

Appendix B Cabinet

30th January 2019

Item

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|----------------|--|--------|--------------------------|
| Report of | Assistant Director of Policy and Corporate | Author | Darren Brown ☎ 282891 |
| Title | Housing Revenue Account Estimates 2019/20 | | |
| Wards affected | All | | |

1. Executive Summary

- 1.1 This report sets out the Housing Revenue Account budget for 2019/20, including proposals for changes to tenants rents for the coming financial year, and the management fee payable to Colchester Borough Homes. It includes at Appendix C a forecast of the potential expenditure requirements and income projections for the HRA for the next 5 years, and the updated 30 year HRA financial model at Appendix E.

2. Recommended Decision

- 2.1 To approve the 2019/20 HRA revenue estimates as set out in Appendix A.
- 2.2 To approve dwelling rents as calculated in accordance with central Governments rent policy (set out in paragraph 5.7).
- 2.3 To approve the HRA revenue funded element of £6,723,000 included within the total management fee for Colchester Borough Homes (CBH) (set out in paragraph 5.14).
- 2.4 To note a revenue contribution of £2,448,500 to the Housing Investment Programme is included in the budget (paragraph 5.30).
- 2.5 To note the HRA balances position in Appendix B.
- 2.6 To note the Medium Term Financial Forecast (MTFF) set out at Appendix C and the 30 Year HRA financial position set out at Appendix E.

3. Reasons for Decision

- 3.1 Financial Procedures require the Assistant Director of Policy and Corporate to prepare detailed HRA estimates for approval by the Cabinet, setting the new rent levels for the new financial year.

4. Supporting Information *Key Issues for 2019/20*

4.1 There are a number of key issues relating to the HRA budget for 2019/20, with further details being included within the main body of the report. However, in summary they are as follows;

- The Government announced in October 2018 that the HRA Debt Cap would be removed, enabling Councils to build more homes.
- The Government published the Social Housing Green paper in August 2018 which confirmed the high value asset levy would not go ahead.
- This is the fourth and final year of the Government's imposed rent reduction of 1%.
- To mitigate the impact of the Governments rent reduction, members will recall that officers from CBC and CBH have worked together on the Housing Futures Programme, which established a set of principles to ensure the investment required within the stock maintained lettable properties, whilst working to a reduced budget over the next 5 years.
- A revised Asset Management Strategy has been produced as a result of the Housing Futures Programme, and the outputs have been included in this report and the Housing Investment Programme report elsewhere on the agenda.
- This is the sixth HRA budget to be set under the terms of the new management agreement with CBH. The management fee consequently contains a larger range of budgets, and the budget is set with an emphasis on the medium term, to provide more stability and meet the governance arrangements within the new management agreement.
- This is the sixth HRA budget to be set in the context of the new 30 year HRA Business Plan, which was approved by Cabinet at its meeting on the 27th November 2013. The budget therefore reflects the strategic priorities identified within the HRA business plan.
- This is the eight year of HRA Self-Financing, which radically altered the funding of Council Housing, and the investment in the housing stock and other projects is reflected in this report and the Housing Investment Programme report included elsewhere on the agenda.

4.1.1 This report and the 2019/20 Housing Investment Programme included elsewhere on the agenda reflect significant capital spending plans over the next 5 years, reflecting the clear signal and expectation from Government that Councils will increase the supply of Council housing through new build etc, following the abolition of the HRA debt cap. For information, the Councils housing stock at 1st April 2018 totalled 5,945 dwellings, with a balance sheet value of £355.2million.

Housing Rents

4.2.1 Members will be aware that the Chancellor of the Exchequer announced in the budget on 8th July 2015, that there would be an annual decrease of 1% in social housing rents from 2016/17 for four years. The budget for 2019/20 therefore reflects the fourth and final year of this change. The Government has announced that when the 4 year period of rent reductions ends, rents will revert to the previous formulaic increase for a period of 5 years. Therefore, rents will increase by Consumer Price Index (CPI) + 1% from 2020/21 to 2024/25.

4.2.2 There is no information to suggest what will happen to rents after 2024/25, but the assumption within the MTFF and 30 year Business Plan is that rents will continue to increase in line with the Consumer Price Index (CPI) + 1%. Rents will still be able to be

moved to target rent when a property becomes empty, although the target rent will also be reduced annually by 1% over the next year.

- 4.3 As part of the process for setting the 2019/20 HRA budget, it is necessary to revisit the 2018/19 position to forecast the predicted level of HRA balances along with identifying any risk areas or cost pressures which could have an impact in future years.

2018/19 Revised Housing Revenue Account

- 4.4 Appendix A shows the Revised Housing Revenue Account (HRA) estimates for 2018/19. There have been some amendments to the original budget for 2018/19 during the course of the current financial year. A reconciliation is therefore provided in the following table between the Original and Revised budget for 2018/19:-

Reconciliation between Original and Revised 2018/19 HRA Budget

| | <i>Budget 18/19</i> | <i>Commentary</i> |
|--------------------------------|--------------------------------|--|
| | <i>£'000</i> | |
| | | |
| Original Budget Deficit | - | Agreed 31 st January 2018 |
| | | |
| 2017/18 Budgets c/fwd | 189 | Agreed by Assistant Director of Policy and Corporate |
| | | |
| Revised Budget Deficit | 189 | |

2018/19 Forecast Outturn Position

- 4.5 When considering the financial position of the HRA, in addition to the adjustments to the 2018/19 original budget shown in the above table, it is important to note the 2018/19 forecast outturn position. It is currently predicted that the HRA will be on budget at the year-end. The table below provides a breakdown of this net position. In addition, commentary is provided on the major variations;

| | <i>Outturn 18/19</i> |
|--|---------------------------------|
| | <i>£'000</i> |
| | |
| Rental & Tenants Service Charge Income | (282) |
| | |
| <i>One-off/Technical Items</i> | |
| Revenue Contribution to Capital (RCCO) | 282 |
| | |
| Forecast 2017/18 Outturn Variance | - |

- It is forecast that we will receive more rental and tenants service charge income of £282k. This primarily reflects the net impact of less rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the number/timing of Right To Buy sales this year.
- As a direct result of the additional income forecast this financial year, there will be additional revenue resources available for an increased Revenue Contribution to Capital of £282k to fund the Housing Capital Programme in 2018/19.

- 4.6 To provide a further explanation of the forecast outturn position, the funding of the Housing Investment Programme considered elsewhere on the agenda is derived from a number of sources. After firstly taking into account depreciation, grants and capital receipts etc, the remaining sources of funding are revenue resources from the HRA as detailed in this report, then finally borrowing in the form of new loans. Any opportunity to forego new borrowing so that interest costs can be minimised should be taken. To this extent it is planned to use the forecast net underspend in 2018/19 to fund more of our Housing Capital Programme through an increased RCCO and minimise new borrowing, enabling us to meet our significant asset management priorities.

HRA Reform

- 4.7 Members will be aware of the implementation of the national reform of the Housing Revenue Account from April 2012. The 2019/20 budget therefore reflects the eighth year of operating within this financial regime for the HRA, with commentary included on the medium and long-term outlook in this report.
- 4.8 Appendix E summarises the 30 year financial modelling for Colchester's HRA. This is set out using the standard approach, which is to show each of the first 5 years individually, then group the remainder of the model in 5-year bands. Further information is provided at paragraph 7, including some of the underlying principles and assumptions that are included. Given the long time-span this modelling covers, it will clearly change as time progresses as both internal and external influences have an impact. However, what it does provide is an indication of the long-term viability of the Council's HRA, given the assumptions made and the plans the Council has already identified and committed to.

5. 2019/20 Housing Revenue Account Budget

- 5.1 Appendix A shows the Housing Revenue Account (HRA) estimates for 2019/20. This shows a break-even budget for the year, meaning there is no planned contribution to or use of uncommitted HRA balances.
- 5.2 It should be noted that the MTFF included within the 2018/19 HRA budget cycle and considered by Cabinet on 31st January 2018 estimated a break-even budget for 2019/20. Following the work undertaken by the Housing Futures Programme, we are able to make an RCCO to the capital programme broadly at the levels originally planned.

Balances

- 5.3 The prudent level of uncommitted balances for the HRA is currently £1,600k. This recognises the transfer of risk from Central to Local Government resulting from HRA Reform, as well as providing for any adverse effects of inflation, interest rates, or Right To Buy sales on the HRA. Whilst there is certainty around interest rates given we have secured long-term fixed rates on our HRA Reform settlement debt, the abolition of the debt cap and our plans to borrow does bring a risk relating to increasing interest rates. The risk surrounding welfare reform continues to be recognised in our assessment of HRA balances.
- 5.4 A risk assessment has been undertaken to review the minimum prudent level of HRA uncommitted balance the Council should maintain. The results of this review are set out at Appendix D and show that it would be reasonable to retain the uncommitted balance at £1,600k. This will continue to be reviewed annually.
- 5.5 The estimated balances for the HRA are set out in Appendix B. The anticipated level of the uncommitted HRA balance as at 31st March 2019 is £1,600k, which is equal to the recommended prudent level. This means we are now running the HRA at the minimum

prudent level of revenue balances, and any additional cost or saving that might arise could impact on the amount of any new borrowing undertaken.

- 5.6 The budget at Appendix A shows that we are using as much of our revenue balances as possible to make a Revenue Contribution to fund the Housing Investment Programme. This is because it is deemed to be a more economical use of resources, rather than fund the capital programme by undertaking additional borrowing and thus incurring additional borrowing costs. This fits with the prioritising of resources indicated in this report and in the Housing Investment Programme elsewhere on the agenda. From 2019/20 thereafter, the assumption is that where required, revenue contributions to the capital programme will be made up to the point that the minimum recommended level of balance is reached.

Income

Housing Rents

- 5.7 By following the rent reduction announcement, we are continuing to set **dwelling rents within Communities and Local Government (CLG) guidelines and so the annual changes in rents paid by tenants are set by reference to national Government policy**. The average rent proposed for 2019/20 is £84.95 per week compared to a current average of £85.81, a decrease of £0.86 (1.0%) per week. It is difficult to anticipate future rent increases after 2020/21, given the potential for the rate of inflation to vary in the short to medium term and also for any further changes in Government rent policy. However, modelling within the MTFF and 30 year financial modelling has been undertaken using reasonable estimates of inflation rates.
- 5.8 Sales of council houses under the Right to Buy (RTB) scheme have slowed down this year, but could reach 30 (46 sold in 2017/18 and 51 sold in 2016/17), which is less than the number included in the 2018/19 HRA budget. The level of sales has levelled out in recent years, therefore the 2019/20 budget has been set assuming the sale of 30 properties, being broadly in line with the current year. The MTFF and longer term modelling does not assume a reduction in the number of sales until 2021/22. However, these assumptions will be reviewed annually as part of our future budget setting.
- 5.9 The budget for 2019/20 has been set using the assumption that there will be a loss of rental income of 1.50% resulting from empty properties. This is consistent with the 2018/19 budget and is intended to provide for any additional void loss that may arise as a result of the various changes being undertaken within the housing stock.
- 5.10 As detailed in reports elsewhere on the agenda, given the abolition of the debt cap it is intended to continue with plans to increase our Council Housing stock, through a combination of new build and acquisitions. The 2019/20 budget includes an estimate for the additional rental income these measures will generate. Also, rental income from the HEYLO Housing scheme agreed by Cabinet at its meeting of 21st November 2018 has been included in the budget.

Other Income

- 5.11 The rents for garages are included in the fees and charges report agreed by the Portfolio Holder for Housing and Communities, and continues the policy that reflects a pricing strategy based on market forces.
- 5.12 There are a range of other fees and charges for services which are made to Tenants and Leaseholders, which are agreed by the Portfolio Holder. The budget for 2019/20 assumes that the demand for these services will remain the same as the current financial year, unless mentioned otherwise.
- 5.13 The de-pooling of service charges to individual tenants was implemented in 2008/09. There have not been any new service charges introduced for 2019/20, only an update of existing charges to reflect the actual cost of the services provided.

Expenditure

Colchester Borough Homes Management Fee

- 5.14 As part of the new management agreement which commenced in August 2013 between the Council and CBH, the management fee has been expanded to reflect the wider range of services CBH now provides on behalf of the Council. The fee incorporates the day to day repairs and maintenance budgets and associated overheads, along with the fee for managing the capital programme, as a result of the new housing arrangements. The management fee is funded from several sources within the Council's accounts, namely the Housing Revenue Account, the Housing Investment Programme, as well as the Council's General Fund. The following table analyses the total CBH management fee, and provides details of where the funding is shown in the Council's overall budget:

Breakdown of 2019/20 CBH Management Fee

| | <i>Budget 19/20</i> | <i>Funding Source</i> |
|--|--------------------------------|--|
| | £ | |
| CBH Management costs | 3,508,600 | CBH Ltd Management Fee at Appendix A |
| R&M Management Fee | 518,300 | Included in Repairs & Maintenance at Appendix A |
| R&M Works | 2,696,100 | Included in Repairs & Maintenance at Appendix A |
| Sub-Total: HRA | 6,723,000 | |
| | | |
| Capital Fee | 1,343,000 | Included within the 2019/20 Housing Investment Programme |
| Sub-Total: HIP | 1,343,000 | |
| | | |
| Anti-Social Behaviour Team | 48,100 | Included within the 2019/20 General Fund Budget |
| Professional Support Unit | 122,600 | Included within the 2019/20 General Fund Budget |
| Housing Options Team | 630,500 | Included within the 2019/20 General Fund Budget |
| Facilities Management/ Engineering Team | 505,800 | Included within the 2019/20 General Fund Budget |
| Housing Systems Team | 79,200 | Included within the 2019/20 General Fund Budget |
| Sub-Total: General Fund | 1,386,200 | |
| | | |
| Total Management Fee | 9,452,200 | |

- 5.15 The base management fee for 2019/20 includes an allowance for pay inflation, and transfer of funding for a horticultural officer post from an HRA delegated budget into the CBH management fee. Furthermore, a one-off allowance that had been made in the 2018/19 fee for the increased employer pension contributions CBH now have to pay following the schemes actuarial review has fallen out in 2019/20.
- 5.16 Members will be aware that at its meeting on the 27th November 2013, Cabinet approved the Council's 30 year HRA Business Plan. The 2018/19 budget and management fee include the continuation of a number of service enhancements, which reflect the strategic priorities identified by Cabinet and which are included within the business plan. The

majority of these are incorporated within the existing CBH Management Fee and Council budgets, with additional resources being directed in particular to supporting tenants.

Management Costs

- 5.17 The 2019/20 HRA budget includes £5,993,300 for management costs, an increase from 2018/19 (£5,490,600). Management costs form a substantial part of the HRA annual expenditure, and they consist of budgets managed directly by the Council, as well as those which are managed on behalf of the Council by CBH. Further information along with an explanation for any material changes from the 2018/19 budget is given in the following paragraphs;
- 5.18 The budget for Premises costs has increased by £173,200 for 2019/20. A provision of £114,000 has been made for the revenue costs of the HEYLO Housing scheme agreed by Cabinet at its meeting of 21st November 2018. There has also been an increase in the budgets for utilities, reflecting an update on usage and pricing.
- 5.19 The budget for Supplies and Service costs has increased by £252,200. A provision of £250,000 has been included to commence the replacement of our Housing Management system with a solution that meets the Councils ICT strategy, can be fully supplier hosted and also meets the current and future business needs of CBH and our customers.
- 5.20 The budget for Removal and Disturbance payments has been increased by £50,000 as provision has been made for any recommencement of the sheltered housing refurbishment programme that was stopped as a result of the Governments rent reduction, and given the debt cap has now been abolished.
- 5.21 The HRA receives a significant level of recharges from other Council services, along with a proportion of central support costs, such as Corporate and Democratic Core and Pension costs associated with the back-funding of the scheme. The total budget for 2019/20 has decreased by £19,900 from 2018/19.

Repairs and Maintenance

- 5.22 The 2019/20 Housing Investment Programme has been drafted and is included elsewhere on the agenda for approval. In respect of revenue works £5,156,400 has been included in the budget for repairs and maintenance (compared to £4,913,400 in 2018/19), of which £3,214,400 is specifically for works and associated overheads included within the CBH Management Fee. A provision of £1,727,600 is included in the budget for those works which are managed by CBH on behalf of CBC, such as external decorating and gas servicing, but where CBC still hold the contract. The balance of the budget is for works to sewage pumping stations, temporary accommodation and other CBH delegated areas. The revenue budget provides for repairs that are undertaken on a responsive basis, as well as works to void properties, and maintenance which is carried out under a planned programme such as external decorating and gas servicing.

Capital Financing Costs

- 5.23 The budget includes the statutory charges to the HRA for the interest costs of the Councils borrowing in respect of the housing stock. This represents a significant proportion of the Councils HRA expenditure each year. It is worth noting that any new borrowing to fund the overall Housing Investment Programme next year may be borrowed internally from the Councils General Fund, subject to the levels of borrowing required and funding available, which is at a lower rate than would be payable were we to borrow externally. This also delivers a benefit to the General Fund, as it would be receiving more interest than it would attract were it to invest externally. This approach has been considered and agreed as part of the Council's treasury management strategy.
- 5.24 No provision has been made at this point in time for the annual repayment of any HRA debt, as there is no statutory duty to provide for it. The Council though is statutorily

responsible for self-managing its long-term indebtedness. The Council now has circa £130million of housing debt, and it would be prudent to start to consider providing for some repayment in the future. The Treasury Management Strategy Statement approved by Cabinet on 25th January 2012 stated “That the Council plans to make Voluntary Revenue Provisions (VRP) for the repayment of HRA debt to enable maturing debt to be repaid, whilst ensuring that this does not create an adverse impact on the business case”. However, this also needs to be considered alongside the Governments rent reduction policy, the investment requirements of the housing stock, and the clear message from Government that local authorities are expected to increase their Council housing stock to help address the housing crisis.

- 5.25 Given the need to undertake additional HRA borrowing to support the Housing Investment Programme over the next 5 years, it would currently seem impractical to set-aside revenue resources for debt redemption over this period of time, which as a result would leave a funding gap which would need to be met by further borrowing (and hence incur additional revenue interest costs). However, this should be considered each year as part of the Councils annual budget setting process and review of the 30 year HRA financial model. Given the medium term investment needs currently identified and priorities agreed by Cabinet, it is proposed that no voluntary provision for debt repayment is included in the 2019/20 budget or MTFF at this point in time.
- 5.26 The 2019/20 Housing Investment Programme report included elsewhere on the agenda contains significant capital spending plans over the next 5 years, directly as a result of the Governments abolition of the HRA debt cap and the clear signal and expectation that Councils will increase the supply of Council housing through new build etc. This expenditure will be funded through a combination of using our retained 1-4-1 Right To Buy receipts, and prudential borrowing. The Councils General Fund is already able to borrow using prudential borrowing, so the HRA is simply now being treated consistently.
- 5.27 The Councils Treasury Management Strategy is included elsewhere on the agenda, and contains prudential indicators which assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council’s overall finances, and include the HRA. It is also proposed to use the following indicator within this report, which is a measure also adopted by Registered Providers to demonstrate how easily they can pay their interest costs:
- 5.28 **Interest Cover Ratio.** This indicator identifies the ability of the net operating surplus in the HRA to meet the interest costs of HRA debt. It would be reasonable to expect this indicator to be in the region of 1.50 or above.

| 17/18 Actual | 18/19 Estimate | 19/20 Estimate | 20/21 Estimate | 21/22 Estimate | 22/23 Estimate | 23/24 Estimate |
|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1.54 | 1.66 | 1.50 | 1.53 | 1.64 | 1.62 | 1.59 |

Revenue Contributions to Capital Outlay (RCCO)

- 5.29 The Council has continuously made revenue contributions to capital spending recognising the significance of targeting resources to invest in our Housing Investment Programme. Given the regime of HRA self-financing and the additional revenue resources subsequently generated, the Council is able to make significant revenue contributions to support the capital investment included within the Housing Investment Programme.
- 5.30 The revenue contribution included in the estimates is £2,448,500. The majority of this budget is to support the capital work programmes to the housing stock in 2019/20, which are included within the Housing Investment Programme report elsewhere on the agenda. However a provision of £140,000 has been included for ICT, which is intended to support various projects.

Risk areas and budget review process

5.31 Some of the key variables that may impact during the year are shown in the table below:-

| Area | Comment |
|--|--|
| Rental Income | The budget makes assumptions on the future level of Right To Buy sales and void levels. These are to a certain extent demand led and due to the significance of Rental Income within the HRA, can have a significant effect on the level of the HRA balance. Furthermore, the risk exists that the Government could change rent policy unexpectedly, as demonstrated by the rent reduction announcement in 2015. |
| Governments Welfare Reform | The budget includes an estimate of the impact of Welfare Reform. As well as providing for transaction costs etc, the budget also includes an estimate of the potential impact upon rent arrears and consequently the level of bad debts provision we would need to maintain. |
| New Build | The budget makes assumptions on the numbers of new properties being built, the amount and timing of expenditure, and the amount of borrowing required. These factors can all change as schemes progress. |
| Revenue Contributions to Capital (RCCO) / Prudential Borrowing | Capital Resources have been provisionally allocated for 2019/20 within the Housing Investment Programme report contained elsewhere on the agenda. If these resources prove insufficient, then options exist to either finance capital expenditure from revenue, or undertake additional HRA borrowing. Clearly, if one of these options was pursued, then there will be a requirement to find additional resources from the HRA. |
| Repairs and Maintenance | Historically, this is an area where pressure has existed on budgets such as Responsive and Void repairs, given that they are demand-led. However, in recent years this has become less of a risk. These budgets now form part of the CBH Management Fee, and the terms of the management agreement specify that CBH will be liable for any overspend up to a maximum of £200k per year, but also that they may retain any underspend up to £100k per year. Therefore, there could be a reduced impact on the HRA of variations in expenditure. |
| Utility costs | The budget makes assumptions on future prices for Gas and Electricity that are consumed within the Council's housing stock, such as Sheltered Schemes, Temporary Accommodation and Communal entrances in blocks of flats. Given the volatility of utility prices in recent years, there is a risk that prices could rise, the cost of which would have to be funded from existing resources or HRA balances. |
| 2018/19 Outturn | An underspend of £282k is currently predicted for this year, which is planned to be used to fund a greater proportion of our Housing Capital Programme instead of new borrowing. Any variance on the forecast will result in a higher or lower RCCO, which will have a knock-on impact on the amount of any new borrowing undertaken. |

5.32 As shown in paragraph 5.31 above several key variables have been identified. It is therefore essential that a programme of formal reviews of the HRA be set out to provide an opportunity to make changes to resource allocations during the year. The following schedule therefore sets out a suggested framework for these reviews.

| Review | Comment |
|---------------------------------|--|
| March 2019 | Updated outturn forecast. |
| July 2019 | Provisional pre-audit outturn / current year issues etc. |
| September 2019/ October 2019 | Mid-year review. |
| December 2019 / January 2020 | Outturn review / Budget 2020/21. |

6. Supporting Information - Medium Term Financial Forecast (MTFF)

- 6.1 As part of the budget process for 2019/20 a MTFF has been produced for the HRA. This sets out the indicative budget position for the period 2019/20 to 2023/24. Although we are operating under the new HRA Finance regime, and more certainty is now in place, assumptions still have to be made around inflation rates, void levels, bad debts and increases in costs etc, which can of course change. To that extent, the MTFF should still be viewed as indicative.
- 6.2 Appendix C sets out the MTFF for the period analysed by the main areas of expenditure and income. This shows that the level of uncommitted HRA balance is able to be maintained at prudent levels throughout the MTFF. This is after meeting all the running costs of managing & maintaining the housing stock, along with servicing the borrowing costs on all HRA debt. It is also after substantial revenue contributions have been made to support the Housing Investment Programme. Planning to run the HRA balance at the minimum prudent level fits with the principle that it is more cost effective to minimise/reduce borrowing costs where possible, rather than hold a higher revenue balance than is prudently required, whilst also providing reassurance to tenants and residents that the Council is wisely managing its finances and its housing stock. This approach fits with the principle referred to in paragraph 5.6 above. The recommended level of uncommitted balance on a risk based approach is £1,600k. There are several factors which can affect the forecast position, namely:-

➤ Capital financing

Given the treasury management strategy relating to our HRA Reform debt settlement was to borrow at fixed interest rates, this means we are able to plan with certainty into the long-term surrounding the financing costs of this debt. The MTFF includes assumptions on the interest rate we will have to pay on the further HRA borrowing that would need to be undertaken to support the Housing Investment Programme, included elsewhere on the agenda. Given that any future additional borrowing would be undertaken at the prevailing interest rates at the time, for the purposes of the MTFF a reasonable assumption has been made on what those rates might be. This will be reviewed as part of the annual budget setting process.

➤ Debt Repayment

As a result of the Governments “Re-invigorating the Right To Buy” policy in 2012, Councils are selling more properties than Government assumed as part of the original HRA Reform debt settlement in April 2012. The Government therefore introduced a system which shares capital receipts. Part of this sharing enables Councils to re-invest capital receipts in the replacement of these additional sales (namely 1-4-1 RTB receipts). It also allows Councils to retain a proportion of capital receipts to reduce HRA debt, which are held in a separate reserve. The logic being that each property in the HRA supports the overall level of HRA debt through its net rental income (excess of rental income over running costs). Therefore, if we didn’t reduce debt, it would mean our HRA Business Plan would have debt but without the necessary number of dwellings to service that debt as a result of their sale. Therefore by reducing debt, we would reduce our interest costs payable and be able to maintain existing levels of services to tenants and leaseholders. Put another way, if we did not reduce our debt, an increasing proportion of

tenants rental income would be spent on interest costs, with a decreasing proportion being spent on existing services.

The next opportunity to repay debt is in May 2020, when a £17.6million loan matures. It is prudently assumed that there will be circa £4.2million in the debt repayment reserve at that point in time. Therefore, at the time of maturity, it is assumed that we will re-finance and use the resources in the reserve so we can borrow a lower figure. Using these figures, it would mean we would take out a new loan of £13.4million. Hence our overall level of debt would reduce by £4.2million and there would be a saving to the HRA as interest costs payable would be lower, due to the lower level of debt and the projected borrowing rate being considerably lower than that of the current loan.

➤ **Rental income**

Rent forecasts reflect the Governments rent reduction for the remaining year. Prior to the announcement, rental income forecasts were particularly dependent upon assumptions on future inflation levels. However, whilst causing a significant reduction on our rental income, the announcement brings certainty for the next year. From 2020/21, the MTFF reflects the Governments announcement that rent increases will return to the previous formula of CPI + 1% up until 2024/25. There has been no indication from Government what rent policy would be after that year. The assumptions on the number of Right To Buy sales and the level of anticipated rent lost through void properties have been updated to reflect recent activity, but once again these are areas which can significantly alter the forecast of Rental Income and are to a certain extent demand led.

➤ **Welfare Reform**

Continued provision has been made within the MTFF for the estimated potential effect on levels of rent arrears and bad debts, resulting from the introduction of Welfare Reform by the Government. The contribution to the provision for bad debts has been broadly maintained at the level for 2018/19 going forwards, with the level of provision being reviewed annually as part of the budget setting process.

- 6.3 The MTFF therefore provides a baseline position against which to make decisions as to the allocation of HRA resources and to determine the budget strategy over the next 5 years. The MTFF will be updated on a regular basis.

7. Supporting Information – 30 Year Financial Modelling

- 7.1 The implementation of HRA Reform in 2012 brought the expectation that Councils will take a greater business planning role when managing their Housing Revenue Account. Cabinet approved the Councils 30 year HRA Business Plan at its meeting on 27th November 2013. This included a 30 year financial model which set out the long-term position of the Councils HRA, using 2013/14 as the base year. As part of the 2019/20 budget setting process, this model has been refreshed and updated. This is summarised at Appendix E. This is set out using a standard approach, which is to show each of the first 5 years individually, then group the remainder of the model in 5-year bands. It incorporates expenditure & income for both revenue and capital, along with the HRA balances and debt position.
- 7.2 The information provided by the model for future years should be viewed as indicative. This is because a number of assumptions have to be made when projecting into the future, and the following paragraphs give some further details on these. Given the potential for these to vary, the impact upon the modelling could result in an improvement or decline in the position shown, dependant on the size of change and the degree of impact upon the plan. However, prudent assumptions are made wherever possible to protect the Councils financial position and to ensure the ongoing viability of the HRA.

- 7.3 Officers have undertaken sensitivity analysis on the 30 year model to evaluate the impact any change or combination of changes in the assumptions could have. Further information on the work undertaken is provided at paragraph 7.24.

Income Assumptions

- 7.4 One of the key drivers within the financial model is inflation. This is the factor which determines future annual rent increases for tenants, and it is this income which we are able to retain in the future to meet the increased stock investment and additional borrowing costs resulting from our increased debt arising from HRA Reform.
- 7.5 The Government announced that when the 4 year period of rent reductions ends, rents will revert to the previous formulaic increase for a period of 5 years. Therefore, rents will increase by Consumer Price Index (CPI) + 1% from 2020/21 to 2024/25. For the purposes of Business Planning, it has been assumed this formulaic increase will continue from 2024/25 for the remaining duration of the 30 year model. There is currently no indication to suggest that this is going to alter. As a reminder to members, a change in rent policy is the example the Government at the time quoted within the HRA Reform debt settlement that would possibly re-open the original debt settlement. However, this has not occurred. Therefore, Colchester along with all other housing authorities nationally, entered into the new self-financing HRA arrangements at the time on the basis that the Government was providing certainty on national rent policy, which has clearly changed.
- 7.6 Assumptions have been made within the model for changes in stock numbers, primarily from Right to Buy sales and from the additional stock that will be delivered as part of our new build and acquisition plans. These assumptions are consistent with those made in the budget and MTFF. The Council has entered into agreement with DCLG to retain additional RTB receipts to deliver new affordable housing, and the proposals already approved by Cabinet (e.g. the HEYLO scheme) and those shown in reports elsewhere on the agenda should minimise the amount that has to be repaid to Government.
- 7.7 Assumptions have been made regarding rent lost from void properties and bad debts. An allowance has been made for ongoing operational voids, as well as an ongoing increase to the level of bad debts provision we may need to hold following the introduction of the Governments welfare reforms.
- 7.8 It has been assumed that income from garages will increase in line with CPI. There is the potential for this to increase, with the improvement to the financial model coming through a combination of reduced void levels as well as an increase in annual charges.
- 7.9 All other income budgets are assumed to increase in line with inflation.

Expenditure Assumptions

- 7.10 Similarly to income, inflation can have a significant impact upon expenditure levels within the 30 year financial model. It has been assumed that the Retail Price Index (RPI) will be 1% higher than the Consumer Price Index (CPI), although the assumption that rents will increase by CPI + 1% means inflation on expenditure will be at the same rate as assumed for income.
- 7.11 Management costs have been assumed to remain at the current base level throughout the life of the 30 year model, subject to inflationary increases. The exception to this is where it is known they will alter, for example tri-annual reviews of the pension scheme by Essex County Council, or where one-off sums have been included within the base budget.
- 7.12 Maintenance costs have been extracted from the Councils 30 year Asset Management Strategy. Assumptions have been made around future increases in line with general

inflation, but these costs are also subject to changes to the BCIS (Building Cost Inflation) and market conditions that impact as contracts are re-tendered.

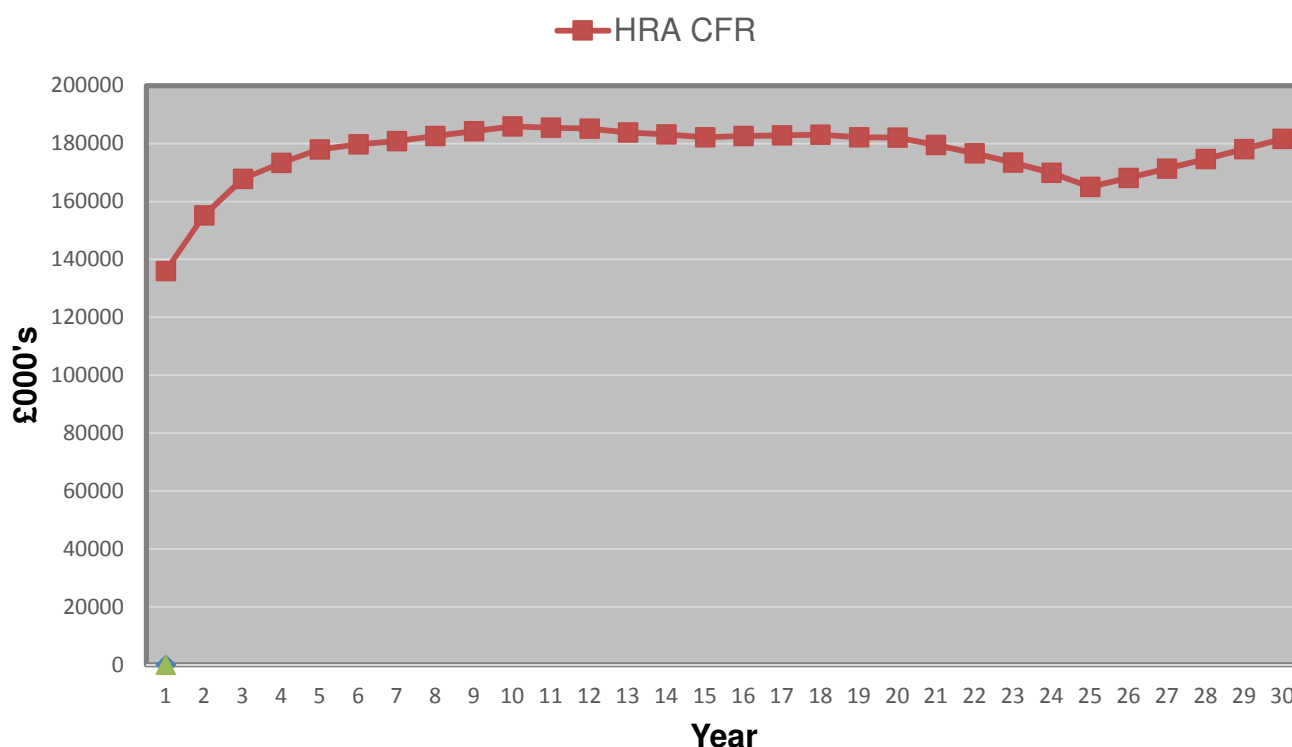
Funding & Financing Assumptions

- 7.13 The Council's Asset Management Strategy includes the expenditure requirements of our housing stock over the next 30 years. This has been reflected in the 30 year financial model. The day to day repairs and maintenance costs are funded from the revenue account, whilst the capital expenditure requirements are funded from a variety of sources which is considered within the Housing Investment Programme (HIP) report elsewhere on the agenda
- 7.14 The priority of how resources are used to fund the HIP is contained within that report for 2018/19, which in summary is aimed at using specific grants and capital receipts first, then reserves, with the intention of preserving revenue resources as far as possible as they offer the greatest funding flexibility. Should there be no or insufficient revenue resources available, then additional borrowing would be the final approach. This is because borrowing carries a cost of doing so; therefore it is treated as the last option to gain the maximum use of revenue resources available.
- 7.15 Under HRA Reform, the primary source of funding the Housing Capital Programme, especially in the early years, is a charge to the HRA which reflects the cost of depreciation to the housing stock. This is calculated locally, with reference to our actual stock condition and asset management strategy.
- 7.16 We are able to plan with certainty for the borrowing costs relating to the HRA Reform debt settlement, given that we entered into a number of long-term fixed rate loans. We are currently assuming a rate of 3.5% on any future borrowing undertaken to support the Housing Capital Programme, which will be reviewed annually as part of the budget cycle. However, it should be noted that the impact of interest rates can be significant, given any 1% change in interest rates would result in an annual cost of circa £150k (based on current levels of borrowing).

Debt

- 7.17 The measure of an authority's debt under self-financing is the HRA Capital Financing Requirement (HRA CFR). Our opening HRA debt on 1st April 2018 is expected to be £127.933million. As previously stated, the HRA debt cap has been abolished by Government, therefore the only constraint on borrowing now is that it is affordable under the prudential borrowing code.
- 7.18 The following graph shows our current debt profile that is being generated by the 30 year financial model. This works on the principle that once all of the costs of managing & maintaining our housing stock have been met, and the interest costs of our HRA borrowing have been paid, any residual income can be used to repay debt. It is important to state that this is an indication of the ability to repay debt, as what actually dictates whether debt is reduced is where the Council actually repay loans as they mature.

Debt Profile



7.19 The above debt curve is consistent with a business plan for the HRA where a significant level of new build/stock acquisitions etc are being undertaken. In the early years, debt increases and then levels out around mid-way through the plan, then starts to reduce in the second half of the plan as rents have increased sufficiently to enable repayment of debt. The graph also shows that in Years 25 to 30, further borrowing will be required to fund the work from the 2003-2008 decent homes programme re-entering the asset management plan.

7.20 Given the abolition of the HRA debt cap, the Council is planning to undertake additional prudential borrowing to deliver the plans set out in papers elsewhere on the agenda. The following table shows the predicted level of debt over the first 10 years of the current financial model, taking into account the additional borrowing and any provision for the repayment of debt;

| Year | Forecast HRA Debt £000's |
|---------|--------------------------------|
| 2019/20 | 135,984 |
| 2020/21 | 155,188 |
| 2021/22 | 167,840 |
| 2022/23 | 173,304 |
| 2023/24 | 178,004 |
| 2024/25 | 179,720 |
| 2025/26 | 180,871 |
| 2026/27 | 182,589 |
| 2027/28 | 184,275 |
| 2028/29 | 185,909 |

- 7.21 The projection in the above table is derived from a number of assumptions in the financial model, many of which are out of our direct control, for example inflation, Right To Buy numbers etc. Therefore the figures in the table above should be viewed as indicative.

Outlook Summary

- 7.22 The Government's rent reduction for four years has had a major impact on the HRA financial model. As members will be aware, this change in policy has resulted in a reduction in forecast rental income of circa £143million. Given the debt cap has now been abolished, the issue we faced in the past (hitting the debt cap and having to curtail investment plans) has now been removed. However, we will be increasing our debt significantly to deliver the proposals set out in the Housing Investment Programme and other reports elsewhere on this agenda.
- 7.23 The focus has now moved from managing within the debt cap, to managing our overall level of debt and ensure it is affordable in the long-term. The plans to increase our housing stock should be viewed as growth, and will last beyond the current 30 year modelling. As rents increase beyond year 30, then the ability to repay debt or invest further will increase.

Sensitivity Analysis

- 7.24 A key part of business planning is understanding the factors that can influence the outputs, and their potential impact. Therefore, a number of sensitivities can be modelled, to see how they affect the base position. The following table sets out some examples of the sensitivity analysis undertaken and their resultant impact upon the 30 year HRA model, compared to the base position shown at Appendix E;

| | | Variation to Base Position | | | |
|---|---------------|--|---|--|--|
| | | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
| | Base Position | Reduction in Inflation of 1% over 30 Years | Increase in Inflation of 1% over 30 Years | Decrease in Inflation of 1%, Increase in RTB's by 10, Decrease in Mgt Costs by £200k in every Year | Increase in Inflation of 1%, Increase in RTB's by 10, Increase in Mgt Costs by £200k in every Year |
| Peak Debt Year | Year 10 | Year 30 | Year 10 | Year 0 | Year 10 |
| Debt at Year 30 | £181.6million | £220.5million | £135.9million | £216.6million | £170.4million |
| Capital Investment affordable over 30 Years | £584.7million | £505.2million | £681.6million | £503.9million | £679.7million |
| Surplus HRA Balance at Year 30 | £2.6million | £2.6million | £2.6million | £2.6million | £2.6million |

- 7.25 The sensitivity analysis in Scenarios 1 & 2 above demonstrates the impact that inflation can have on the long-term HRA model. If inflation increases, rental income (following the Governments rent policy) increases at a higher rate than expenditure. Also, a large proportion of our costs are not affected by inflation, such as the fixed rate interest costs on our borrowing. Consequently, rising inflation results in a net gain to the HRA. Conversely though, lower inflation results in a net loss to the HRA, as we receive less rental income than we save in lower costs.
- 7.26 The sensitivity analysis also demonstrates how a combination of variables can influence the modelling, such as changes in inflation rates, numbers of Right To Buy sales and variations in costs for example. Depending on the scale of these changes, they could either bring a significant benefit to/put pressure on the viability of the current plan, or could actually be broadly neutral. Finally, the analysis above assumes any change would exist for each of the 30 years in the HRA, which is highly unlikely given the long time-scale involved, and also assumes no corrective action would be taken if there were a negative impact, which clearly would not be the case. However, it aims to give an understanding of how changes could impact upon the current base 30 year HRA model.

8. Strategic Plan References

- 8.1 The revenue estimates presented here link to the following areas of the Councils strategic plan:

Growth

- Ensuring all residents benefit from the growth of the borough.
- Help make sure Colchester is a welcoming place for all residents and visitors.
- Ensure residents benefit from Colchester economic growth with skills, jobs and improving infrastructure.

Opportunity

- Promoting and improving Colchester and its environment
- Ensure a good supply of land available for new homes through our local plan.
- Promote initiatives to help residents live healthier lives.

Wellbeing

- Making Colchester an even better place to live and supporting those who need most help
- Encourage belonging, involvement and responsibility in all the boroughs communities.
- Create new social housing by building Council homes and supporting Registered Providers.
- Target support to the most disadvantaged residents and communities.

9. Consultation and Publicity

- 9.1 With the potential consideration of service improvements that would lead to new service charges for tenants, it is anticipated that an appropriate amount of consultation will be undertaken during the course of the financial year.
- 9.2 The Council conducted the bi-annual STAR survey through ARP Research in April 2018 with the specific aim of obtaining customer feedback through a survey of general needs tenants, all sheltered tenants and leaseholders. There was an increased response rate from tenants and leaseholders on previous surveys. Questions were centred on Colchester Borough Homes performance, tenant satisfaction with their homes, neighbourhood and services. The survey also attempted to identify tenants' priorities on where we focus the provision of non-statutory services. It is planned to repeat the STAR survey during 2020 and the report of the results will be made available to Cabinet and Members.

- 9.3 Consultation has been undertaken as part of the process to review spending plans given the impact of the Governments rent reduction announcement referred to within this report. A task and finish group was held with a number of tenants and leaseholders on the Asset Management investment plans of the Housing Futures Programme. One of the outcomes of this was that the views of tenants and leaseholders were generally in line with the proposed investment programme.

10. Financial Implications

- 10.1 Are set out in this report.

11. Equality, Diversity and Human Rights Implications

- 11.1 This report has no specific human rights implications. Consideration has been given to equality and diversity issues in respect of any budget changes proposed as part of the budget process. This has been done in line with agreed policies and procedures including production of Equality Impact Assessments where appropriate.

12. Community Safety Implications

- 12.1 This report has no significant community safety implications

13. Health and Safety Implications

- 13.1 This report has no significant Health and Safety implications

14. Risk Management Implications

- 14.1 These have been taken into account in the body of the report.

Appendices

- Appendix A - Housing Revenue Account Estimates 2019/20
- Appendix B - HRA Balances Statement
- Appendix C - Medium Term Financial Forecast
- Appendix D - HRA Balances Risk Management Assessment
- Appendix E - 30 Year Financial Model

Background Papers

- None

| COLCHESTER BOROUGH COUNCIL | | | |
|----------------------------|---|-----------------|-----------------|
| Revenue Estimates 2019/20 | | | |
| Housing Revenue Account | | | |
| Summary | | | |
| 2017/18 | | 2018/19 | 2019/20 |
| Actuals | Expenditure & Income Analysis | Revised | Original |
| | | Budget | Budget |
| £000's | | £000's | £000's |
| | INCOME | | |
| (26,355) | Dwelling Rents (Gross) | (25,736) | (26,176) |
| (912) | Non-Dwelling Rents (Gross) | (1,002) | (1,124) |
| (2,608) | Charges for Services and Facilities | (2,639) | (2,611) |
| (75) | Contributions towards Expenditure | (76) | (55) |
| | | | |
| (29,950) | Total Income | (29,453) | (29,966) |
| | EXPENDITURE | | |
| 4,727 | Repairs and Maintenance | 5,017 | 5,156 |
| 3,509 | CB Homes Ltd Management Fee | 3,453 | 3,509 |
| 6,145 | Management Costs | 5,577 | 5,993 |
| 190 | Rents, Rates and Other Charges | 193 | 192 |
| (49) | Increased provision for Bad or Doubtful Debts | 250 | 250 |
| 5,660 | Interest Payable | 5,667 | 5,884 |
| (10,278) | Depreciation and Impairments of Fixed Assets | 6,000 | 6,500 |
| 57 | Amortisation of Deferred Charges | 57 | 52 |
| 79 | Debt Management Costs | 63 | 64 |
| | | | |
| 10,040 | Gross Expenditure | 26,277 | 27,600 |
| | | | |
| (19,910) | Net Cost of Services | (3,176) | (2,366) |
| | | | |
| 18,882 | Net HRA Income from the Asset Management Account | (57) | (52) |
| (1,802) | Disposal of Fixed Assets | - | - |
| (51) | HRA Investment Income (including mortgage interest and interest on Notional Cash Balances | (32) | (31) |
| | | | |
| (2,881) | Net Operating Expenditure | (3,265) | (2,449) |
| 1,922 | Revenue Contribution to Capital Expenditure | 3,454 | 2,449 |
| | | | |
| (959) | Deficit/(Surplus) for the Year | 189 | - |
| | | | |
| (2,946) | Deficit/(Surplus) at the Beginning of the Year | (3,905) | (3,716) |
| (959) | Deficit/(Surplus) for the Year | 189 | - |
| (3,905) | Deficit/(Surplus) at the End of the Year | (3,716) | (3,716) |

Housing Revenue Account - Estimated Balances

| | £'000 |
|--|----------------|
| Balance as at 1 April 2018 | (3,905) |
| Committed - Capital Spending in 2018/19 and onwards | 2,116 |
| Less budgeted deficit/use of balances in 2018/19 | 189 |
| Plus Forecast underspend in 2018/19 | - |
| <i>Unallocated balance at 31st March 2019</i> | (1,600) |
| Less Proposed Use of balances in 19/20 Budget | - |
| Estimated uncommitted balance at 31st March 2020 | (1,600) |
| Recommended level of Balances | (1,600) |
| Forecast balances above prudent level at 31st March 2020 | - |

Note:

This forecast is on the basis that there are no further calls on balances during the remainder of the year.

Housing Revenue Account – Medium Term Financial Forecast

| Area | Revised Budget 18/19 | Budget 19/20 | Budget 20/21 | Budget 21/22 | Budget 22/23 | Budget 23/24 |
|-----------------------------------|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | | |
| Housing Rents | (25,736) | (26,176) | (26,884) | (28,234) | (29,333) | (30,307) |
| Other Income | (3,717) | (3,790) | (3,768) | (3,846) | (3,926) | (4,049) |
| | (29,453) | (29,966) | (30,652) | (32,080) | (33,259) | (34,356) |
| Expenditure | | | | | | |
| Repairs & Maintenance | 5,017 | 5,156 | 5,254 | 5,358 | 5,471 | 5,642 |
| Running Costs | 9,472 | 9,944 | 10,788 | 10,089 | 10,296 | 10,908 |
| Interest Payable | 5,667 | 5,884 | 5,395 | 6,146 | 6,662 | 6,860 |
| Depreciation | 6,000 | 6,500 | 6,796 | 6,989 | 7,146 | 7,360 |
| Other Capital Financing | 32 | 33 | 34 | 35 | 36 | 37 |
| RCCO | 3,454 | 2,449 | 2,385 | 3,463 | 3,648 | 3,549 |
| Contribution to Balances | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| | 29,642 | 29,966 | 30,652 | 32,080 | 33,259 | 34,356 |
| Budgeted (Surplus)/Deficit | 0 | 0 | 0 | 0 | 0 | 0 |
| Forecast 2018/19 underspend | 0 | 0 | 0 | 0 | 0 | 0 |
| Revised (Surplus)/Deficit | 189 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Opening Balance | (3,905) | (1,600) | (1,600) | (1,600) | (1,600) | (1,600) |
| Committed Balance | 2,116 | - | - | - | - | - |
| (Surplus)/Deficit | 189 | - | - | - | - | - |
| Uncommitted Closing Balance | (1,600) | (1,600) | (1,600) | (1,600) | (1,600) | (1,600) |

* It should be noted that it is currently forecast the HRA will be underspent by £282k in 2018/19, which will be used to increase the RCCO in the year. Clearly, if this level of underspend is not achieved, then there will be a resultant impact upon the level of RCCO we are able to make, and thus a knock-on impact on the amount of any new borrowing required.

Review of Housing Revenue Account Balances 2019/20

Risk Management Assessment

| Factor | Assessed Risk | | |
|------------------------------|---------------|-----------------|--------------|
| | High £'000 | Medium £'000 | Low £'000 |
| Cash flow (1% of £53m) | 530 | | |
| Interest Rate (1.5% on £62m) | | 930 | |
| Inflation (Decrease of 1%) | | 250 | |
| Emergencies | | 100 | |
| Right To Buy Sales | | 200 | |
| Litigation | | | 50 |
| Welfare Reform | 300 | | |
| | 830 | 1,480 | 50 |

| | Minimum Provision £'000 |
|----------------------------------|----------------------------|
| High Risk – 100% | 830 |
| Medium – 50% | 740 |
| Low – 10% | 5 |
| Sub Total | 1,575 |
| Other - say | 25 |
| Recommended Prudent Level | 1,600 |

Housing Revenue Account – 30 Year Financial Model

Appendix E

| | <u>Year 1</u> <u>2019/20</u> <u>£000's</u> | <u>Year 2</u> <u>2020/21</u> <u>£000's</u> | <u>Year 3</u> <u>2021/22</u> <u>£000's</u> | <u>Year 4</u> <u>2022/23</u> <u>£000's</u> | <u>Year 5</u> <u>2023/24</u> <u>£000's</u> | <u>Year 1-5</u> <u>Total</u> <u>£000's</u> | <u>Year 6-10</u> <u>Total</u> <u>£000's</u> | <u>Year 11-15</u> <u>Total</u> <u>£000's</u> | <u>Year 16-20</u> <u>Total</u> <u>£000's</u> | <u>Year 21-25</u> <u>Total</u> <u>£000's</u> | <u>Year 26-30</u> <u>Total</u> <u>£000's</u> |
|-------------------------------|--|--|--|--|--|--|---|--|--|--|--|
| Revenue Account | | | | | | | | | | | |
| Income | (29,966) | (30,652) | (32,080) | (33,259) | (34,356) | | (187,446) | (215,569) | (248,069) | (285,460) | (327,824) |
| Expenditure | 29,966 | 30,652 | 32,080 | 33,259 | 34,356 | | 187,279 | 215,385 | 247,867 | 285,234 | 327,578 |
| (Surplus)/Deficit | 0 | 0 | 0 | 0 | 0 | | (167) | (184) | (202) | (226) | (246) |
| Opening HRA Balance (Surplus) | (1,600) | (1,600) | (1,600) | (1,600) | (1,600) | | (1,600) | (1,767) | (1,951) | (2,153) | (2,379) |
| Closing HRA Balance (Surplus) | (1,600) | (1,600) | (1,600) | (1,600) | (1,600) | | (1,767) | (1,951) | (2,153) | (2,379) | (2,625) |
| Capital Account | | | | | | | | | | | |
| <i>Investment:</i> | | | | | | | | | | | |
| Stock Investment Programme | 8,785 | 9,004 | 8,383 | 9,115 | 11,215 | 46,502 | 68,578 | 70,053 | 89,895 | 92,657 | 146,288 |
| Property Acquisitions | 7,400 | 6,090 | 6,151 | 6,214 | 6,277 | 32,132 | 0 | 0 | 0 | 0 | 0 |
| New Build | 4,666 | 20,138 | 10,982 | 2,875 | 0 | 38,661 | 0 | 0 | 0 | 0 | 0 |
| Total | 20,851 | 35,232 | 25,516 | 18,204 | 17,492 | 117,295 | 68,578 | 70,053 | 89,895 | 92,657 | 146,288 |
| <i>Funded By (Resources):</i> | | | | | | | | | | | |
| Depreciation | (8,163) | (6,796) | (6,989) | (7,146) | (7,360) | (36,454) | (40,043) | (46,006) | (52,892) | (60,803) | (70,015) |
| Revenue Contribution | (2,449) | (2,385) | (3,463) | (3,648) | (3,549) | (15,494) | (20,630) | (24,047) | (36,135) | (31,854) | (59,634) |
| Capital Receipts | (250) | (250) | (250) | 0 | 0 | (750) | 0 | 0 | 0 | 0 | 0 |
| HRA Reserves | (1,937) | (2,387) | (2,162) | (1,945) | (1,883) | (10,314) | 0 | 0 | 0 | 0 | 0 |
| New Borrowing | (8,052) | (23,414) | (12,652) | (5,465) | (4,700) | (54,283) | (7,905) | 0 | (868) | 0 | (16,640) |
| Total | (20,851) | (35,232) | (25,516) | (18,204) | (17,492) | (117,295) | (68,578) | (70,053) | (89,895) | (92,657) | (146,288) |
| Debt: | | | | | | | | | | | |
| HRA Debt at Year End | 135,984 | 155,188 | 167,840 | 173,304 | 178,004 | | 185,909 | 182,130 | 181,998 | 165,004 | 181,643 |