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| **Agenda Item No:** | 4 |
| **Report To:** | Overview and Scrutiny |
| **Date:** | 22 April 2014 |
| **Report Title:** | Housing Revenue Account 30 year business plan |
| **Report Author:** | Senior Scrutiny Officer |

ASHFORD
BOROUGH COUNCIL


**Summary:** At the Cabinet meeting in November 2013 the O&S Committee were invited to agree the HRA Business Plan 2013 - 2043 report as part of the budget scrutiny process. The Budget Scrutiny Task Group have considered the plan and invite the full Committee to join with them in commending it to Cabinet.


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| **Key Decision:** | NO |
| **Affected Wards:** | All – none specifically |
| **Recommendations:** | **The Overview and Scrutiny Committee recommends that the Cabinet:-**<br>• **Be advised that the O&S Committee commends the HRA Business Plan** |
| **Policy Overview:** | N/A |
| **Financial Implications:** | N/A |
| **Risk Assessment** | N/A |
| **Equalities Impact Assessment** | N/A |
| **Background Papers:** | Report to Budget Scrutiny Task Group – attached. |
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# Report Title: Housing Revenue Account 30 year business plan

## Purpose of the Report

1. At the Cabinet meeting in November 2013 the O&S Committee were invited to agree the HRA Business Plan 2013 -2043 report as part of the budget scrutiny process. The Budget Scrutiny Task Group have considered the plan and invite the full Committee to join with them in commending it to Cabinet.

## Issue to be Decided

2. The O&S Committee are asked to support the recommendation from the Task Group to commend the HRA business plan to the Cabinet.

## Background

3. When the HRA Business Plan 2013 – 2043 was presented to the Cabinet in November 2013 the O&S Committee was asked to agree the plan as part of the budget scrutiny process.

4. The Budget Scrutiny Task Group decided it would be best to consider the plan after the series of meetings to consider the Council's draft 2014/15 budget were completed.

5. The Council is required to have a 30 year Business Plan for the Housing Revenue Account. To support this a 30 year financial model is maintained which forecasts the cash flows for the HRA and allows the long term viability of the service to be modelled and tested.

6. The HRA buyout enabled the Council to focus on its key priorities for council housing and the following HRA priorities were agreed at the July 2012 Cabinet :
   - Continue to build new homes for council tenants and consider future new build by the Council be funded from outside the HRA where funding is not available
   - Plan to rebuild/remodel the Council's sheltered accommodation across the borough over a 15 year period
   - Decent Homes standard to be maintained over the 30 year Business Plan cycle
   - Additional sums to be set aside to spend on adaptations in accordance with details of the debt calculation
   - Develop specific and agreed neighbourhood improvements across the borough.

7. The business plan report presented to the Task Group explained that the business plan model had to be drawn up afresh each year. Certain assumptions had to be made in order to draw up the business plan. These

included inflation and interest rates (and would be consistent with those used for the Council's medium term financial plan); also stock, income, and management.

8. With the resources available, the model is set up to achieve the following:

   - Maintain a minimum reserve balance of £1m
   - Meet approved priorities
   - Direct any surplus resources to repay the housing debt, reducing the Housing Capital financing Requirement.

9. Because government requirements, guidelines and other circumstances do change, the model allows for a number of different scenarios to be modelled and is able to be flexed to take into account changing conditions within a project. In order that the plan is realistic all the estimates are included on the basis of their probability rather than as either best or worst case scenarios.

10. The Task Group, with the support of the Portfolio holders for Housing & Customer Services and Resource Management & Control considered the business plan carefully and were able to ask for additional information/explanation from the housing and finance officers present.

11. By the end of their discussions, Members were confident that the HRA Business Plan was viable and would manage to repay its debt over the life of the plan. It was also flexible enough to allow for changes e.g. further new build and remodelling schemes, to be incorporated.

## Conclusion

12. The Task Group would like to recommend that the O&S Committee commend the HRA Business Plan to Cabinet and request the O&S Committee support this.

## Portfolio Holders' Views

13. I am confident this report reflects the discussions held at the meeting and that we were able to highlight the direction of travel for the HRA. I am especially pleased that additional sums will be set aside to spend on adaptations. We should also recognise the hard work put into the report by our officers.

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**OVERVIEW AND SCRUTINY TASK GROUP**
**BUDGET SCRUTINY**

**HOUSING REVENUE ACCOUNT BUSINESS PLAN**
**13 MARCH 2014**

## Introduction

1. Overview and Scrutiny were asked to agree the HRA Business Plan, by the November 2013 Cabinet, as part of the Budget Scrutiny process and the Task Group agreed to defer the consideration of this item until March to enable them to give this the proper focus. The numbers in this report are based at a particular point in time, and given the broadening ambitions of the council some new ideas and events have come along subsequently.

2. This report will explain how the Business Plan submitted in November is compiled and identify some of the risks and complications involved in the Business Planning process. This paper comments on the updates to the financial model and the viability of the HRA over the next 30 years.

3. The financial model suggests that the HRA business plan continues to be a viable business and is able to deliver its key priorities (previously approved at the 12 July 2012 Cabinet meeting), these were reaffirmed as part of the Cabinet report in October.

4. The financial model is a tool for testing existing priorities and any Government policy changes to ensure that they are affordable and do not undermine the core business of the HRA and the delivery of those key priorities.

## Background

5. The Council is required to have a 30 year Business Plan for the Housing Revenue Account. To support this, a 30 year financial model is maintained which forecasts the cash flows for the HRA and allows the long term viability of the service to be modelled and tested.

6. In March 2012, the HRA subsidy system was reformed, as part of this the Council ‘bought itself out’ the HRA from the housing subsidy system for £113.7m. In return for this allocation of national housing debt the HRA no longer had to contribute to the subsidy system (£8m pa in the last year of the subsidy), but were instead allowed to keep all future income.

7. The HRA buyout enabled the council to focus on its key priorities for council housing and at the July 2012 Cabinet meeting agreed to following HRA priorities:

- Continue to build new homes for council tenants and consider that future new build by the council be funded from outside of the HRA where funding is not available
- Plan to rebuild/remodel the council sheltered accommodation across the borough over a 15 year period
- Decent Homes Standard to be maintained over the 30 year Business Plan cycle
- Additional sums to be set aside to spend on adaptations in accordance with the details of the debt calculation
- Develop specific and agreed neighbourhood improvements across the borough.

**Assumptions included in the Business Plan**

8. Each year we start the Business Plan model from scratch. The current business plan is based on the draft 2014/15 budget, agreed by Cabinet in February 2014. Assumptions regarding inflation and interest rates can be found at **Appendix A** and are consistent with those used for the Council's Medium Term Financial Plan.

**Stock**

9. Assumptions about stock levels affect rent income, repairs and maintenance and capital receipts outputs.

10. We have assumed the following starting point for stock:

- 4,624 general properties
- 320 PFI properties
- 78 new builds
- Right to Buys of 24, falling to 8 per annum in subsequent years
- Further additions and disposals of stock are linked to the new build and buy-back programme, as well as the remodelling of sheltered accommodation.

11. The Planned Maintenance Manager maintains a database, which incorporates data from the past 30 years, and takes into account industry standard lifetimes for the component parts of each property (for example, roofs, bathrooms, kitchens etc.), this database is used to produce schedules of work and estimated cost for each year of the business plan.

12. The cost of repairing and maintaining a property over the 30 year life of the business plan is £78k, which equates to approximately 63% of the average property value. This has been reviewed by CIH and is thought to be reasonable expenditure and in line with other local authority landlords.

13. In the first five years of the repairs and maintenance schedule a savings target has been built in, to manage the effect of inflation.

**Income**

Service Charges

14. Service charges, of £0.7m are expected to stay at the same level, increasing year on year with inflation. The Local Government Secretary announced in October 2013 a cap on the amount councils can charge leaseholders (who bought their homes under Right-to-Buy) for repairs and improvement. This proposal means stock holding councils will only be able charge leaseholders a maximum of £10,000 (subject to consultation) over a five-year period for repairs.

15. Over the last 10 years the council has only levied charges greater than this limit to tenants in Bybrook when the council undertook environmental improvements to the flats. There are currently no plans to undertake works of this scale that would result in charges to leaseholders over this limit.

Garage Rent

16. Garage rent contributes an annual income of £0.4m. We currently have 1748 garages, with a void level of around 31%. Due to the falling demand of garages it is assumed garage rent will remain at the same level, we have taken a conservative view in terms of inflation, as it is likely that numbers of tenants will fall, reversing any impact inflation may have had.

Supporting People

17. The supporting people funding received from KCC is forecast to continue to be reduced by 25% pa for the first 5 years of the plan then be fixed at these reduced levels.

Rent Setting

18. In 2002/03 Government implemented rent convergence, in order to make the rents charged by all social landlords comparable. A target rent was calculated, by Government, for social landlords to converge to (by RPI + ½% +/- £2), this convergence was timetabled to occur in 2016, but the Department for Communities and Local Government has revealed that it is 'minded not to extend rent convergence beyond 2014/15'. This will impact those councils that have not increased rents in line with Government guidance and find themselves unable to catch up to current rates.

19. With the end of rent convergence council social landlords will no longer be able to increase rents by an extra £2 per week. This Council was on target to converge in 2016 and the suggestion that rent convergence will not continue beyond 2014/15 will lock in the difference between the Councils rent level and the formula rent level. It has been calculated that this will cost the HRA business plan £200,000 per annum from 2015/16 for each year of the plan.

20. The consultation closing date for this proposal was December 2013, the outcome has yet to be published, ABC responded to the

consultation outlining our position. However, the business plan has been updated on the assumption that the lower rent levels will be implemented from 2014/15.

21. Under the rents settlement announced in June, from 2015 social landlords are to use a new rent setting formula of the consumer price index (CPI) plus 1 per cent. This formula is to be fixed for 10 years and replaces the current formula of the retail price index (RPI) plus 0.5 per cent plus or minus £2.

22. The implication of this change will depend on the long term relationship between the RPI index and the CPI index. Since October 2011 RPI has been, on average, 0.5% higher than CPI inflation and if this relationship is maintained in the long term then there will be a minimal impact on the business plan. However the Office of Budget Responsibility has suggested that CPI could be up to 1.5% lower than RPI which could have a significant impact on the 30 year business plan and therefore this change is a risk to the forecast and needs to be monitored. A 1% reduction in the CPI forecast results in a loss of £0.2m in each year of the model.

23. The business plan financial projections have been updated to use the rent setting policy of CPI forecast plus 1%, this currently shows no additional financial exposure/risk as a result of the policy change.

24. On 15 October 2013 the Office for National Statistics announced the September RPI inflation figure of 3.2%. This has been built into the latest financial projections.

25. Bad debts and void levels have been based on historic data. Occupancy levels are currently around 99%, it is hoped that void turnaround time will be reduced in the future, which would increase occupancy, but for the time being a conservative estimate of 99% has been maintained for the life of the business plan.

26. Rent collection rates are currently around 99%. It is thought that welfare reform may have an impact and a collection rate of 98.5% has been used in year three of the plan, moving to 98%, then 97.5% in years four and five, this is in line with the roll out of the welfare reform.

27. Ashford's rent income is around £24m per annum, therefore each 0.5% increment of uncollected rent costs approximately £0.12m pa.

28. It is possible that rent collection rates are better than forecast, if this is the case the 'saving' could be used to invest in preventative measures to assist those in need as a result of welfare reform.

**Management**

General Fund Recharges

29. The HRA is subject to a statutory ring fence which limits the costs that can be recharged into the Housing Revenue account. Currently the HRA is charged circa £1,800,000 of General Fund costs which is

included in the financial forecast. As part of the financial planning for both the HRA and General Fund the level and appropriateness of the recharges is examined and tested on a regular basis.

30. Proper accounting practice for charging support services to the HRA is essential recommends that:

    i. charges or apportionments covering all support service costs should be made to all their users
    ii. the costs of service management should be apportioned to the accounts representing the activities managed
    iii. the costs of corporate and democratic core, and unapportionable central overheads should be allocated to separate objective overheads kept for the purpose, and should not be apportioned to any other head.

31. As part of the financial planning for both the HRA and General Fund the level and appropriateness of the recharges is examined and tested on a regular basis.

Stanhope PFI

32. The Stanhope PFI is a 30 year contract, which runs until 2037, it currently costs approximately £4m per annum, with a £3m grant from government. As part of the PFI agreement we are obliged to undertake regular benchmarking exercises. At the last benchmarking exercise in 2011 we were able to negotiate significant savings in the unitary charges. These savings have been incorporated into the model.

33. The unitary charge does increase by inflation each year, which has been included in the model.

34. The Benchmarking exercise takes place every five years, it is possible that subsequent exercises could result in additional cost for Ashford. If this were to have a significant impact on the Business Plan the model would be re-worked and the timing of projects and capital expenditure moved back to ensure that resources are sufficient to meet the HRA's priorities.

**New Build and Buy-Back Programme**

35. Increasing the Council's stock base is one of the Council's priorities. The new build programme and the buy-back initiative are both key elements to achieving this.

The New Build programme, (as agreed by Cabinet in February ) agreed to support a programme of 59 units of which 20 units are included within the Farrow Court proposal. These 59 units attract Homes and Community Agency grant allocation of £23,102 per unit and will need to be completed by March 2015. If not complete by the contractual date, grant monies will need to be repaid. Management of the various new build contracts have this a risk item and as such is appropriately managed.

36. The Buy Back programme (was agreed in two phases by Cabinet July 2013 and October 2013), which involves the re-purchasing of predominately former council owned properties, now for sale on the open market, is included in the business plan. The Council is committed to purchase 30 properties at a total cost of £4,043,600, of which £693,060 would be funded by the HCA. First phase of 15 properties will be delivered by March 2014 and may in fact exceed 15 with additional grant allocation being sought from the HCA.

37. Void levels and bad debts are thought to be line with the main HRA stock, with rent increasing in line with Government guidelines.

38. If the project costs more than the estimates in the plan we would be able to shift the timing to allow resources to be used appropriately and still maintain the HRA.

**Capital Programme**

39. The capital programme has been built using information produced from Housing's repairs and Maintenance database, it is continually reviewed and updated, with some items being rescheduled, as required. Capital expenditure in this area is expected to be around £5m per annum for the first few years of the plan.

40. The remodelling at Farrow Court (agreed at Cabinet January 2013) has been included between years 2013-2016, at a total estimated cost of £15.542m, with £4,062,040 of external funding from Care and Support Specialised Fund £3,600,00 and £462,040 from the HCA.

41. The proposed remodelling of the other sheltered accommodation blocks has been programmed between 2017-2028, at an anticipated cost of £25.7m. This is a first estimate of the total cost of the program, each scheme will be approved separately by Cabinet when they are finalised and more detailed estimates completed.

**Funding, Financing and Treasury**

42. Before self-financing was implemented the HRA had £5,591,000 of debt; as a result of self-financing Ashford had to take out an additional £113,713,000 of borrowing in order to 'buy out' of the subsidy system. The debt portfolio relating to this can be found at **Appendix B**.

43. As the majority of our loans from PWLB are fixed term this mitigates against the risk of future interest rate rises.

44. However, there is a re-financing risk, as we were able to borrow from the PWLB at a discounted rate, so should we choose not to repay, but instead service the debt then when the loans mature we may not be able to get a similarly good rate.

45. The HRA Capital Financing Requirement (CFR) the measure of how much debt is required in order to finance capital expenditure.

46. The HRA has a Government enforced debt cap (£124.3 million), which limits our scope to borrow and invest in the stock. As at 31 March 2013 our debt level (CFR) is £124m, £0.3m below the cap. As a result we need to consider whether we maintain or pay off our current debt, whilst balancing the requirements and priorities of the Business Plan, i.e. new builds, the remodelling of the sheltered accommodation and ensuring the rest of our stock remains at decent homes levels.

47. The model assumes that surplus cash is used to reduce the debt cap, therefore the margin between the modelled CFR and the debt cap represents the resources available (headroom) for investment. This is relatively restricted in the short to medium term with opportunities developing as we move forward, this is illustrated in the graph attached at **Appendix D**.

48. Due to the cyclical nature of the repairs and maintenance schedule it is not always possible to fund works in year. Where there is a shortfall we will often have to call on reserves or consider our borrowing options. However the graph at **Appendix E** shows that the current contents are all within the forecast resource.

49. Capital receipts that are received for the sale of council properties under the Right to Buy (RTB) scheme (which was reinvigorated from April 2012 with higher discounts), have been built into the financial model as the money is received from Government. No forecast has been built into the model for future years to ensure that no overestimations of financial resources are made until the money is received.

50. Capital receipts are also applied to General Fund capital program items such as disabled adaptations and community projects. The level of receipts is forecast to decline in the short term and this will put pressure on remaining resources to deliver priorities.

**Modelling Outputs**

51. Overall the key message is that nothing has fundamentally changed with the viability of the HRA from the business plan that was reported to members for the HRA buy-out. The HRA is viable and can afford to maintain properties to current levels and remodel the sheltered units and sustain its new build program.

52. This year a great focus has gone into the modelling of the behaviour of a number of key costs and income items, separating them out in the budget and modelling them independently. Consequently more detailed work has been completed to model salary budgets, bringing the forecast in line with the assumptions made in the General Fund MTFP.

53. The cost of repairs and maintenance have previously been increased by inflation however experience shows that these cost increases can be managed, to some degree, within the budget and work program. Therefore costs on the repairs expenditure have been limited to a 1% inflation for the first 5 years of the model then defaulting back to the forecast CPI level.

54. **Appendix C** has a high level budget summary for the HRA for the first **10** years of the plan.

55. The model is set up to work through the following, with the available resources:

    1) maintain a minimum reserve balance of £1m
    2) meet approved priorities
    3) focus any surplus resources to replay the housing debt, reducing the Housing Capital Financing Requirement (a measure of indebtedness).

56. The model shows that the HRA CFR has the potential to reduce to zero by year 2031/32 of the plan, this is a reduction of 7 years over the previously reported position. It has been possible to achieve this by introducing a more detailed modelling of the behaviour of costs and impact of inflation, which now includes an inflationary management target within the program. **Appendix D** is a graph showing the forecast of debt repayment, compared to DCLG's original estimate, it also demonstrates the potential headroom available between the debt cap and forecast debt held.

57. The model also tracks the levels of planned capital expenditure and the availability of resources and highlights any years where there are insufficient resources available to meet the financial demands. The plan has been updated to allow for the additional purchase of properties agreed in the October 2013 cabinet report. It should be noted that the plan has no years where the capital program exceeds the available resources (see **Appendix E)**.

58. Overall the model shows that the current HRA business plan is viable and can still manage to repay its debt over the life of the plan if Members consider that to be the long term aim. It should be noted that the Members' Working Group set up earlier as part of the HRA reform review did state that the council should not be in a rush to "..pay off the debt immediately..". As further new build and remodeling schemes are built into the plan, following Member approval, it is expected that the forecast date when the HRA is debt free will be pushed back

**Risks and Uncertainties**

59. The model allows a number of different scenarios to be modelled, and calculate the impact of doing or not doing a project, as well as flexing

the conditions within a project. This allows each project to be judged on its own merit within the parameters of existing HRA resources. It also means that the risks and uncertainties can be modelled and mitigated against.

60. It is possible that the estimates around capital expenditure and the timing of work will need adjusting over the life of the model. The condition of dwelling components may be better or worse than anticipated. If this is the case the model allows capital resources to be utilised in the most efficient manner. If major works were required at an earlier date, one option would be to postpone debt repayment in that year and use the funds to complete the work, allowing us to re-schedule our debt repayments.

61. Government guidelines do change, for example the rules around rent increases are changing, and the rent convergence timetable is expected to change. Although these changes can have a negative impact on HRA income, the model allows us to prepare for these changes and take appropriate action.

62. The estimates in the Business Plan are included on the basis of probability, rather than all best case or all worst case scenarios. This allows for a realistic plan.

**List of Appendices**

Appendix A – List of Inflation and Interest Rate Assumptions
Appendix B – Treasury Portfolio
Appendix C – HRA Business Plan Summary 2013/14-2022/23
Appendix D – Forecast HRA Capital Financing Requirement
Appendix E – Capital Resources and Expenditure

Appendix A

# Inflation and Interest Rate Assumptions

**HRA BUSINESS PLAN MODEL**
**KEY BASE ASSUMPTIONS**

| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Years 11-15 | Years 16-20 | Years 21-25 | Year 26-35 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| General RPI | | | 2.50% | 3.20% | 3.20% | 3.20% | 3.20% | 3.20% | 3.00% | 3.00% | 3.00% | 3.20% | 3.20% | 3.20% | 3.20% |
| Rents CPI/RPI | | | 3.20% | 2.70% | 2.70% | 2.70% | 2.70% | 2.70% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| General RPI | | 0.00% | 2.50% | 3.20% | 3.20% | 3.20% | 3.20% | 3.20% | 3.00% | 3.00% | 3.00% | 3.20% | 3.20% | 3.20% | 3.20% |
| Rents RPI | | 0.00% | 3.20% | 2.70% | 2.70% | 2.70% | 2.70% | 2.70% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| | | | | | | | | | | | | | | | |
| **Real Increases (RPI+):** | | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Years 6-10** | **Years 6-10** | **Years 6-10** | **Years 6-10** | **Years 6-10** | **Years 11-15** | **Years 16-20** | **Years 21-25** | **Year 26-35** |
| Formula Rent Increase | | | 0.50% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Supporting People Grant: | Fixed | | -25.00% | -25.00% | -25.00% | -25.00% | -25.00% | -3.20% | -3.00% | -3.00% | -3.00% | -3.20% | -3.20% | -3.20% | -3.20% |
| PFI | Fixed | | | | | | | | | | | | | | |
| | General | 0.00% | -2.50% | -3.20% | -3.20% | -3.20% | -3.20% | -3.20% | -3.00% | -3.00% | -3.00% | -3.20% | -3.20% | -3.20% | -3.20% |
| | PFI | 0.00% | -2.50% | -3.20% | -3.20% | -3.20% | -3.20% | -3.20% | -3.00% | -3.00% | -3.00% | -3.20% | -3.20% | -3.20% | -3.20% |
| | EX New Build | 0.00% | -2.50% | -3.20% | -3.20% | -3.20% | -3.20% | -3.20% | -3.00% | -3.00% | -3.00% | -3.20% | -3.20% | -3.20% | -3.20% |

| Interest Rates | **Base Rates:** | **Yr 1 1st Half** | **Yr 1 2nd Half** | **Yr 2 1st Half** | **Yr 2 2nd Half** | **Yr 3 1st Half** | **Yr 3 2nd Half** | **Yr 4** | **Yr 5** | **Yrs 6-10** | **Yrs 11-15** | **Yrs 16-20** | **Yrs 21-25** | **Yrs 26-30** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **PWLB:** | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | **Market:** | 0.50% | 0.50% | 1.00% | 1.00% | 1.50% | 1.50% | 2.00% | 2.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |

Appendix B

## Treasury Portfolio

| Loan Amount £'000 | Start Date | Interest Type | Interest Rate % | Repayment Type | Redemption Date |
|---|---|---|---|---|---|
| 7,000 | 28/03/2012 | Variable | 0.62 | Maturity | 27/03/2022 |
| 2,000 | 28/03/2012 | Fixed | 1.24 | Maturity | 27/03/2017 |
| 3,000 | 28/03/2012 | Fixed | 1.5 | Maturity | 27/03/2018 |
| 1,000 | 28/03/2012 | Fixed | 1.76 | Maturity | 27/03/2019 |
| 5,000 | 28/03/2012 | Fixed | 1.99 | Maturity | 27/03/2020 |
| 2,000 | 28/03/2012 | Fixed | 2.21 | Maturity | 27/03/2021 |
| 2,000 | 28/03/2012 | Fixed | 2.4 | Maturity | 27/03/2022 |
| 2,000 | 28/03/2012 | Fixed | 2.56 | Maturity | 27/03/2023 |
| 3,000 | 28/03/2012 | Fixed | 2.7 | Maturity | 27/03/2024 |
| 3,000 | 28/03/2012 | Fixed | 2.82 | Maturity | 27/03/2025 |
| 1,000 | 28/03/2012 | Fixed | 2.92 | Maturity | 27/03/2026 |
| 1,000 | 28/03/2012 | Fixed | 3.01 | Maturity | 27/03/2027 |
| 2,000 | 28/03/2012 | Fixed | 3.08 | Maturity | 27/03/2028 |
| 2,000 | 28/03/2012 | Fixed | 3.15 | Maturity | 27/03/2029 |
| 2,000 | 28/03/2012 | Fixed | 3.21 | Maturity | 27/03/2030 |
| 8,000 | 28/03/2012 | Fixed | 3.26 | Maturity | 27/03/2031 |
| 9,000 | 28/03/2012 | Fixed | 3.3 | Maturity | 27/03/2032 |
| 10,000 | 28/03/2012 | Fixed | 3.34 | Maturity | 27/03/2033 |
| 11,000 | 28/03/2012 | Fixed | 3.37 | Maturity | 27/03/2034 |
| 12,000 | 28/03/2012 | Fixed | 3.4 | Maturity | 27/03/2035 |
| 9,000 | 28/03/2012 | Fixed | 3.42 | Maturity | 27/03/2036 |
| 16,713 | 28/03/2012 | Fixed | 3.44 | Maturity | 27/03/2037 |
| 5,951 | 29/03/2011 | Fixed | 5.26 | Maturity | 26/03/2061 |
| **119,664** | | | | | |

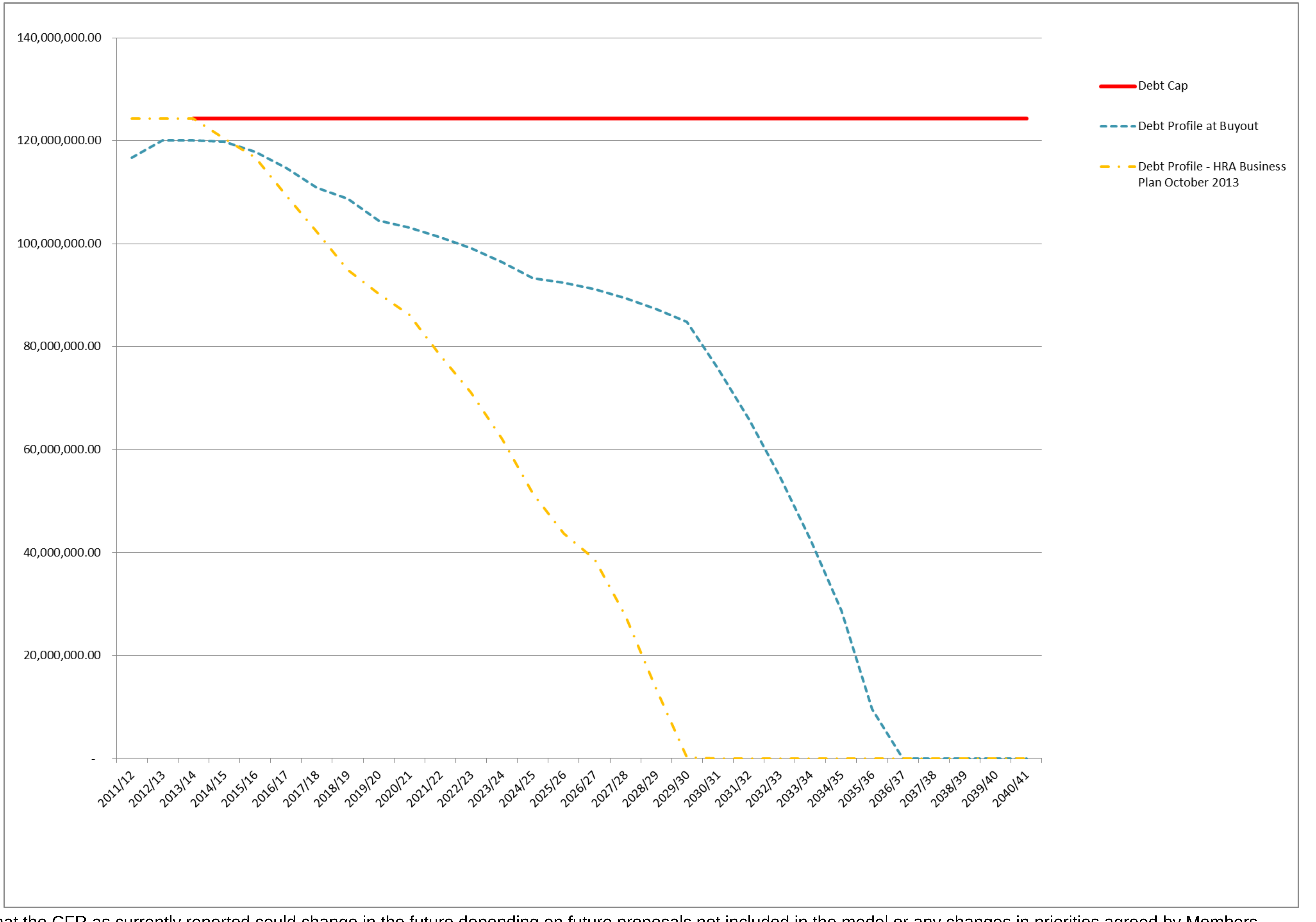
Appendix C

## HRA Business Plan

**HOUSING REVENUE ACCOUNT PROJECTIONS**
**Ashford BC**

| **Year** | **2013.14** | **2014.15** | **2015.16** | **2016.17** | **2017.18** | **2018.19** | **2019.20** | **2020.21** | **2021.22** | **2022.23** |
|---|---|---|---|---|---|---|---|---|---|---|
| **£'000** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| **INCOME:** | | | | | | | | | | |
| Rental Income | 23,523 | 24,285 | 25,259 | 26,297 | 27,376 | 28,340 | 29,883 | 30,171 | 31,027 | 31,908 |
| Void Losses | -233 | -242 | -252 | -263 | -274 | -284 | -299 | -302 | -310 | -319 |
| Service Charges | 758 | 777 | 802 | 827 | 854 | 881 | 909 | 936 | 965 | 993 |
| Non-Dwelling Income | 455 | 455 | 455 | 455 | 455 | 470 | 485 | 499 | 514 | 530 |
| Grants & Other Income | 3,242 | 3,188 | 3,147 | 3,115 | 3,090 | 3,070 | 3,070 | 3,070 | 3,070 | 3,070 |
| **Total Income** | **27,745** | **28,463** | **29,411** | **30,432** | **31,501** | **32,477** | **34,048** | **34,375** | **35,266** | **36,182** |
| **EXPENDITURE:** | | | | | | | | | | |
| General Management | -4,202 | -4,239 | -4,315 | -4,394 | -4,476 | -4,619 | -4,767 | -4,910 | -5,057 | -5,209 |
| Special Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Management | -4,867 | -4,989 | -5,148 | -5,313 | -5,483 | -5,658 | -5,840 | -6,015 | -6,195 | -6,381 |
| Rent Rebates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bad Debt Provision | -235 | -243 | -376 | -518 | -670 | -694 | -732 | -739 | -760 | -781 |
| Responsive & Cyclical Repairs | -3,349 | -3,789 | -3,751 | -3,792 | -3,835 | -3,911 | -4,076 | -4,198 | -4,361 | -4,492 |
| **Total Revenue Expenditure** | **-12,654** | **-13,260** | **-13,591** | **-14,018** | **-14,464** | **-14,882** | **-15,414** | **-15,861** | **-16,373** | **-16,863** |
| Interest Paid | -3,929 | -3,786 | -3,656 | -3,475 | -3,267 | -3,012 | -2,879 | -2,754 | -2,701 | -2,542 |
| Finance Administration | -54 | -55 | -57 | -59 | -61 | -63 | -65 | -67 | -69 | -71 |
| Interest Received | 28 | 14 | 5 | 7 | 7 | 30 | 30 | 30 | 30 | 31 |
| Depreciation | -5,174 | -5,706 | -5,861 | -6,098 | -6,283 | -6,474 | -6,671 | -6,860 | -7,055 | -7,255 |
| **Net Operating Income** | **5,963** | **5,670** | **6,251** | **6,789** | **7,434** | **8,077** | **9,050** | **8,864** | **9,099** | **9,482** |
| **APPROPRIATIONS:** | | | | | | | | | | |
| FRS 17 /Other HRA Reserve Adj | -2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Provision (HRACFR) | 0 | -2,327 | -4,197 | -6,816 | -7,363 | -7,134 | -4,587 | -3,741 | -7,656 | -6,465 |
| Revenue Contribution to Capital | -2,366 | -6,730 | -2,036 | 0 | -88 | -874 | -4,525 | -5,034 | -1,533 | -2,853 |
| **Total Appropriations** | **-4,866** | **-9,057** | **-6,234** | **-6,816** | **-7,452** | **-8,008** | **-9,112** | **-8,775** | **-9,188** | **-9,317** |
| **ANNUAL CASHFLOW** | **1,097** | **-3,388** | **18** | **-26** | **-18** | **69** | **-62** | **88** | **-90** | **165** |
| Opening Balance | 3,294 | 4,391 | 1,003 | 1,021 | 994 | 977 | 1,046 | 984 | 1,072 | 983 |
| **Closing Balance** | **4,391** | **1,003** | **1,021** | **994** | **977** | **1,046** | **984** | **1,072** | **983** | **1,148** |

**Forecast HRA Capital Financing Requirement**




It should be noted that the CFR as currently reported could change in the future depending on future proposals not included in the model or any changes in priorities agreed by Members.

The gap between the debt profile at October 2013 and the debt cap represents the headroom that the HRA has to invest in further projects to deliver the business plan priorities. The tension between the government's aspiration to increase the housing supply and HRA debt cap is shown here with limited headroom in the short term but significant opportunity being offered in the medium to long term.

Appendix E

**Capital Resources and Expenditure**