b>	<b>13,874</b>	<b>14,271</b>	<b>14,682</b>
Interest Paid	1,295	1,301	1,297	851	853	850	850	849	688	687
Interest Received	(18)	(21)	(21)	(22)	(28)	(34)	(40)	(47)	(51)	(57)
Depreciation	5,680	5,788	5,898	6,010	6,124	6,240	6,359	6,480	6,603	6,728
<b>Net Operating Income</b>	<b>(7,417)</b>	<b>(7,894)</b>	<b>(7,632)</b>	<b>(8,184)</b>	<b>(8,295)</b>	<b>(8,408)</b>	<b>(8,520)</b>	<b>(9,034)</b>	<b>(8,899)</b>	<b>(9,008)</b>
<b>APPROPRIATIONS:</b>										
Revenue Provision (HRACFR)	7,424	7,924	7,589	8,204	8,288	8,402	8,513	9,027	8,894	9,000
Revenue Contribution to Capital	0	0	0	0	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>7,424</b>	<b>7,924</b>	<b>7,589</b>	<b>8,204</b>	<b>8,288</b>	<b>8,402</b>	<b>8,513</b>	<b>9,027</b>	<b>8,894</b>	<b>9,000</b>
<b>ANNUAL CASHFLOW</b>	<b>8</b>	<b>29</b>	<b>(43)</b>	<b>20</b>	<b>(6)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(5)</b>	<b>(7)</b>
Reserves Opening Balance	(4,811)	(4,804)	(4,774)	(4,817)	(4,797)	(4,804)	(4,810)	(4,817)	(4,824)	(4,829)
<b>Reserves Closing Balance</b>	<b>(4,804)</b>	<b>(4,774)</b>	<b>(4,817)</b>	<b>(4,797)</b>	<b>(4,804)</b>	<b>(4,810)</b>	<b>(4,817)</b>	<b>(4,824)</b>	<b>(4,829)</b>	<b>(4,836)</b>

## Earmarked Reserves

## APPENDIX C

Transfers to/from Earmarked Reserves	Balance	Transfers	Transfers	Balance	Transfers	Transfers	Balance
	31 March			31 March			31 March
	2019	to	from	2020	to	from	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Working Balance	(1,209)			(1,209)			(1,209)
HRA Fund & Strategic Priorities	(4,234)		649	(3,585)		564	(3,021)
<b>HRA Revenue</b>	<b>(5,443)</b>		<b>649</b>	<b>(4,794)</b>		<b>564</b>	<b>(4,230)</b>
Capital Receipts (1-4-1)	(3,888)	(1,108)	1,754	(3,242)	(1,184)	2,151	(2,275)
Major Repairs		(3,709)	3,709	0	(3,709)	3,709	0
Deferred Receipts	(7)			(7)			(7)
HRA Capital Receipts (Other)	(898)	(587)		(1,485)	(1,276)	690	(2,071)
<b>HRA Capital</b>	<b>(4,793)</b>	<b>(5,404)</b>	<b>5,463</b>	<b>(4,734)</b>	<b>(6,169)</b>	<b>6,550</b>	<b>(4,353)</b>
<b>Total earmarked HRA reserves</b>	<b>(10,236)</b>	<b>(5,404)</b>	<b>6,112</b>	<b>(9,528)</b>	<b>(6,169)</b>	<b>7,114</b>	<b>(8,583)</b>