Cabinet		**Item 8(i)**
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Report of	**Head of Commercial Services**	**Author**	**Darren Brown ☎ 282891**
Title	**Housing Revenue Account Estimates 2017/18**		
Wards affected	**All**		

This report presents the Housing Revenue Account (HRA) estimates for 2017/18, the Medium Term Financial Forecast (MTFF) for 2017/18 to 2021/22, and the 30 Year HRA financial model

1. Decision Required

1.1 To approve the 2017/18 HRA revenue estimates as set out in Appendix A.

1.2 To approve dwelling rents as calculated in accordance with central Governments rent policy (set out in paragraph 4.7).

1.3 To approve the HRA revenue funded element of £6,747,300 included within the total management fee for Colchester Borough Homes (CBH) (set out in paragraph 4.13).

1.4 To note a revenue contribution of £3,614,000 to the Housing Investment Programme is included in the budget (paragraph 4.28).

1.5 To note the HRA balances position in Appendix B.

1.6 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.

2. Reasons for Decision

2.1. Financial Procedures require the Head of Commercial Services to prepare detailed HRA estimates for approval by the Cabinet, setting the new rent levels for the new financial year.

3. Supporting Information

Key Issues for 2017/18

3.1 There are a number of key issues relating to the HRA budget for 2017/18, with further details being included within the main body of the report. However, in summary they are as follows;

- This is the second year of the Government's imposed rent reduction of 1%.
- This is the fourth 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 fourth 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 sixth year of HRA Self-Financing, which radically altered the funding of Council Housing, and the increase in investment in the housing stock and other projects is reflected in this report and the Housing Investment Programme report included elsewhere on the agenda.

3.2 The Government made some key announcements in The Housing and Planning Act, which will continue to have a significant impact on our HRA budget for 2017/18, as well as our Medium Term Financial Forecast (MTFF) and 30 year Business Plan. Further information is contained within the following paragraphs;

Housing Rents

3.2.1 Members will be aware that the Chancellor of the Exchequer announced in the budget on 8th July 2015, that there will be an annual decrease of 1% in social housing rents from 2016/17 for four years. The budget for 2017/18 therefore reflects the second year of this change. At the time of setting the 2016/17 budget, it was assumed that the Government's rent reduction applied to all properties. However, the Government then stated after the budget had been set, that it was their intention that temporary accommodation would be subject to a permanent exception, whilst sheltered housing accommodation would benefit from a one year exception whilst the Government are carrying out a review of supported accommodation. The Government have now confirmed the 1% reduction will apply to sheltered accommodation from 2017/18 to 2019/20. The assumption within the MTFF and 30 year Business Plan is that rents will revert to increasing in line with the Consumer Price Index (CPI) + 1% from 2020/21, but there has been no information to confirm or deny this will be the case. 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 three years.

Housing Futures Programme

3.2.2 As previously reported, the current Government introduced a number of changes during 2015 and 2016, including the Housing & Planning Act and the 1% rent reduction announcement, which has changed the viability of the HRA Business Plan. The rent reduction resulted in removing £143million of assumed rental income over the life of the 30 year business plan, significantly impacting our capacity to deliver on the plan's objectives. At the end of 2015 a joint CBC/CBH project team looked at ways of addressing the loss of income of £9.7 million over the first four years, and it identified and planned a number of ways of increasing income and reducing expenditure, which were included as part of the 2016/17 HRA budget setting cycle and which are currently part way through being delivered.

3.2.3 The business plan also faces further constraints following the announcement of the enforced 'Sale of Higher Value Assets'. This legislation forms part of the Housing & Planning Act 2016 which means that the Council will be required to pay a levy calculated on the number of empty properties and the worth of its higher value properties. Recently the introduction of the levy, as well as the announcement of the exact amount the Council will be required to pay, has been delayed from the current financial year until 2018/19.

3.2.4 The Council and CBH have been working together under the Housing Futures Programme to determine the effect of this regulation on the Business Plan, continue with delivering the outputs of the HRA Budget Project and to ensure that we also are compliant with the other areas of legislation introduced by the Housing and Planning Act 2016 and the future Homelessness Reduction Bill. The Housing Futures Programme will enable officers to provide the Portfolio Holder and Cabinet with vital information to allow the necessary decisions on the Council's future priorities and objectives, so that the Business Plan can be remodelled and the Asset Management Strategy reviewed.

Sale of "Higher Value voids"

3.2.5 This is the forced sale of Local Authority Higher Value assets to fund the voluntary Right To Buy scheme for housing associations. It was the Government's original intention that this would come into effect from 1st April 2016. However, in the November 2016 Autumn Statement, the Government stated that they will fund the expanded pilot and that they will not be requiring Higher Value Asset payments from local authorities in 2017/18. But given there is no indication of how much the levy that we will have to pay will be, capital work programmes for 2017/18 have been reviewed and a reduction has been made which has been ring-fenced within the Housing Investment Programme for payment of the levy when it is implemented. This is reflected in the Housing Investment Programme report elsewhere on the agenda.

"High Income" Social Tenancies (Pay to Stay)

3.2.6 The Housing and Planning Act 2016 required local authorities to set higher rents for higher income Council tenants (households earning £40k in London, and £31k elsewhere). However, following consultation the Government have decided not to make the implementation of this mandatory, and instead make it voluntary to implement this policy. A formal decision has not been made yet as to whether we will adopt this locally, therefore for the purposes of the 2017/18 budget it has been assumed that this will not be implemented for the next financial year.

3.3 As part of the process for setting the 2017/18 HRA budget, it is necessary to revisit the 2016/17 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.

2016/17 Revised Housing Revenue Account

3.4 Appendix A shows the Revised Housing Revenue Account (HRA) estimates for 2016/17. There have been some amendments to the original budget for 2016/17 during the course of the current financial year. A reconciliation is therefore provided in the following table between the Original and Revised budget for 2016/17:-

Reconciliation between Original and Revised 2016/17 HRA Budget

	Budget 16/17	***Commentary***
	£'000	
Original Budget Deficit	**-**	Agreed 27th January 2016
2015/16 Budgets c/fwd	178	Agreed by Assistant Chief Executive/Head of Commercial Services
Revised Budget Deficit	**178**	

2016/17 Forecast Outturn Position

3.5 When considering the financial position of the HRA, in addition to the adjustments to the 2016/17 original budget shown in the above table, it is important to note the 2016/17 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;

	Outturn 16/17
	£'000
Rental & Tenants Service Charge Income	(230)
One-off/Technical Items	
Revenue Contribution to Capital (RCCO)	230
Forecast 2016/17 Outturn Variance	**-**

- It is forecast that we will receive more rental and tenants service charge income of £230k. This primarily reflects the amendment to those properties that the 1% rent reduction would apply to for 2016/17, as referred to in paragraph 3.2.1. The extra income also 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 £230k to fund the Housing Capital Programme in 2016/17.

3.6 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 and our HRA headroom can be maximised to deliver our strategic priorities should be taken. To this extent it is planned to use the forecast net underspend in 2016/17 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

3.7 Members will be aware of the implementation of the national reform of the Housing Revenue Account from April 2012. The 2017/18 budget therefore reflects the sixth year of the new financial regime for the HRA, with commentary included on the medium and long-term outlook in this report.

3.8 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 6, 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.

4. 2017/18 Housing Revenue Account Budget

4.1 Appendix A shows the Housing Revenue Account (HRA) estimates for 2017/18. This shows a break-even budget for the year, meaning there is no planned contribution to or use of uncommitted HRA balances.

4.2 It should be noted that the MTFF included within the 2016/17 HRA budget cycle and considered by Cabinet on 27th January 2016 estimated a break-even budget for 2017/18. However, following the rent reduction announcement, we are not able to make as large an RCCO to the capital programme as originally planned. This means there are less HRA revenue resources available to fund the 2017/18 Housing Capital Programme, and we are therefore having to use more of our borrowing headroom than originally planned, alongside reviewing investment and work programmes.

Balances

4.3 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. Provision is also made within the level of HRA balances for any potential additional revenue implications of our Sheltered Accommodation review. Whilst there is now some certainty around interest rates given we have secured long-term fixed rates on our HRA Reform settlement debt, the risk surrounding welfare reform continues to be recognised in our assessment of HRA balances, as does provision for a change to our assumptions on the high value voids levy should they require funding in 2017/18.

4.4 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.

4.5 The estimated balances for the HRA are set out in Appendix B. The anticipated level of the uncommitted HRA balance as at 31st March 2017 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 will directly impact on the use of our borrowing headroom.

4.6 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, thus incurring additional borrowing costs and using available borrowing headroom. This fits with the prioritising of resources indicated in this report and in the Housing Investment Programme elsewhere on the agenda. From 2017/18 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

4.7 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 2017/18 is £86.31 per week compared to a current average of £87.17, a decrease of £0.86 (1.0%) per week. It is difficult to anticipate future rent increases after 2019/20, 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, and the assumption that we revert to CPI + 1% from 2020/21.

4.8 Sales of council houses under the Right to Buy (RTB) scheme could reach 50 in 2016/17 (34 sold in 2015/16 and 39 sold in 2014/15), which is higher than the number expected in the 2016/17 HRA budget. The level of sales is increasing in the current financial year, presumably due to the Governments changes to the RTB scheme (which primarily focused around increasing RTB discounts to tenants). The 2017/18 budget has been set assuming the sale of 50 properties, being broadly in line with historical levels. The MTFF and longer term modelling assume a reduction in the number of sales after 2017/18. However, these assumptions will be reviewed annually as part of our future budget setting.

4.9 The budget for 2017/18 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 2016/17 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.

Other Income

4.10 The rents for garages are included in the fees and charges report agreed by the Portfolio Holder for Housing and Public Protection. The increase proposed for 2017/18 is in line with September 2016 CPI.

4.11 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 for Housing. The budget for 2017/18 assumes that the demand for these services will remain the same as the current financial year, unless mentioned otherwise.

4.12 The de-pooling of service charges to individual tenants was implemented in 2008/09. There have not been any new service charges introduced for 2017/18, only an update of existing charges to reflect the actual cost of the services provided.

<u>Expenditure</u>

Colchester Borough Homes Management Fee

4.13 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 2017/18 CBH Management Fee

	Budget 17/18	***Funding Source***
	£	
CBH Management costs	3,463,300	CBH Ltd Management Fee at Appendix A
R&M Management Fee	503,800	Included in Repairs & Maintenance at Appendix A
R&M Works	2,780,200	Included in Repairs & Maintenance at Appendix A
Sub-Total: HRA	**6,747,300**	
Capital Fee	1,328,000	Included within the 2017/18 Housing Investment Programme
Sub-Total: HIP	**1,328,000**	
Anti-Social Behaviour Team	47,000	Included within the 2017/18 General Fund Budget
Professional Support Unit	119,800	Included within the 2017/18 General Fund Budget
Housing Options Team	615,900	Included within the 2017/18 General Fund Budget
Facilities Management/ Engineering Team	492,900	Included within the 2017/18 General Fund Budget
Sub-Total: General Fund	**1,275,600**	
Total Management Fee	**9,350,900**	

4.14 The base management fee for 2017/18 includes an allowance for pay inflation, and some transfers of HRA delegated budgets into the CBH management fee.

4.15 Members will be aware that at its meeting on the 27th November 2013, Cabinet approved the Council's 30 year HRA Business Plan. The 2017/18 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

4.16 The 2017/18 HRA budget includes £6,642,300 for management costs, an increase from 2016/17 (£6,144,200). 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 2016/17 budget is given in the following paragraphs;

4.17 The budget for Premises costs has decreased by £6,300 for 2017/18. A number of budgets have been reviewed, the net effect of which is a small reduction overall.

4.18 The budget for Supplies and Service costs has decreased by £87,200. This primarily relates to the transfer of HRA delegated budgets into the CBH Management Fee, as referred to in paragraph 4.14.

4.19 The budget for Removal and Disturbance payments has been increased by £40,000 to provide for the costs associated with tenants moving home in 2017/18 as a result of the sheltered housing accommodation project.

4.20 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 2017/18 has increased by £545,900 from 2016/17. This primarily relates to an additional cost of £538,000, which reflects the approach of paying 3 years pension deficit funding contributions “up-front”, which will result in an overall saving over 3 years. This is the same approach adopted within the Councils General Fund budget for 2017/18, which is considered elsewhere on the agenda. The budget will reduce for 2018/19 & 2019/20, delivering the saving in those years. The table below shows the figures provided by the Essex Pension Fund for this option compared to the current arrangement showing a cash saving of £44k over three years:-

	17/18 Cost	Cost over 3 years
	£'000	£'000
Option - Annual payment	291	873
Option - One payment for 3 years	829	829
Cost / (saving)	**538**	**(44)**

Repairs and Maintenance

4.21 The 2017/18 Housing Investment Programme has been drafted and is included elsewhere on the agenda for approval. In respect of revenue works £4,983,400 has been included in the budget for repairs and maintenance (compared to £5,048,900 in 2016/17), of which £3,284,000 is specifically for works and associated overheads included within the CBH Management Fee. A provision of £1,405,000 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

4.22 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. The 2017/18 budget for interest costs has decreased compared to the 2016/17, which reflects the lower level of opening debt than assumed in the budget, as a result of the 2015/16 overall HRA outturn position. It is worth noting that new borrowing to fund the overall Housing Investment Programme next year will be borrowed internally from the Councils General Fund, 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 will 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.

4.23 No provision has been made at this point in time for the repayment of any HRA debt, as there is no statutory duty to provide for it. However, 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 rent reduction announcement by the Government.

4.24 Members will be aware that the Government's announcement of the rent reduction for four years has had a considerable impact on the HRA Business Plan model. The financial modelling undertaken as part of this year's budget setting cycle currently indicates that there will be no surplus resources generated over the next 30 years which could be used to provide for the repayment of debt, and in fact after 2022/23 (Year 6), there is a deficit in resources meaning that we are unable to generate the resources required to meet the existing spending plans within the current financial model. However, it should be noted that the extent of this is based upon assumptions around inflation etc, which could increase/decrease the amount of resources available by the time this point is reached.

4.25 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 2017/18 budget or MTFF at this point in time.

Revenue Contributions to Capital Outlay (RCCO)

4.26 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.

4.27 The revenue contribution included in the estimates is £3,614,000. The majority of this budget is to support the capital work programmes to the housing stock in 2017/18, 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

4.28 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 last year.
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.
Revenue Contributions to Capital (RCCO) / Prudential Borrowing	Capital Resources have been provisionally allocated for 2017/18 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 HRA borrowing subject to the HRA debt cap. 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.
2016/17 Outturn	An underspend of £230k 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 use of our borrowing headroom.

4.29 As shown in paragraph 4.28 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 2017	Updated outturn forecast.
July 2017	Provisional pre-audit outturn / current year issues etc.
September 2017/ October 2017	Mid-year review.
December 2017 / January 2018	Outturn review / Budget 2018/19.

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

5.1 As part of the budget process for 2017/18 a MTFF has been produced for the HRA. This sets out the indicative budget position for the period 2017/18 to 2021/22. 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.

5.2 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 4.6 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.

- ***Rental income***

Rent forecasts reflect the rent reduction announcement by the Government. 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 some degree of certainty for the next three years. The MTFF currently assumes that the Government will return to the rent increase formula of CPI + 1% in 2020/21, but there has been no indication from central Government as to whether this will be the case or not. 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 2016/17 going forwards, with the level of provision being reviewed annually as part of the budget setting process.

- ***Sheltered Housing Accommodation Review***

At its meeting on the 12th October 2011, Cabinet considered a number of recommendations relating to making improvements to the Councils sheltered housing stock. The MTFF makes provision for the revenue impact of these decisions, whilst the Housing Investment Programme report elsewhere on the agenda reflects an estimated planned capital reinvestment of £3.414million in sheltered accommodation over the next 3 years. The revenue budget makes provision for home loss & disturbance payments plus the potential interest costs that would be incurred if additional borrowing is undertaken to fund capital works at future schemes due for improvement.

- ***Higher Value Voids***

As previously stated, the Government have not given any indication of how much the levy that we will have to pay will be. However, in anticipation the capital work programmes for 2017/18 to 2021/22 have been reviewed and a reduction has been made which has been ring-fenced within the Housing Investment Programme for payment of the levy when it is implemented. This is reflected in the Housing Investment Programme report elsewhere on the agenda. Potentially the HRA will need to manage the impact of any loss of future rental income (net of marginal cost savings), and any difference between payments we have to make to the Government and capital receipts actually realised, should we dispose of dwellings to fund the levy. No assumptions for these are currently reflected in the budget and MTFF, but will be considered in future budget setting cycles as and where appropriate.

- ***High Income Social Tenancies (Pay to Stay)***

The assumption within the 2017/18 budget and MTFF is that this voluntary policy will not be adopted locally, although a formal decision has yet to be made. If this assumption subsequently proves incorrect, then the financial implications will be considered in future budget setting cycles as and where appropriate.

5.3 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.

6. Supporting Information – 30 Year Financial Modelling

6.1 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 2017/18 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.

6.2 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.

6.3 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 6.25.

Income Assumptions

6.4 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.

6.5 It has been assumed that the Government will only implement the 1% rent reduction for four years, and that in 2020/21 there will be a return to their rent formula of increasing tenants rents by CPI + 1.0%, for the 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 now clearly changed.

6.6 Assumptions have been made within the model for loss of stock, primarily from Right to Buy sales. These 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 a proportion of these have been used to contribute to the cost of delivering the 34 units of new build accommodation on our garage sites. However, given the impact the rent reduction has had on our available borrowing headroom and subsequent potential to undertake further new build within the HRA, there is the possibility we will have to repay retained RTB receipts commencing in 2017/18, although officers are currently exploring alternative delivery options which could utilise them.

6.7 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.

6.8 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.

6.9 All other income budgets are assumed to increase in line with inflation.

Expenditure Assumptions

6.10 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.

6.11 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.

6.12 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

6.13 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

6.14 The priority of how resources are used to fund the HIP is contained within that report for 2017/18, 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 utilising any available headroom 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.

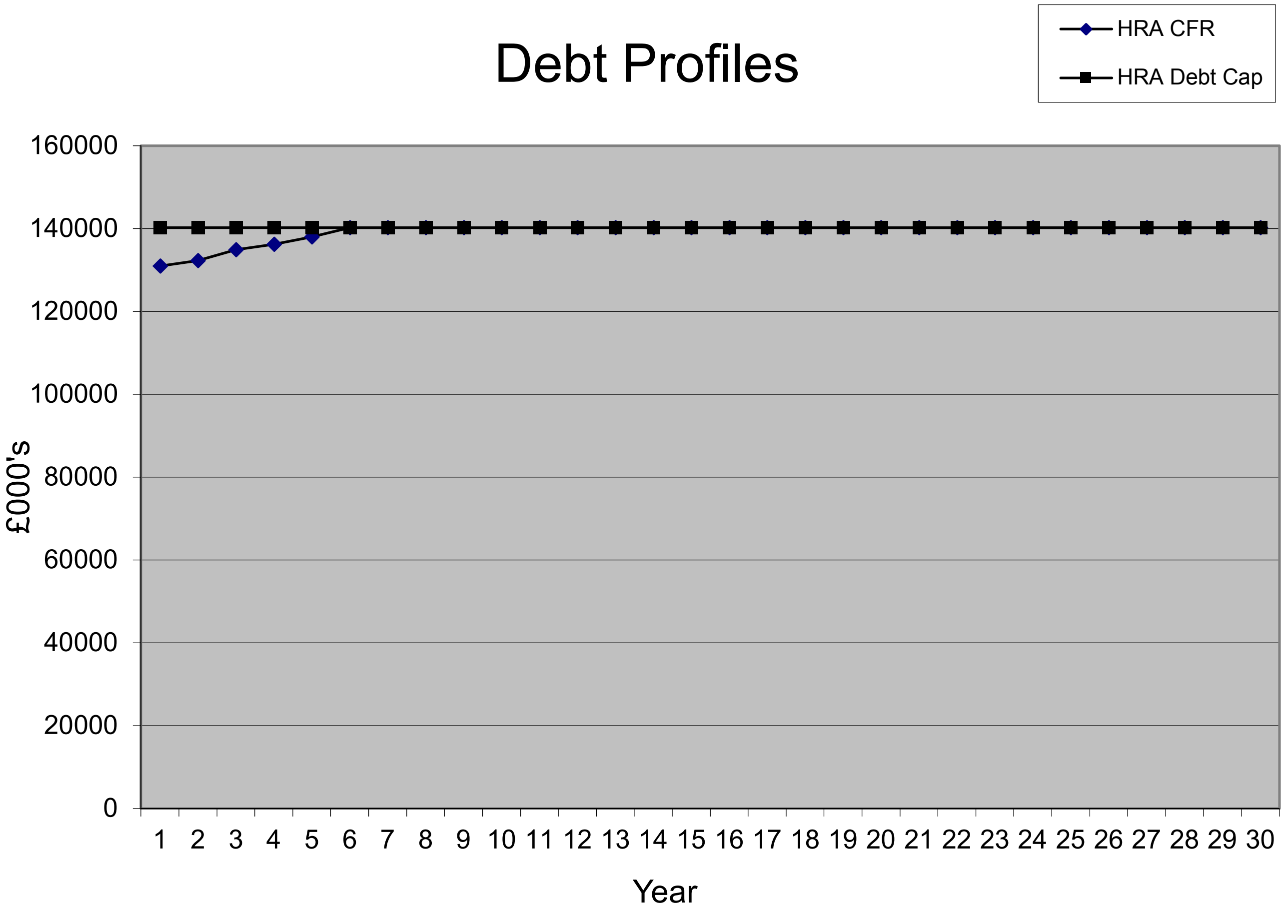
6.15 Under HRA Reform, the primary source of funding the Housing Capital Programme, especially in the early years, is a charge to the HRA which reflects the cost of depreciation to the housing stock. This is calculated locally, with reference to our actual stock condition and asset management strategy.

6.16 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 4.5% 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 £157k (based on the maximum amount of borrowing headroom currently unused).

Debt

6.17 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 2017 is expected to be £128.969million. We have a debt cap of £140.275million, which is the limit the Government have imposed to control public sector borrowing under HRA Reform.

6.18 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.



6.19 The above debt curve shows that due to the reduction in social housing rents for four years, we are now having to use our borrowing headroom to deliver the capital investment requirements of the housing stock as set out in the current Asset Management Strategy. It is currently projected that we will have used all our available headroom by Year 6, and will reach our debt cap. The current modelling also shows that our debt will remain at the level of the debt cap for the remainder of the 30 years based on current assumptions and investment plans, meaning there is no borrowing headroom available for further investment. In fact, Appendix E shows a shortfall in resources on the Capital Account when compared to the investment requirements in all years after 2021/22.

6.20 The difference between the HRA Debt Cap and the HRA CFR is known as the “borrowing headroom”, and represents the amount of additional resources the Council can generate through further borrowing. This is set to decrease as time progresses (and we will eventually hit the debt cap), as given the rent reduction has reduced our rental income over the life of the plan, there are no surplus resources being generated within the model which we can use to repay debt (or set aside to repay debt if it is not able to be repaid at that point in time). The following table shows the predicted level of available headroom over the first 10 years of the current financial model, after taking into account the potential borrowing that may be undertaken to fund the Housing Investment Programme and any provision for the repayment of debt;

Year	Available Borrowing "Headroom" £000's
2017/18	9,282
2018/19	7,955
2019/20	5,389
2020/21	4,076
2021/22	2,268
2022/23	-
2023/24	-
2024/25	-
2025/26	-
2026/27	-

6.21 The above table shows that there is available headroom in each of the next 5 years, after which it is **projected** we will reach our debt cap. This projection 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 headroom figures in the table above should be viewed entirely as indicative.

6.22 If, as projected, the headroom figures reduce to the point that they reach zero, or in other words we reach our debt cap and no longer have any headroom available, then to accommodate any further cost pressures/reductions in income that could occur, we would need to reduce our expenditure plans on either our Housing Capital Programme or revenue budgets, or a combination of both. Consideration needs to be given to this possibility when setting this and future years' budgets, and when considering any further plans for the use of borrowing headroom.

6.23 As stated in paragraph 4.7, the assumption is that rents will return to increasing by CPI + 1% from 2020/21. However, to illustrate an alternative scenario, the following table shows the level of available headroom we would have over the next 10 years, using the assumption that the Government froze rents over this period of time.

Year	Available Borrowing "Headroom" £000's
2017/18	9,282
2018/19	7,955
2019/20	5,389
2020/21	3,307
2021/22	-
2022/23	-
2023/24	-
2024/25	-
2025/26	-
2026/27	-

6.24 The above table shows that after the end of the rent reduction, we would have used all of our available headroom by year 5 if rents were frozen from 2020/21 onwards

Outlook Summary

6.25 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. This means we are predicting that we will reach our debt cap in 2022/23 (6 years' time), and not be able to reduce our debt over the remaining 24 years of the plan, meaning we will not be able to undertake any further borrowing to fund capital investment. In fact, Appendix E is showing that there is a shortfall in capital funding from year 6 onwards, based on existing investment plans and our current Asset Management Strategy.

6.26 Given the current projected 30 year position, officers will continue to progress the work being undertaken within the Housing Futures Programme referred to in paragraph.3.2.4, looking for opportunities where income can be maximised, and expenditure savings can be achieved.

Sensitivity Analysis

6.27 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 effect 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 6-30	Year 6-30	Year 6-30	Year 7-30	Year 5-30
Year Debt Repaid	-	-	-	-	-
Capital Investment affordable over 30 Years	£367.0million	£312.5million	£430.7million	£295.9million	£383.3million
Surplus HRA Balance at Year 30	£3.3million	£2.6million	£4.3million	£0.2million	£1.0million

6.28 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.

6.29 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.

7. Strategic Plan References

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

- **Welcoming -** a place where people can grow and be proud to live.
- **Vibrant -** Develop a strong sense of community across the Borough by enabling people and groups to take more ownership and responsibility for their quality of life.
- **Prosperous -** Provide opportunities to increase the number of homes available including those that are affordable for local people and to build and refurbish our own Council houses for people in significant need

8. Consultation and Publicity

8.1 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. Furthermore, extensive consultation has been undertaken with tenants regarding future works programmes, including those within the Housing Investment Programme, which have a resultant impact upon this budget report.

8.2 On the 18th November 2015, Colchester Borough Homes facilitated an independent focus group of engaged residents (Task and Finish Group) to discuss the specific impact of the Governments rent reduction announcement over the next four years, and the main measures of the Housing and Planning Bill 2015, During this consultation CBH were able to determine residents views about priorities for the customer base, and consider areas where CBH should seek to make savings.

8.3 At the beginning of 2016, Colchester Borough Council and Colchester Borough Homes jointly commissioned a survey looking at levels of tenant and leaseholder satisfaction with CBC as a landlord and CBH as its management organisation. A full report on the outcomes of the survey can be found on the CBH website. The overall result showed an increase in tenant satisfaction from the previous survey in 2014.

9. Financial Implications

9.1 Are set out in this report.

10. Equality, Diversity and Human Rights Implications

10.1 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.

11. Community Safety Implications

11.1 This report has no significant community safety implications

12. Health and Safety Implications

12.1 This report has no significant Health and Safety implications

13. Risk Management Implications

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

Appendices

- Appendix A - Housing Revenue Account Estimates 2017/18
- 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

Appendix A

	COLCHESTER BOROUGH COUNCIL		
	Revenue Estimates 2017/18		
	Housing Revenue Account		
	Summary		
2015/16		**2016/17**	**2017/18**
Actuals	**Expenditure & Income Analysis**	**Revised**	**Original**
		Budget	**Budget**
£000's		**£000's**	**£000's**
	INCOME		
(27,282)	Dwelling Rents (Gross)	(26,728)	(26,264)
(776)	Non-Dwelling Rents (Gross)	(853)	(899)
(2,659)	Charges for Services and Facilities	(2,509)	(2,553)
(106)	Contributions towards Expenditure	(91)	(91)
(30,823)	**Total Income**	**(30,181)**	**(29,807)**
	EXPENDITURE		
5,015	Repairs and Maintenance	5,059	4,984
3,434	CB Homes Ltd Management Fee	3,395	3,463
6,130	Management Costs	6,262	6,642
189	Rents, Rates and Other Charges	195	202
258	Increased provision for Bad or Doubtful Debts	250	250
5,589	Interest Payable	5,629	5,616
8,190	Depreciation and Impairments of Fixed Assets	5,581	5,000
92	Amortisation of Deferred Charges	92	66
69	Debt Management Costs	68	68
28,966	**Gross Expenditure**	**26,531**	**26,291**
(1,857)	**Net Cost of Services**	**(3,650)**	**(3,516)**
1,356	Net HRA Income from the Asset Management Account	(92)	(66)
(22)	HRA Investment Income (including mortgage interest and interest on Notional Cash Balances	(32)	(32)
(523)	**Net Operating Expenditure**	**(3,774)**	**(3,614)**
645	Revenue Contribution to Capital Expenditure	3,952	3,614
122	**Deficit/(Surplus) for the Year**	**178**	**-**
(2,510)	Deficit/(Surplus) at the Beginning of the Year	(2,388)	(2,210)
122	Deficit/(Surplus) for the Year	178	-
(2,388)	Deficit/(Surplus) at the End of the Year	(2,210)	(2,210)

Housing Revenue Account - Estimated Balances

	£'000
Balance as at 1 April 2016	**(2,388)**
Committed - Capital Spending in 2016/17 and onwards	610
Less budgeted deficit/use of balances in 2016/17	178
Plus Forecast underspend in 2016/17	-
Unallocated balance at 31st March 2017	**(1,600)**
Less Proposed Use of balances in 17/18 Budget	-
Estimated uncommitted balance at 31st March 2018	**(1,600)**
Recommended level of Balances	**(1,600)**
Forecast balances above prudent level at 31st March 2018	**-**

Note:

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

Appendix C

Housing Revenue Account – Medium Term Financial Forecast

Area	*Revised Budget 16/17*	*Budget 17/18*	*Budget 18/19*	*Budget 19/20*	*Budget 20/21*	*Budget 21/22*
	£'000	***£'000***	***£'000***	***£'000***	***£'000***	***£'000***
Income						
Housing Rents	(26,728)	(26,273)	(25,814)	(25,873)	(25,988)	(26,629)
Other Income	(3,453)	(3,534)	(3,541)	(3,660)	(3,748)	(3,859)
	(30,181)	**(29,807)**	**(29,355)**	**(29,533)**	**(29,736)**	**(30,488)**
Expenditure						
Repairs & Maintenance	5,059	4,983	5,133	5,544	5,711	5,882
Running Costs	10,102	10,558	9,897	10,150	10,769	11,049
Interest Payable	5,629	5,616	5,689	5,953	5,319	5,381
Depreciation	5,581	5,000	5,150	5,305	5,464	5,628
Other Capital Financing	36	36	53	55	58	60
RCCO	3,952	3,614	3,433	2,527	2,414	2,488
Contribution to Balances	0	0	0	0	0	0
Other	0	0	0	0	0	0
	30,359	**29,807**	**29,355**	**29,534**	**29,735**	**30,488**
Budgeted (Surplus)/Deficit	**178**	**0**	**0**	**1**	**(1)**	**0**
Forecast 2016/17 underspend	0	0	0	0	0	0
Revised (Surplus)/Deficit	**178**	**0**	**0**	**1**	**(1)**	**0**

Opening Balance	**(2,388)**	**(1,600)**	**(1,600)**	**(1,600)**	**(1,599)**	**(1,600)**
Committed Balance	**610**	**-**	**-**	**-**	**-**	**-**
(Surplus)/Deficit	**178**	**-**	**-**	**1**	**(1)**	**-**
Uncommitted Closing Balance	**(1,600)**	**(1,600)**	**(1,600)**	**(1,599)**	**(1,600)**	**(1,600)**

* It should be noted that it is currently forecast the HRA will be underspent by £230k in 2016/17, 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 use of our borrowing headroom.

Review of Housing Revenue Account Balances 2017/18

Risk Management Assessment

Factor	Assessed Risk		
	High £'000	**Medium £'000**	**Low £'000**
Cash flow (1% of £56m)	560		
Interest Rate (3% on £16m)		480	
Inflation (Decrease of 1%)		250	
Emergencies		100	
Right To Buy Sales		100	
Litigation			50
Welfare Reform	200		
Sheltered Accommodation Project	100		
High Value Voids Levy	250		
	1,110	930	50

	Minimum Provision £'000
High Risk – 100%	1,110
Medium – 50%	465
Low – 10%	5
Sub Total	**1,580**
Other - say	20
Recommended Prudent Level	**1,600**

Housing Revenue Account – 30 Year Financial Model

Appendix E

	Year 1 2017/18 £000's	Year 2 2018/19 £000's	Year 3 2019/20 £000's	Year 4 2020/21 £000's	Year 5 2021/22 £000's	Year 1-5 Total £000's	Year 6-10 Total £000's	Year 11-15 Total £000's	Year 16-20 Total £000's	Year 21-25 Total £000's	Year 26-30 Total £000's
Revenue Account											
Income	(29,807)	(29,355)	(29,533)	(29,736)	(30,488)		(164,856)	(187,386)	(212,994)	(243,679)	(277,856)
Expenditure	29,807	29,355	29,534	29,735	30,488		164,601	187,090	212,651	243,282	277,395
(Surplus)/Deficit	0	0	1	(1)	0		(255)	(296)	(343)	(397)	(461)
Opening HRA Balance (Surplus)	(1,600)	(1,600)	(1,600)	(1,599)	(1,600)		(1,600)	(1,855)	(2,151)	(2,494)	(2,891)
Closing HRA Balance (Surplus)	(1,600)	(1,600)	(1,599)	(1,600)	(1,600)		(1,855)	(2,151)	(2,494)	(2,891)	(3,352)
Capital Account											
Investment:											
Stock Investment Programme	9,378	9,289	8,442	8,446	9,141	44,696	68,959	75,800	81,383	87,081	158,468
Sheltered Accommodation Review	770	1,397	1,247	0	0	3,414	0	0	0	0	0
High Value Assets Levy	1,140	1,174	1,209	1,246	1,283	6,052	0	0	0	0	0
New Build	0	0	0	0	0	0	0	0	0	0	0
Total	**11,288**	**11,860**	**10,898**	**9,692**	**10,424**	**54,162**	**68,959**	**75,800**	**81,383**	**87,081**	**158,468**
Funded By (Resources):											
Depreciation	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(26,547)	(32,620)	(39,956)	(48,802)	(59,451)	(72,255)
Revenue Contribution	(3,614)	(3,433)	(2,527)	(2,414)	(2,488)	(14,476)	(11,626)	(11,988)	(11,666)	(11,895)	(10,332)
Capital Receipts	(650)	(1,950)	(500)	(500)	(500)	(4,100)	0	0	0	0	0
Grant	0	0	0	0	0	0	0	0	0	0	0
HRA Reserves	0	0	0	0	0	0	0	0	0	0	0
New Borrowing	(2,024)	(1,327)	(2,566)	(1,314)	(1,808)	(9,039)	(2,268)	0	0	0	0
Total	**(11,288)**	**(11,860)**	**(10,898)**	**(9,692)**	**(10,424)**	**(54,162)**	**(46,514)**	**(51,945)**	**(60,468)**	**(71,346)**	**(82,587)**
Debt:											
HRA Debt at Year End	130,993	132,320	134,886	136,199	138,007		140,275	140,275	140,275	140,275	140,275
Debt Cap	140,275	140,275	140,275	140,275	140,275		140,275	140,275	140,275	140,275	140,275
Available Headroom	9,282	7,955	5,389	4,076	2,268		0	0	0	0	0