



Epping Forest District Council

HRA Business Plan Financial Projections

October 2013 Review

1. Introduction

- 1.1 CIH consultancy have been commissioned to regularly update the Council's HRA Business Plan and report on the latest projections arising and how the position has changed from the last review of the model.
- 1.2 It also provides an opportunity to discuss the impact to the plan of latest Government guidance and policy changes, for example discussing the forthcoming consultation on social rents, which we will discuss later in this report.
- 1.3 This review makes reference to any significant changes to the previous version of the business plan model which was used for the publication of the HRA Business Plan document in March 2013.
- 1.4 The last business plan identified that the HRA was fully viable, whilst maintaining positive balances, meeting identified capital expenditure, the creation of a separate reserve to build balances to repay the loans but also the ability to fund service improvements. For the period 2014.15 to 2041.42 (28 years) an additional £174.5million was identified for service improvements over and above the £770,000 per annum already built in to the HRA budgets.
- 1.5 This review of the plan incorporates the original budgets for this financial year, which have not changed since the last review. The plan now starts from 2013.14 and includes the revised (and final) opening balances for the HRA, Major Repairs Reserve, Repairs Fund and the newly created Self-Financing Reserve. The changes are noted below:

	March 2013.14 HRA BP	Actual Opening Balances	Variance	Notes
HRA	£3.507m	£3.376m	-£0.131m	1
MRR	£9.955m	£9.755m	-£0.200m	2
Repairs	£4.504m	£3.967m	-£0.537m	3
Self-Financing	£3.180m	£3.333m	£0.153m	1

- 1.6 Note 1: The variances for the HRA and Self-Financing Reserve outweigh each other with a small remaining difference. The reason for a lower actual opening balance on the HRA is due to a higher contribution to the Self-Financing Reserve in 2012.13. The small variance of £0.022million can be attributed to final account adjustments when compared to the last estimates produced in December 2012.
- 1.7 Note 2: The final accounts for capital expenditure was £0.2million higher than expected resulting in the additional utilisation of the Major Repairs Reserve rather than the HRA.
- 1.8 Note 3: Actual repairs expenditure was higher than originally forecast (though less than the original 2012.13 budget) resulting in a reduction in the Repairs Fund balance.

2. HRA Base Budget and Variations Within the Plan

- 2.1 The model currently uses the base budget for 2013.14 for forecasting expenditure and income forward whilst adding general RPI (inflation) increases. There are exceptions to these, detailed further in this report.
- 2.2 The table below details at summary level the HRA budget for **2013.14**

	October HRA BP Forecast £m	2013.14 Original Budget £m	Variance £m	Note
Net Rents	30.958	31.080	-0.122	1
Service Charges	1.652	1.652	-	
Non Dwelling Income	0.898	0.898	-	
Grants and Other Income	0.346	0.346	-	
General Management	-4.083	-4.083	-	
Special Management	-3.509	-3.509	-	
Other Management	-1.065	-1.065	-	2
Bad Debt Provision	-0.200	-0.200	-	
Responsive Repairs	-5.200	-5.200	-	3
Interest Paid	-5.571	-5.571	-	
Interest Received	0.395	0.395	-	4
Depreciation	-6.922	-6.922	-	
FRS 17 Adjustments	-0.314	-0.314	-	
RCCO	-4.200	-4.200	-	
Self Financing Reserve	-3.180	-3.180	-	5
Out-turn for Year	0.005	0.127	-0.122	

- 2.3 Note 1: The rental income budget was based on an average rent based on estimated stock level. Due to the re-invigoration of right to buy the opening level of stock was less than anticipated and we have revised the estimated

number of sales from 16 to 30 for 2013.14, hence a reduction of rental income.

- 2.4 Notes 2: Included within the Other Management costs is a revenue budget of £570,000 for service enhancement as part of the original allocation of £770,000. The balance is accounted for within the General Management budget.
- 2.5 Note 3: The Repairs Fund balance reduced due to an increase in expenditure against that forecast during 2012.13. The level of actual expenditure met by the Repairs Fund for 2013.14 is £5.121m, some £0.488million less than the 2012.13 actual out-turn. Therefore the next review will focus on revised estimated out-turns and also review future expenditure requirements against the £5.255million used for longer-term estimates.
- 2.6 Note 4: Given that reserve balances, namely the Self-Financing Reserve, have increased it may be possible that the level of interest received may increase (marginally).
- 2.7 Note 5: The Self Financing Reserve contributions are set at £3.18million for each of the next 9 years to build sufficient funds to repay the £31.8million variable loan which matures at this point. From then we have changed the assumption for future contribution by annually increasing the £3.18 million by 7.8% (per year) from Year 10 onwards in order to provide sufficient reserves to repay the remaining loan balances, as they mature.

3. Future Assumptions

- 3.1 In this section of the report we briefly detail how the above expenditure and income will differ from any other variance than RPI (inflation being applied). We have applied an RPI of 2.5% throughout the plan.

Rental Income

- 3.2 As part of the business planning process we have continued to accurately forecast forward each individual property's rent to estimate future increases and assess the impact of the £2 per week cap above RPI plus 0.5%. However the Government's recently produced social rent policy from April 2015 now replaces RPI with CPI and the real increase of 0.5% is replaced by 1%. Furthermore a consultation is due out shortly on the potential withdrawal of rent convergence, therefore suggesting that the rent levels set in April 2014 will form the basis for future inflationary increases. These two factors are discussed further in a future impact section later in this report.
- 3.3 Using an estimate of 2.8% for the September 2013 RPI which will be the basis for rent increases (based on latest forecasts) we estimate that the average rent increase in April 2014 will be 4.53%, with the highest being 5.98%, on the basis of convergence by April 2017, which may have to be revised in relation to any changes to the national convergence policy. From April 2015 onwards we have assumed that CPI is 0.5% less than RPI which

in effect provides a neutral inflationary application for the additional 0.5% real increase (1% instead of 0.5%).

- 3.4 Void levels are estimated to remain at 1% throughout the plan as a prudent assumption, though 2013.14 has a rate of 0.77% budgeted for.
- 3.5 We have incorporated the additional week's rent which occurs every 6 years, commencing 2013.14.

Welfare Reform

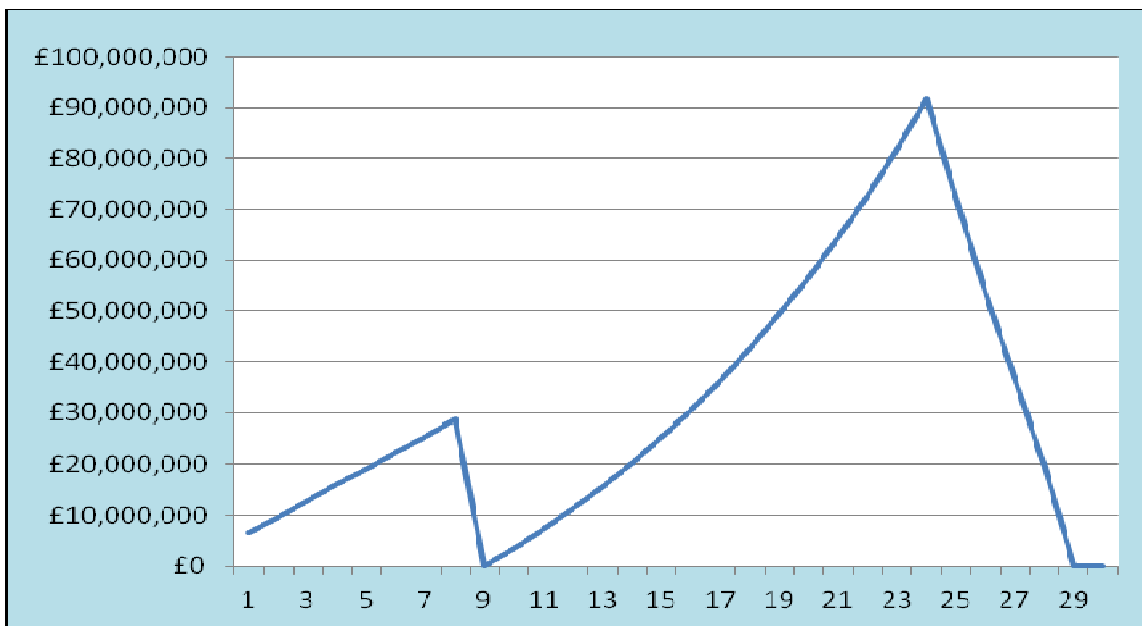
- 3.6 The total impact of welfare reform to the plan and how to profile it into future projections will be progressed with officers but for the time being we have increased the provision for bad debt from next year from 0.4% to 0.64% in line with the budget. In future years a prudent 1% assumption has been made, but will be continually reviewed as universal credit is gradually introduced.

Treasury Management

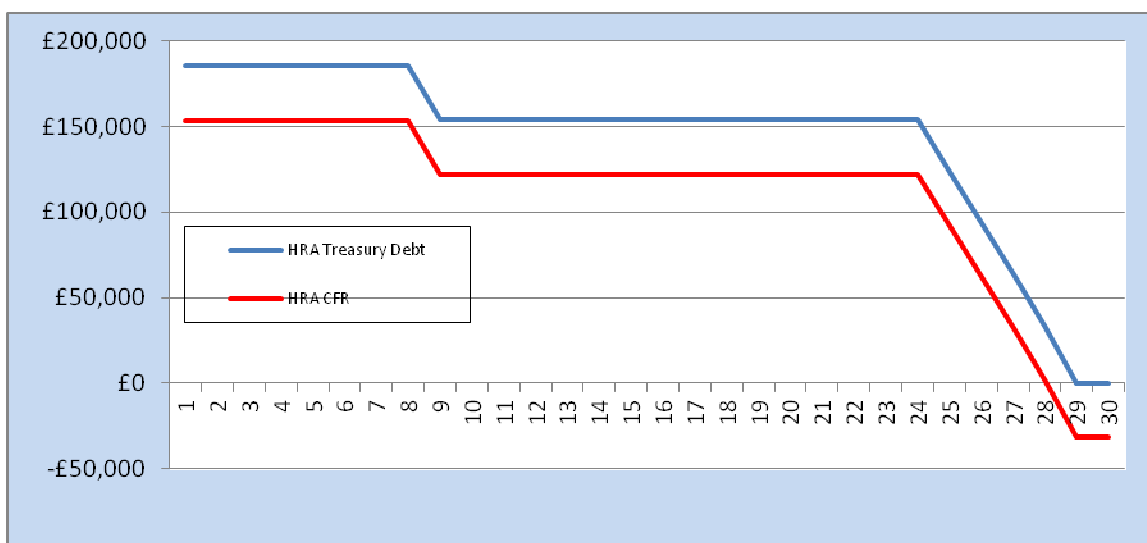
- 3.7 The loan portfolio remains unchanged and is detailed below for reference:

Loan £m	Interest Basis	Interest Rate	Maturity
31.800	Variable	0.62%	Mar 2022
30.000	Fixed	3.46%	Mar 2038
30.000	Fixed	3.47%	Mar 2039
30.000	Fixed	3.48%	Mar 2040
30.000	Fixed	3.49%	Mar 2041
33.656	Fixed	3.50%	Mar 2042

- 3.8 The interest on these loans will be charged directly to the HRA; with the vast majority having fixed rates the forecast interest projections will be accurate. We have estimated a gradual increase of interest rate for the variable rate loan up to 2.12% by Year 5 of the plan.
- 3.9 In Section 2.7 we detailed the contributions to be made to the Self-Financing Reserve in order to maintain balances sufficient to repay loans when they mature, if so required at that point.
- 3.10 The graph below shows the projected balances of the Self-Financing Reserve, as the balances build and the subsequent repayments are made:



3.11 The graph below shows the financing position of the HRA remains unchanged from the previous visit, apart from the starting year moving on one year and therefore repayment a year earlier:



3.12 The graph shows the HRA loan portfolio (identified by the top blue line) starting at £185.456million and reducing as per the schedule in 3.7 to complete repayment by Year 29. The actual accounting debt of the HRA (HRA CFR) is lower, due to the Council’s overall financing position, and returns to its negative position in Year 29 as it was prior to self-financing.

4. Capital Projections

4.1 The Council regularly updates its capital expenditure forecasts on a five-year basis.

- 4.2 The current and future years' forecasts are summarised in the table below. For years 2014.15 the forecasts remain unchanged from the previous plan with the exception of new build which is detailed below. In addition we have shown the original projected expenditure for 2013.14 and its revised position, which has been encompassed within this version of the plan.

Description	2013.14 £m Original	2013.14 £m Revised	2014.15 £m	2015.16 £m	2016.17 £m
Planned Maintenance	6.531	6.330	5.510	4.972	5.706
Other Capital Repairs	2.611	2.678	2.207	2.017	2.017
Kitchens & Bathrooms	3.098	3.034	4.177	4.188	4.561
Disabled Adaptations	0.450	0.446	0.450	0.450	0.450
Service Improvements	0.085	0.239			
<i>*New Build</i>	<i>0.854</i>	<i>0.401</i>	<i>3.829</i>	<i>3.397</i>	<i>3.329</i>
Repurchase	0.239	0.349			
DLO Vehicle Purchase	0.050	0.082	0.050	0.050	0.050
TOTAL	13.918	13.558	16.223	15.074	16.113

**Note: see Section 4.6 below for changes to new build expenditure*

- 4.3 The above costs are inclusive of fees. However there is no provision for inflation, but recent experience with contract renewals has demonstrated no price increases. This assumption may need revisiting when reviewing the business plan in the future.
- 4.4 The significant changes are the increased price for the repurchase, a reduction in planned maintenance (on heating renewals) and new build which is explained in Section 4.7 below.
- 4.5 Capital expenditure for the existing stock beyond Year 4 remains unchanged from the previous iteration of the plan.

New Build

- 4.6 The new build costs included in the above table (and beyond to 2018.19) totalled £17.137million. These costs were based on delivering 120 homes over the 6 year period, using estimated build costs of c£120k per unit.
- 4.7 Since the publication of the plan in March 2013, a development agent has been appointed and plans and costs for the first 25 new build properties (Package 1) have been identified. In addition the costs and profile of expenditure have been reforecast for a further 100 units as part of another 5 packages, using revised build costs and delivering an additional 5 units from previous assumptions.
- 4.8 The table below shows the costs for Package 1 and future packages over the next few years:

	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2021.22
Package 1	£0.401m	£3.083m	£0.429m	-	-	-	-	-
Packages 2-6	-	£0.236m	£2.669m	£3.012m	£3.012m	£3.012m	£2.776m	£0.344m
Total	£0.401m	£3.319m	£3.098m	£3.012m	£3.012m	£3.012m	£2.776m	£0.344m

The total expenditure over this period is £18.976million some £1.839million more than originally forecast in the March plan, which will have a detrimental effect to the plan though offset partially by some additional resources detailed below. Within the plan we have provided for inflation given that the costs may increase due to other Government initiatives that may stimulate the market overall.

Council Contributions to New Build

- 4.9 To assist with the financing of new build the Council has committed Section 106 monies towards the schemes. To date a total of £669,196 has been received and included within the financial projections. The receipts relate to the BPI Poly site, Ongar Station and Bald Hind Pub.
- 4.10 In addition the Council's sale receipt for land at Millfield of £87,000 and the grant in respect of Harlow Growth Area Fund of £90,000 have been included.
- 4.11 All of the above receipts have been accounted for in 2013.14 within the plan and ultimately will be held within the Major Repairs Reserve in readiness for being withdrawn when the new build expenditure accelerates. The previous plan only assumed £0.325million of such contributions, some £0.521million less than accounted for now.
- 4.12 The Council has also agreed that the future sale receipts from the disposal of Leader Lodge, North Weald and receipts from future Section106 contributions from a further seven sites, which could exceed £2million but due to their various stages have not been included within the projections, can be utilised for the the Council's new build programme. Therefore there is the potential for the plan to out perform once these are applied.

Right to Buy Receipts

- 4.13 With the Government's reinvigoration of the right to buy policy Epping Forest has seen sales in 2012.13 and early 2013.14 exceed those witnessed over the past three years (and those assumed within the self-financing settlement).
- 4.14 The result of the increased volume of sales affects the plan not only with loss of income but it also introduces the ability to retain the balance of the receipts (after some initial deductions) for new build.
- 4.15 Firstly when sales exceed the number assumed within the self-financing settlement the ability to retain some of the receipt is enabled and to date this totals £0.364million. This is termed "Allowable Debt". However with the changes made to the Capital Regulations in March 2013, the Government

now has the ability to recover circa 70% from future receipts when sales fall below those assumed within the settlement, which they previously did not.

- 4.16 For prudence we have assumed that the HRA will not benefit from any Allowable Debt from when it arises or when it is partially reclaimed, given that it will be at the expense of what the Council retains in the future.
- 4.17 After all eligible deductions the Council currently has (up to and including Quarter 2 of 2013.14) £0.887million of net receipts termed as “1-4-1” for the direct contribution for new build. Regulations state that this can be used for up to 30% of new build costs (including fees) within 36 months of the receipt arising. These receipts cannot be reclaimed by Government unless they are not utilised within 36 months.
- 4.18 Given the new build programme being embarked on and assuming 30 sales for 2013.14 (a reduction of 10 from last estimates) and using average values we estimate that there will be a total of £1.286million of 1-4-1 receipts over the next three years.
- 4.19 We have allocated these receipts against the new build expenditure within the model and within the required time period as detailed below:

	2013.14	2014.15	2015.16
1-4-1 Receipts	£0.120m	£0.996m	£0.170m

- 4.20 In the previous plan it was assumed that in total (for both Allowable Debt and 1-4-1 receipts) £2.579million would be available for contributing towards the new build programme. Therefore resources within the plan have reduced by an estimated £1.293million due to the loss of the retention of allowable debt and reduction of right to buy sales predicted.
- 4.21 Therefore, in total, there is a £2.132 million contribution to new build against the anticipated expenditure of £18.976million for providing 125 new homes, to which the HRA will fund using a mixture of reserves and future surpluses.

Service Enhancements

- 4.22 The plan published in March 2013 identified future service enhancements available to the HRA, in addition to the £770,000 per annum already accounted for within the HRA budgets, below:

Service Enhancements (March 2013)	Yrs 2-6 £m	Yrs 7-11 £m	Yrs 12-16 £m	Yrs 17-21 £m	Yrs 22-30 £m	Total £m
Per Year	1.5	4.0	7.0	8.0	9.0	183.5

**Note: We have moved the years forward by one year to take account of the plan commencing in 2013.14, hence the increase from £174.5million*

The values above were reviewed in line with keeping the HRA with reasonably constant balances after taking into account the contributions to the Self-financing Reserve. For clarity and ease of understanding we have increased the provisions within 5 year bands (except for Years 22-30, which

covers 9 years), with inflation applied within the model, so are at today's prices.

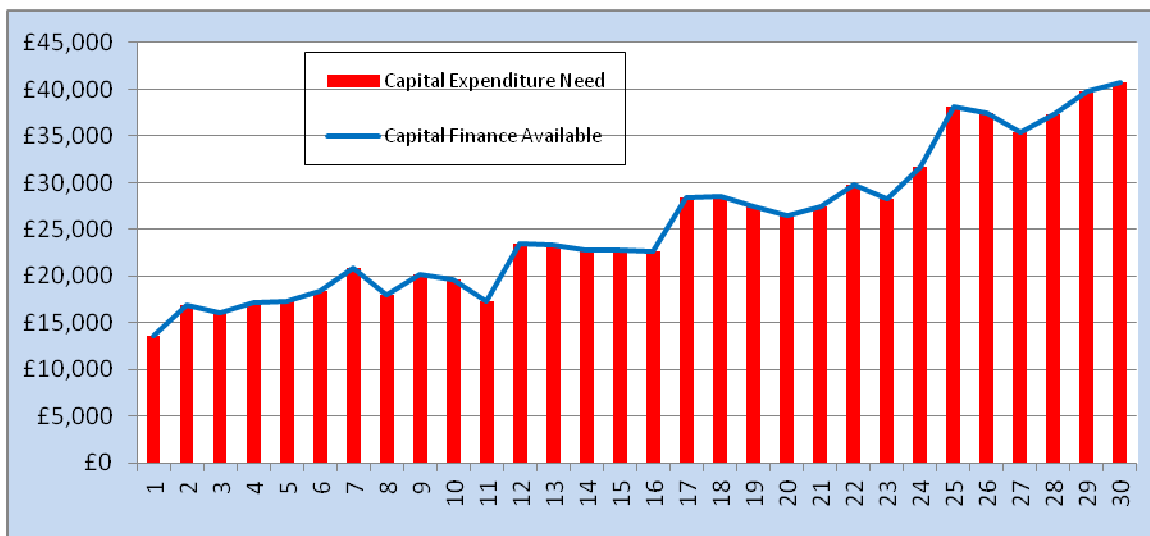
4.23 Due to the increases of new build expenditure, reduction in right to buy receipts, opening balances and additional resources available for new build we have revised the above assumptions to ensure a balanced business plan, as follows:

Service Enhancements (Adjustments to Oct 13)	Yrs 2-6 £m	Yrs 7-11 £m	Yrs 12-16 £m	Yrs 17-21 £m	Yrs 22-30 £m	Total £m
Per Year	-£0.4	-	-	-	-	-£2.0

4.24 To facilitate the additional new build costs and potential reduction in right to buy funds a reduction of the level of service enhancements would need to be made, which equates to a £0.4million reduction per year over Years 2-6 of the plan. Therefore service enhancements between Years 2 to 6 are limited to an additional £1.1million over and above the £770k already provided for.

5. Funding the Capital Projections

5.1 The graph below demonstrates the capital expenditure (in the thick red vertical bars) for each year including inflation. The available resources are shown (using the thin blue horizontal line). As expected the expenditure identified in Sections 4.2, 4.8 and for service enhancements can be fully funded.

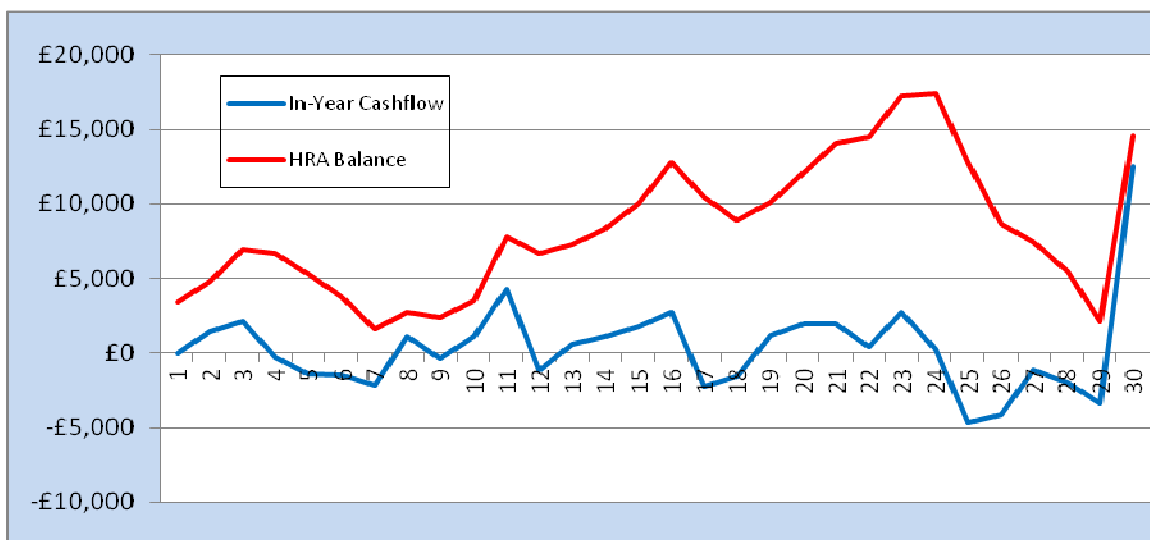


5.2 The key financial resources available for funding the capital expenditure have remained unchanged with the exception of accounting for the useable right to buy receipts into the following year as per the above assumptions and after other receipts identified in 4.9 and 4.10.

5.3 The right to buy sales will be closely monitored including those applications within the pipeline to continually update the potential receipts.

6. HRA Revenue Balance Projections

- 6.1 Within this report we have detailed that reserve balances for both major works and revenue repairs will be utilised over the first 5 years of the plan. However we have included monies transferred to the Self-Financing Reserve as per 3.11 and 3.12 of this review and are excluded from the balances below:



- 6.2 The HRA is forecast to keep an average balance of £8.3million over the 30 years with the lowest balance of £1.6million in Year 7.
- 6.3 The balance peaks at £17million in Year 24, but quickly reduces due to the increase of capital expenditure in Year 26 onwards noted in the graph in Section 5.1 above.
- 6.4 As contributions to the Self-Financing Reserve cease in Year 30, as the loan portfolio has been fully repaid balances start accruing within the HRA which could provide for additional service enhancements to those identified in section 4.22.

7. Future Impacts

- 7.1 The Government is imminently publishing a consultation on a change to the rental structure for affordable housing. This will encompass social rents (affecting your existing tenants), affordable rents (affecting new build) and the “pay to stay” policy (affecting high earning tenants).
- 7.2 The most obvious change expected is that the move to CPI from RPI will be confirmed with a change to a real increase of 1% instead of 0.5%. We have already anticipated this and is included within the projections as detailed in sections 3.2 and 3.3.
- 7.3 However the change from RPI to CPI, replicating other changes to future increases such as benefits and pensions, has projected savings to Government in terms of the country’s overall benefits bill where it is anticipated that the difference between RPI and CPI will grow. The Office

for Budget Responsibility has in fact projected long-term differences between RPI and CPI of around 1.4%, significantly more than the past (and current) 0.5%.

- 7.4 The Government has also muted that it intends to end its rent convergence policy beyond the next rent increase, thus a year earlier in terms of the national position. For Epping Forest, the Council decided to extend the period of rent convergence until April 2017 in order to protect tenants from higher rent increases.
- 7.5 It is not known exactly what mechanisms will be in place in terms of rent increases beyond April 2014, but a worst case scenario could be that rents will be limited to a CPI plus 1% increase from April 2015, and that the current additional maximum amount of £2 per week for rents that have not converged would not be allowed. This would result in a loss of resource to the business plan given that actual rent increases would have been higher than this to achieve convergence.
- 7.6 It is important to note that the consultation and its resulting finalisation will be guidance only, given that the Council's statutory responsibility to set rents is governed by the Housing Act 1985. This may provide a different course for setting rents on a local basis within the parameters that the Government may set in controlling rent levels on an overall basis in the future.
- 7.7 The Government has very recently published a consultation for capping the recharges to leaseholders in terms of capital works to communal areas and structural works to which their lease applies. Over recent years due to compliance works in relation to Decent Homes leaseholders have been saddled with high levels of recharges, particularly those in tower blocks. The proposal is to cap recharges at £10,000 outside of London. Officers are analysing the Council's database in terms of future planned works to determine if there are any leaseholders that are covered by this protection, given that any shortfalls in recovery will have to be met by the HRA. At this stage any impact is considered to be minimal, given that the Council has no high rise accommodation within its stock.
- 7.8 In light of potential impacts with regards to the changes to social rent policy identified above and welfare reform we have briefly shown the potential impacts to the HRA plan. The best measure will be the effect on the levels of funding available for potential service enhancements and we have laid out some scenarios below:

Service Enhancements	Yrs 2-6 £m	Yrs 7-11 £m	Yrs 12-16 £m	Yrs 17-21 £m	Yrs 22-30 £m	Total £m
Base Forecast	1.1	4.0	7.0	8.0	9.0	181.5
CPI 1% less than RPI	0.9	3.0	6.0	5.0	4.5	115.0
No Convergence	0.4	3.0	6.0	6.0	7.1	140.9
CPI -1% No Convg	0.2	2.0	4.0	4.0	3.3	80.7
Bad Debts +1%	0.7	4.0	7.0	8.0	8.1	171.4

- 7.9 In the first sensitivity we have assumed that CPI in the longer-term will be 1% below RPI rather than 0.5%. Therefore the plan effectively has reduced rental income than projected before. The impact of this is service enhancements are reduced to £115million, a reduction of £66.5million over the 29 years of the plan. This of course could be offset by savings in management and maintenance costs, but would affect the provision of the current service standard.
- 7.10 The second sensitivity assumes a worst case scenario for the withdrawal of the convergence policy given that locally convergence has been extended to April 2017. In this instance we estimate that if the Government does go ahead with its proposal, then potentially £40.6million would have to be reduced from the service enhancements provision over the period of 29 years.
- 7.11 The third sensitivity shows the impact of the scenarios within both 7.9 and 7.10 together.
- 7.12 As a final sensitivity we have shown the impact of additional contributions to bad debts to provide for the effects of welfare reform, should current estimates be insufficient.

8. Summary

- 8.1 Following the self-financing transaction the first review of the HRA business plan demonstrates that it remains viable over the 30 years with the ability to repay the loan portfolio upon maturity for each of the facilities.
- 8.2 However, due to increases to new build costs and the effects of the right to buy levels and receipts expenditure on service enhancements needs to reduce by £2million over the period of the plan.
- 8.3 With the range of sensitivities modelled the HRA still remains fully viable though with reduced levels of resources to fund service enhancements.
- 8.4 Once the consultation has been published on the future of the social rent policy the business plan will be revisited to test the impact.

Simon Smith

October 2013

Appendix 1

Key Assumptions

1. General Inflation (RPI) 2.5% throughout (CPI) 2.0% from April 2015 and RPI for the April 2014 rent increase 2.8%
2. Rents increasing by RPI plus 0.5%/CPI plus 1% - converging by April 2017 where possible
3. Void levels 1% throughout
4. Bad Debts Provision increased from 0.39% to 1% from Year 2
5. Right to Buy levels reduce from 30 to 7 in Year 2 onwards
6. Unpooled Right to Buy Receipt (up to Government cap) utilised by General Fund
7. New Build of 125 properties over Years 2 to 8
8. Service Charge income increasing by RPI only
9. Non Dwelling Rents (Garages) increasing by RPI only
10. Norway House Rents increasing by RPI only
11. Contributions from the General Fund (for service) increasing by RPI only
12. Management Costs increasing by RPI only
13. Repair Costs increasing by RPI only
14. Capital Improvement Costs increasing by RPI from Year 6
15. Base rate for variable interest calculations increasing from 0.5% to 3.0% by Year 5
16. £669k of s106 monies, £90,000 of area growth fund and £87,000 land receipt capital contribution towards new build

Appendix 2 HRA Projections

HOUSING REVENUE ACCOUNT PROJECTIONS

Epping Forest DC

Year	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME:															
Rental Income	31,198	31,906	33,505	34,986	36,572	37,952	40,110	40,770	42,053	43,306	44,581	45,887	48,102	48,600	50,010
Void Losses	-240	-318	-334	-349	-365	-379	-400	-407	-419	-432	-445	-458	-480	-485	-499
Service Charges	1,652	1,661	1,703	1,745	1,789	1,834	1,880	1,927	1,975	2,024	2,075	2,127	2,180	2,234	2,290
Non-Dwelling Income	898	904	926	949	973	997	1,022	1,048	1,074	1,101	1,128	1,157	1,186	1,215	1,246
Grants & Other Income	346	355	364	373	382	391	401	411	422	432	443	454	465	477	489
Total Income	33,854	34,507	36,163	37,705	39,351	40,796	43,013	43,749	45,104	46,432	47,782	49,167	51,453	52,042	53,536
EXPENDITURE:															
General Management	-4,083	-4,185	-4,293	-4,402	-4,513	-4,629	-4,747	-4,868	-4,990	-5,115	-5,243	-5,374	-5,508	-5,646	-5,787
Special Management	-3,509	-3,597	-3,687	-3,779	-3,873	-3,970	-4,069	-4,171	-4,275	-4,382	-4,492	-4,604	-4,719	-4,837	-4,958
Other Management	-1,012	-1,037	-1,063	-1,090	-1,117	-1,145	-1,174	-1,203	-1,233	-1,264	-1,295	-1,328	-1,361	-1,395	-1,430
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-200	-318	-333	-347	-362	-374	-394	-400	-412	-425	-437	-450	-472	-477	-491
Responsive & Cyclical Repairs	-5,200	-4,200	-4,200	-2,917	-5,386	-5,521	-5,659	-5,825	-5,982	-6,147	-6,316	-6,493	-6,664	-6,830	-7,001
Total Revenue Expenditure	-14,004	-13,337	-13,575	-12,534	-15,252	-15,639	-16,043	-16,467	-16,893	-17,332	-17,783	-18,249	-18,724	-19,185	-19,666
Interest Paid	-5,571	-5,545	-5,704	-5,863	-6,022	-6,022	-6,022	-6,022	-6,017	-5,348	-5,348	-5,348	-5,348	-5,348	-5,348
Finance Administration	-53	-54	-56	-57	-59	-60	-61	-63	-65	-66	-68	-70	-71	-73	-75
Interest Received	395	590	760	1,053	1,371	1,413	1,447	1,512	1,207	906	1,061	1,195	1,290	1,420	1,574
Depreciation	-6,922	-7,045	-7,246	-7,434	-7,631	-7,834	-8,046	-8,247	-8,443	-8,643	-8,849	-9,059	-9,274	-9,494	-9,719
Net Operating Income	7,699	9,116	10,341	12,870	11,758	12,655	14,287	14,462	14,895	15,948	16,797	17,637	19,327	19,363	20,302
APPROPRIATIONS:															
FRS 17 /Other HRA Reserve Adj	-3,494	-3,502	-3,510	-3,518	-3,527	-3,535	-3,544	-3,553	-3,563	-3,820	-4,098	-4,396	-4,717	-5,063	-5,435
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	-4,200	-4,200	-4,663	-9,628	-9,648	-10,627	-12,879	-9,804	-11,700	-10,988	-8,384	-14,366	-14,069	-13,236	-13,119
Total Appropriations	-7,694	-7,702	-8,173	-13,147	-13,174	-14,163	-16,423	-13,357	-15,262	-14,808	-12,482	-18,762	-18,786	-18,299	-18,554
ANNUAL CASHFLOW	5	1,414	2,168	-276	-1,416	-1,508	-2,136	1,104	-368	1,140	4,315	-1,124	541	1,064	1,747
Opening Balance	3,376	3,381	4,795	6,963	6,687	5,271	3,763	1,627	2,731	2,364	3,503	7,818	6,694	7,235	8,299
Closing Balance	3,381	4,795	6,963	6,687	5,271	3,763	1,627	2,731	2,364	3,503	7,818	6,694	7,235	8,299	10,046
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Financing Reserve	6,513	9,693	12,873	16,053	19,233	22,413	25,593	28,773	153	3,581	7,277	11,261	15,556	20,186	25,177
HRA New Build Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

HOUSING REVENUE ACCOUNT PROJECTIONS

Epping Forest DC

Year	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
INCOME:															
Rental Income	51,456	52,941	54,466	57,072	57,642	59,295	60,994	62,742	64,539	67,619	68,284	70,237	72,245	74,310	76,431
Void Losses	-513	-528	-543	-569	-575	-592	-608	-626	-644	-675	-681	-701	-721	-741	-763
Service Charges	2,347	2,406	2,466	2,528	2,591	2,656	2,722	2,790	2,860	2,932	3,005	3,080	3,157	3,236	3,317
Non-Dwelling Income	1,277	1,309	1,341	1,375	1,409	1,444	1,481	1,518	1,556	1,594	1,634	1,675	1,717	1,760	1,804
Grants & Other Income	501	514	526	540	553	567	581	596	611	626	641	658	674	691	708
Total Income	55,068	56,641	58,257	60,945	61,620	63,371	65,170	67,020	68,921	72,096	72,884	74,949	77,072	79,255	81,498
EXPENDITURE:															
General Management	-5,932	-6,080	-6,232	-6,388	-6,547	-6,711	-6,879	-7,051	-7,227	-7,408	-7,593	-7,783	-7,977	-8,177	-8,381
Special Management	-5,082	-5,209	-5,339	-5,473	-5,610	-5,750	-5,894	-6,041	-6,192	-6,347	-6,505	-6,668	-6,835	-7,006	-7,181
Other Management	-1,466	-1,502	-1,540	-1,578	-1,618	-1,658	-1,700	-1,742	-1,786	-1,830	-1,876	-1,923	-1,971	-2,020	-2,071
Rent Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	-505	-519	-534	-560	-566	-582	-599	-616	-633	-664	-670	-689	-709	-730	-750
Responsive & Cyclical Repairs	-7,176	-7,355	-7,539	-7,728	-7,921	-8,119	-8,322	-8,530	-8,743	-8,962	-9,186	-9,416	-9,651	-9,892	-10,140
Total Revenue Expenditure	-20,160	-20,666	-21,185	-21,727	-22,261	-22,820	-23,393	-23,980	-24,581	-25,211	-25,831	-26,479	-27,143	-27,825	-28,523
Interest Paid	-5,348	-5,348	-5,348	-5,348	-5,348	-5,348	-5,348	-5,348	-5,348	-5,339	-4,301	-3,260	-2,216	-1,168	0
Finance Administration	-77	-79	-81	-83	-85	-87	-89	-91	-94	-96	-98	-101	-103	-106	-108
Interest Received	1,757	1,900	2,001	2,157	2,370	2,605	2,835	3,090	3,361	3,188	2,610	2,096	1,632	1,120	994
Depreciation	-9,949	-10,185	-10,427	-10,674	-10,928	-11,187	-11,452	-11,724	-12,002	-12,286	-12,578	-12,876	-13,181	-13,494	-13,813
Net Operating Income	21,291	22,263	23,218	25,271	25,368	26,534	27,723	28,967	30,257	32,351	32,686	34,329	36,060	37,783	40,046
APPROPRIATIONS:															
FRS 17 /Other HRA Reserve Adj	-5,836	-6,267	-6,731	-7,231	-7,769	-8,349	-8,973	-9,646	-10,370	-11,149	-11,989	-12,894	-13,869	-14,918	-643
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contribution to Capital	-12,744	-18,272	-18,070	-16,820	-15,613	-16,237	-18,353	-16,572	-19,657	-25,844	-24,857	-22,578	-24,184	-26,238	-26,912
Total Appropriations	-18,579	-24,539	-24,801	-24,052	-23,382	-24,586	-27,327	-26,218	-30,027	-36,993	-36,847	-35,472	-38,053	-41,157	-27,554
ANNUAL CASHFLOW															
Opening Balance	10,046	12,758	10,482	8,899	10,118	12,104	14,052	14,448	17,198	17,428	12,786	8,625	7,482	5,490	2,116
Closing Balance	12,758	10,482	8,899	10,118	12,104	14,052	14,448	17,198	17,428	12,786	8,625	7,482	5,490	2,116	14,608

Other HRA Reserve																
Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Financing Reserve	30,558	36,359	42,612	49,354	56,621	64,456	72,902	82,007	91,822	72,404	53,811	36,108	19,365	1	1	
HRA New Build Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Appendix 3 Capital Projections

HOUSING CAPITAL PROJECTIONS
Epping Forest DC

Year	2013.14	2014.15	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
EXPENDITURE:															
Planned Variable Expenditure	0	0	0	0	0	0	0	-12	-18	-26	-35	-45	-60	-65	-73
Planned Fixed Expenditure	-12,281	-13,049	-12,361	-13,497	-13,523	-14,610	-17,245	-17,089	-19,559	-19,025	-16,604	-22,770	-22,658	-22,024	-22,109
Disabled Adaptations	-446	-450	-450	-450	-461	-473	-485	-497	-509	-522	-535	-548	-562	-576	-590
Other Capital Expenditure	-430	-50	-50	-50	-51	-53	-54	-55	-57	-58	-59	-61	-62	-64	-66
New Build Expenditure	-401	-3,319	-3,176	-3,165	-3,244	-3,325	-3,141	-398	0	0	0	0	0	0	0
Procurement Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Previous Year's B/F Shortfall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	-13,558	-16,868	-16,037	-17,162	-17,279	-18,461	-20,925	-18,051	-20,143	-19,631	-17,233	-23,424	-23,342	-22,730	-22,838
FUNDING:															
Major Repairs Reserve	8,292	11,573	11,104	7,434	7,631	7,834	8,046	8,247	8,443	8,643	8,849	9,059	9,274	9,494	9,719
Right to Buy Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HRA CFR Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts/Grants	946	100	100	100	0	0	0	0	0	0	0	0	0	0	0
HRA Reserves	120	996	170	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	4,200	4,200	4,663	9,628	9,648	10,627	12,879	9,804	11,700	10,988	8,384	14,366	14,069	13,236	13,119
Total Capital Funding	13,558	16,868	16,037	17,162	17,279	18,461	20,925	18,051	20,143	19,631	17,233	23,424	23,342	22,730	22,838
In-Year Net Cashflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Position	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MRR Account:															
Opening Balance	9,755	8,385	3,858	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution (Depr)	6,922	7,045	7,246	7,434	7,631	7,834	8,046	8,247	8,443	8,643	8,849	9,059	9,274	9,494	9,719
Use of Reserve to Capital	-8,292	-11,573	-11,104	-7,434	-7,631	-7,834	-8,046	-8,247	-8,443	-8,643	-8,849	-9,059	-9,274	-9,494	-9,719
Contribution to HRACFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	£8,385	£8,385	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

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HOUSING CAPITAL PROJECTIONS

Epping Forest DC

Year	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43	
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
EXPENDITURE:																
Planned Variable Expenditure	-80	-90	-100	-105	-111	-117	-124	-141	-150	-161	-172	-186	-195	-200	-205	
Planned Fixed Expenditure	-21,940	-27,678	-27,690	-26,665	-25,687	-26,546	-28,902	-27,355	-30,690	-37,129	-36,402	-34,386	-36,266	-38,605	-39,570	
Disabled Adaptations Other Capital Expenditure	-605	-620	-636	-652	-668	-685	-702	-719	-737	-756	-775	-794	-814	-834	-855	
New Build Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Procurement Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Previous Year's B/F Shortfall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Capital Expenditure	-22,693	-28,457	-28,497	-27,495	-26,541	-27,424	-29,806	-28,296	-31,659	-38,130	-37,435	-35,454	-37,365	-39,732	-40,725	
FUNDING:																
Major Repairs Reserve	9,949	10,185	10,427	10,674	10,928	11,187	11,452	11,724	12,002	12,286	12,578	12,876	13,181	13,494	13,813	
Right to Buy Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
HRA CFR Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Receipts/Grants	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
HRA Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Revenue Contributions	12,744	18,272	18,070	16,820	15,613	16,237	18,353	16,572	19,657	25,844	24,857	22,578	24,184	26,238	26,912	
Total Capital Funding	22,693	28,457	28,497	27,495	26,541	27,424	29,806	28,296	31,659	38,130	37,435	35,454	37,365	39,732	40,725	
In-Year Net Cashflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cumulative Position	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

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MRR Account:																
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution (Depr)	9,949	10,185	10,427	10,674	10,928	11,187	11,452	11,724	12,002	12,286	12,578	12,876	13,181	13,494	13,813	
Use of Reserve to Capital	-9,949	-10,185	-10,427	-10,674	-10,928	-11,187	-11,452	-11,724	-12,002	-12,286	-12,578	-12,876	-13,181	-13,494	-13,813	
Contribution to HRACFR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Closing Balance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	