

Special Cabinet

27 October 2011



**Housing Revenue Account Self Financing
and Medium Term Financial Plan**

Key Decision No Corp/R/11/1

Report of Corporate Management Team

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Purpose of the Report

1. To update Cabinet on the Government's Self Financing proposals for the Housing Revenue Account (HRA) and also to provide an update on the development of the HRA Business Plan and Medium Term Financial Plan (MTFP) for 2012-13 onwards.

Executive Summary

2. The HRA pulls together the income and expenditure associated with maintenance of the Council's housing stock of just under 19,000 dwellings. The Council is required to set an annual HRA budget and set the level of tenants' rents and other charges.
3. There are radical reforms for social housing being proposed by Government where the intention is to give the Council more local control and the ability to plan over a longer time horizon for management of its housing stock. The change is also designed to enable the Council to have a stronger relationship with its tenants and customers as decision making is moved from Central Government to Local Government.
4. Whilst there is currently a stock options process taking place that will seek to identify preferred options for the future management and maintenance of the housing stock, this report focuses on developing an indicative financial plan for the HRA as part of the Council's MTFP process. This will assist in planning housing investment over the coming years.

Background

5. The Housing Revenue Account Subsidy System (HRASS) is the current mechanism for managing council housing finance. Under this system, major decisions about council housing finance are made by Central Government. The Government has committed to replace the current system with a new system that will allow councils to keep all the money they receive from rent and use it to maintain their council housing stock.
6. In March 2010, the Department for Communities and Local Government (CLG) issued a consultation paper '*Council Housing – a real future*' that set out proposals to abolish the current housing subsidy system and replace it with a system of self financing. Further details were published in a second paper '*Implementing self-financing for Council Housing*' published in February 2011 which set out the methods for calculating a self financing agreement that would commence from April 2012. Further policy documents have been released in July 2011 including '*Self Financing – Planning the transition*' providing more details of the practical steps required by housing authorities to establish a system of self financing.
7. The Government is changing the law to deliver this change from April 2012. The New Localism Bill contains provisions that will bring in the new-self financing system and abolish the current annual system.

Key features of the Self-financing system

8. Self financing aims to devolve control of the management and maintenance of housing assets to a local level. In future, the Council will no longer be subject to annual funding decisions by Central Government and will therefore be able to plan on a longer term basis. With this certainty of funding, the Council will be able to plan ahead for works and procure them more efficiently. The Council will also retain rent income locally as opposed to it being transferred to Central Government.
9. The ability to plan in the medium to long term is a key benefit, but there is also a transfer of risk from Central to Local Government. The HRA will be more exposed to changes in interest rates, high inflation and the financial impact of falling stock numbers. There will be a requirement to focus on risk management including maintaining income and controlling costs.

Housing Valuation

10. Implementing self financing means that in future each local authority would keep the money raised locally from rents and use it to maintain their stock in return for a one-off reallocation of housing debt based on the value of the 'housing business'. The value of the housing business is arrived at by Government making assumptions about the income and costs of running the housing stock over 30 years. Where the value of the business is higher than the Council's current debt, the Council will pay the difference to Government; but if it is less, Government will pay the difference to the Council.

11. Based on indicative figures published in February 2011, nationally local authority debt worth £6bn will be cancelled, although there are 136 authorities who are expected to pay around £13bn to Government by April 2012. In terms of the impact on Durham County Council, our forecasts are as follows:
- The indicative debt allocation (the value of our 'housing business') for Durham County Council is £216m which compares with the amount of housing subsidy debt of £188m. This will require a one-off payment to Government of £28m to move out of the subsidy system.
 - This reallocation means that in future, no negative subsidy payments will be made to CLG and all rental income can be retained locally to invest in the Council's housing stock. Currently, the Council has budgeted to pay £4.5m to CLG as part the existing housing finance arrangements.
 - The average debt per dwelling allocated to Durham equates to £11,491.

Limit on Housing Debt

12. In future, the Government will limit the amount of debt that can be supported from the HRA in each local authority. This figure will be based on the self financing valuation (paragraph 10 above) and adjusted for any capital financing on new build schemes contracted with the Homes and Communities Agency (HCA). The indicative debt settlement is £216m and the Council contribution to new build schemes is £5m – which equates to an indicative debt cap of £221m. This is an important point and means the Council cannot breach the borrowing limit which is a departure from the Prudential Borrowing Framework where authorities are free to borrow subject to affordability tests as set out in professional codes of practice. For the Council, this could be a problem in terms of the profile of when the Council actually need to invest in our stock because in any year our ability to spend on our assets might be restricted due to us not being able to borrow above a certain limit.

Borrowing Arrangements

13. In establishing the self financing system there are implications for local authorities in terms of borrowing strategies and arrangements. CLG has provided details and guidance surrounding how the payment arrangements will work in the run up to self financing. It is expected that all transactions will be conducted on 28 March 2012.
14. The Public Works Loan Board (PWLB) has historically provided much of the funding for local authorities. However, there are a range of alternative sources of borrowing which include:
- Internal borrowings such as cash balances and reserves;
 - Bonds as used in the wider capital market; and
 - Market loans
15. The Council will examine potential sources of funding its indicative £28m payment to CLG and will take into account advice from its Treasury Management Consultants. A recent Ministerial announcement stated that councils borrowing from the PWLB to finance the settlement payment to CLG

will be able to borrow at temporarily reduced rates between January and March 2012, which will be broadly in line with what the PWLB rates were pre the Comprehensive Spending Review in 2010 when the Government increased the rates by 1%.

Timetable

16. At this stage, the debt settlement figures are indicative only. They will be revised in November 2011 and confirmed in January 2012. The following table provides a summarised CLG timetable for the transition to self financing:

Date	Activity
October 2011	<ul style="list-style-type: none"> • Forms returned to CLG and verified by external audit
November 2011	<ul style="list-style-type: none"> • Consultation on draft self financing determinations • Public Works Loan Board issue user information
January 2012	<ul style="list-style-type: none"> • Final self financing determinations issued • Public Works Loan Board website opens for business
February 2012	<ul style="list-style-type: none"> • Local authorities set budgets and formally approve borrowing plans
28 March 2012	<ul style="list-style-type: none"> • Series of transactions between DCLG, PWLB and local authorities to enable the start of self financing
1 April 2012	<ul style="list-style-type: none"> • Self financing goes live
March 2013	<ul style="list-style-type: none"> • Cut off for final payments under the existing subsidy system

17. The Council is engaging as appropriate with CLG officials to ensure it is prepared for the start of the new system. Officers have already responded to consultations, attended stakeholder events, held meetings with CLG officials and responded to CLG questionnaires on the amount and sources of funding the Council propose to use to fund the settlement payment to CLG.

Capital Receipts

18. There will be a continuation of the current arrangement whereby 75% of housing capital receipts are pooled and 25% are used locally.

Retention of national rent policy

19. Under self financing, authorities will still be required to follow national rent policy and the self financing valuation model assumes adherence to this policy and rent convergence to national formula rents by 2015/16.

Housing Revenue Account Ring fence

20. The ring fence will continue to operate after the introduction of self financing. The 'item 8 determination' deals with the movement of money across the general fund and the HRA. This will continue to specify the items that can be debited or credited to the HRA, but in most cases it will require councils to follow proper practice in calculating the appropriate amounts, rather than setting a detailed list of rules and formulae.

Other Technical issues associated with Self Financing

21. In August 2011 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued two documents relating to the accounting and regulatory framework which will be impacted by self financing relating to
 - a) treasury management and
 - b) depreciation.

Treasury Management

22. *Treasury Management Implications of HRA Reform* – this document includes proposals for separating housing debt from other council debt and to replace the average rate of interest (consolidated rate of interest as used in the current subsidy system) with a charge that reflects the actual interest on loans earmarked to the housing revenue account.
23. The paper sets out a methodology for splitting out the loans to meet the requirement of the new system. From the principles laid down in the document, a two pool arrangement appears the optimum solution whereby housing debt is separated from other debts of the Council. Officers are working with treasury consultants on un-pooling analysis and financing options in preparation for self financing.

Depreciation

24. *Calculation of Depreciation Charge to be applied to HRA* – under the subsidy system, councils have been required to set aside a depreciation figure where the equivalent of the 'Major Repairs Allowance' is effectively charged to the HRA. However, with the abolition of the subsidy system there will not be a major repairs allowance. In future, councils will be required to develop a component based approach to depreciation in order to comply with accountancy standards. It is recognised that authorities might need time to implement this and therefore CLG has allowed a transitional period of up to five years to move to full depreciation accounting.

Council Housing Assets

25. In August, CLG issued a consultation document '*Streamlining council housing asset management: disposal and use of receipts*'. This document seeks to reduce the number of occasions on which the Secretary of State's approval is required before disposing on housing properties and includes minor changes on pooling rules for capital receipts. Accounting for the receipt and use of housing capital receipts is closely monitored by CLG; the Council's finance team complete returns which are reviewed by external audit. Consultation runs until 17 November and officers are reviewing the document to prepare a response.

HRA Business Plan

Initial HRA Business Plan used for stock options process

26. A key element of preparing for self-financing is for the Council to construct a 30 year HRA Business Plan. The Council has already made excellent preparations for this as part of its stock options appraisal project which has included comprehensive consultation with a range of stakeholders including tenants. In addition, a robust and accurate stock condition survey was used to establish the spending needs of the housing stock over the 30 year period. A previous report to Cabinet on 13 July 2011 summarised the outcomes of the financial modelling process which made the following assumptions:
- An indicative self financing debt settlement of £216m;
 - The latest stock condition survey outputs;
 - Efficiencies of £3m over 2 financial years;
 - Availability of decent homes backlog funding of £70m.
27. The outcome of the modelling process showed:
- There was a balanced housing revenue account over the 30 year period;
 - An additional £2m of efficiencies would be needed to pay off the debt;
 - There was a shortfall in capital resources in the first 10 years of £55m (or £63m with inflation).
28. The findings of the above have been discussed with CLG officials on 3 August 2011 who have asked the Council to examine closely its asset management expenditure assumptions, investment strategy and the scope for savings and efficiencies in management.

Updating the HRA Business Plan and HRA MTFP

29. As self financing draws closer and revised debt settlement figures are due to be issued to the Council, there is a need to revisit the assumptions made previously under stock options (13 July Cabinet report) and refine these when updating the HRA Business Plan. Whilst the stock options process is ongoing, the Council must still continue to develop plans for housing investment. Furthermore, whatever option is selected it could take some years to implement. For planning purposes, the first five years of the 30 year HRA Business Plan, covering the period from 2012/13 to 2016/17 will be referred to as the HRA MTFP.

Capital Investment

30. As mentioned previously, investment requirements form a central part of the HRA Business Plan and these have been derived from stock condition survey information. Appendix 2 provides a summary of the investment required over

the full 30 years based on a Full Industry Standard (equivalent to standards used in local stock voluntary transfers and higher than the basic Decent Homes Standard). When adjusting for stock numbers, inflation and removal of revenue items, the survey work indicates a total investment of some £803m over a 30 year period.

31. Focusing on the medium term horizon and the next 5 years in particular, the investment requirement based on a Full Industry Standard amounts to £216m, broken down by area as follows. The figures for Easington are high due to Decent Homes backlog funding which CLG are providing grant towards.

Area	Year 1 2012/13	Year 2 2013/14	Year 3 2014/15	Year 4 2015/16	Year 5 2016/17	Total
Durham City	8,714	8,913	9,117	9,325	12,502	48,571
Easington	30,441	31,116	31,851	32,603	10,502	136,513
Wear Valley	5,632	5,745	5,886	6,030	8,181	31,474
Total	44,787	45,774	46,854	47,958	31,185	216,558

32. Further detailed work is required on developing an appropriate asset management plan and investment strategy to focus and prioritise our use of limited resources taking into account sustainability issues having regard to:

- Agreeing a 5 year investment plan;
- Ensuring a comparable investment standard across all the housing stock in the three geographical areas;
- Financial and sustainability analysis of neighbourhoods;
- Targeting funding (including backlog funding) on housing assets that return the best value for investment.

33. It is important that the Council understands the detail behind the stock condition survey, the figures generated and how that translates into actual investment needs. Investment in the stock is the single largest area of expenditure in the Business Plan. Cabinet will receive further details on this in future so that appropriate investment and programme decisions can be made about the stock.

Revenue

34. In line with the current Council MTFP a strong examination is being undertaken to identify efficiency savings that would release additional resources for capital investment – whilst an initial efficiency target of £3m was identified in the current MTFP more savings could be required to balance the Plan as initially identified by external consultants.
35. To develop efficiency savings plans a series of meetings have been held with senior officers from the Council and its three housing management providers. To date savings of £1.5m have been identified. Savings totals for each organisation are summarised overleaf:

Provider	Stock	Mgt Fee 2011/12	Unit Cost per property 2011/12	Identified Savings 12/13	Identified Savings 13/14	Revised Unit Cost per property (after savings)
Durham City	6,106	7,486,180	1,226	200,000	-	1,193
Dale and Valley	4,245	5,911,000	1,392	400,000	-	1,298
East Durham	8,503	12,497,780	1,470	600,000	-	1,399
DCC – Central Support		2,266,139	120	150,000	150,000	104
Total	18,854	28,161,099	1,494	1,350,000	150,000	1,414

36. In examining costs, there should be scope for efficiencies from the three management structures which since LGR have been brought under the ownership of a single landlord. Some of the areas to explore include:
- Differences in housing management costs across the three areas and the amount of resources provided to each provider;
 - Economies of scale available in back office functions;
 - Equity in service quality and standards for tenants across the three areas;
 - The range and scope of services being delivered;
 - A review of procurement and commissioning arrangements and economies of scale in joint procurement opportunities available;
37. In order to focus our decision making over the coming months a draft HRA MTFP for the next 5 years has been prepared and is summarised in Appendix 3. The following assumptions have been used:
- Rent increases following national rent policy with RPI plus 0.5% and rent convergence by 2015/16;
 - Debt settlement has been assumed at £240m for planning purposes;
 - Interest rate on debt assumed as 5.37%;
 - Voids levels at 1.8%;
 - Bad Debts at £0.3m per year and equate to 0.4% of gross rent;
 - Efficiency savings of £3m by year 2 of which £1.5m have already been confirmed;
 - Known adjustments to stock such as demolitions, new build properties and estimates of right to buy sales.
38. The forecast shows a balanced revenue budget over the 5 year period and revenue support to the capital programme of some £119m (comprising of depreciation and revenue contributions). The total capital resources available are estimated as follows:

	Year 1 2012/13 £'000	Year 2 2013/14 £'000	Year 3 2014/15 £'000	Year 4 2015/16 £'000	Year 5 2016/17 £'000	Total £'000
Major Repairs Reserve	17,168	17,548	17,945	18,361	18,786	89,808
Revenue Contribution	2,922	8,137	2,243	7,853	8,497	29,652
Capital Receipts	558	370	379	389	398	2,094
Backlog Funding Grant	13,000	12,000	26,286	0	0	51,286
Borrowing	11,139	7,720	0	4,411	0	23,270
Total Resources	44,787	45,775	46,853	31,014	27,681	196,110
Investment (para 30)	44,787	45,774	46,854	47,958	31,185	216,558
Shortfall / (surplus)	-	(1)	1	16,944	3,504	20,448

39. Over the coming months, a range of scenarios will be tested incorporating assumptions on expenditure, efficiencies, investment strategy and various options that may be available for the structure of the Council's loan portfolio. A future report to Cabinet with updated forecasts and a 30 year HRA Business Plan should be available after November 2011 once the draft debt settlement has been issued by CLG.

Relationship and Communication with Tenants

40. Now that the Council is able to manage its housing asset over the longer term it is able to build a stronger relationship with its tenants. It is therefore important that the Council communicate this change to tenants and CLG have provided a summary to local authorities for explaining self financing to tenants in their guidance documents which the Council could use to communicate this change. Initial feedback from consultation sessions with tenants as part of the stock options process shows there is some confusion amongst tenants as to who owns the Council's housing stock so further communication with tenants from the Council, as Strategic Landlord role will be beneficial.

Recommendations

41. It is recommended that Cabinet: -
- Note the implications arising from the changes in housing finance with the implementation of self-financing from April 2012;
 - Note the preparations being made for self financing including the preparation of a 30 year HRA Business Plan;
 - Agree to receiving a further report containing an Asset Management Plan and Investment Strategy for the Housing Stock;
 - Agree to pursuit of efficiency savings to maximise resources for investment in the housing stock.
 - Agree a 5-year capital investment plan for the Council's housing stock which will be brought to Cabinet at a future date;
 - Authorise the Corporate Director of Resources in consultation with the Cabinet Members for Resources and Housing to make appropriate arrangements to enable the Council to implement self-financing including decisions on borrowing;

- Communicate the change to Council tenants using CLG's summary explanatory leaflet in order to strengthen the Council's Strategic Landlord responsibilities with its tenants.

Background Papers:

Report to Special Cabinet: Stock Options Appraisal Project, 22 December 2010

Report to Cabinet: Response to Government Proposals for Dismantling the HRA, 29 June 2010

Final HRA Subsidy Determination 2011/12 issued by CLG on 10 January 2011

Implementing Self Financing for Council Housing issued by CLG on 1 February 2011

Report to Cabinet: Stock Options Appraisal Project, 13 July 2011

Self financing: Planning the transition issued by CLG on 28 July 2011

Streamlining council housing asset management: disposal and use of receipts CLG 26 August 2011

Treasury Management Implications of HRA Reform, CIPFA 25 August 2011

Calculation of Depreciation Charge to be applied to HRA, CIPFA 25 August 2011

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Appendix 1: Implications

Finance – The financial implications have been identified throughout the report. The report sets out the latest position of the implications of self financing for the HRA and issues in relation to development of the HRA Business Plan.

Staffing – There are no direct implications on staffing from the information contained within this Cabinet Report.

Risk – the council needs to ensure it is adequately prepared for the introduction of self financing from April 2012. A number of risks previously borne by central government will transfer to the Council in future, such as changes in interest rates, and strategies and plans are being prepared to account for this transfer. The HRA is more exposed to changes in interest rates, inflation and the financial impact of falling stock numbers.

Equality and Diversity / Public Sector Equality Duty – There are no direct implications from the information contained within this Cabinet report.

Accommodation – There are no direct implications from the information contained within this Cabinet report.

Crime and Disorder – There are no direct implications from the information contained within this Cabinet report.

Human Rights - There are no human rights implications from the information contained within this Cabinet report.

Consultation – Significant consultation has been held with a range of partners including tenants as part of the stock options process. Consultation will also take place with the Joint HRA Board.

Procurement – Wherever possible Procurement savings are reflected in savings plans.

Disability Issues – No direct implications arising from the information contained in this Cabinet report.

Legal Implications – Under the provisions of the Local Government and Housing Act that Council is required to prepare a budget that will ensure that the HRA is not in deficit. There are legal constraints relating to what can and cannot be contained in the HRA. The Council must ensure that the provisions contained in the Localism Bill relating to self financing are implemented from April 2012.

Appendix 2: Durham County Council Housing Stock Condition Survey Outputs

All prices are exclusive of professional fees, VAT and management and administrative costs are based on today's prices. Costs are inclusive of preliminaries.

DURHAM CITY

Stock Total	6,113
Cost Per Unit - 30 yrs	£55,299
Base Date of Survey	March-11

Element	Year 1 To 5	Year 6 To 10	Year 11 To 15	Year 16 To 20	Year 21 To 25	Year 26 To 30	Totals
Catch up Repairs	£549,720	£0	£0	£0	£0	£0	£549,720
Future Major Works	£33,238,420	£49,696,515	£25,594,830	£24,394,370	£39,932,010	£26,024,425	£198,880,570
Improvements	£615,150	£0	£0	£0	£0	£0	£615,150
Response and Void (revenue)	£13,402,500	£13,402,500	£13,402,500	£13,402,500	£13,402,500	£13,402,500	£80,415,000
Cyclical (revenue)	£5,169,100	£5,169,100	£5,169,100	£5,169,100	£5,169,100	£5,169,100	£31,014,600
Contingent Major Repairs	£1,692,679	£2,484,826	£1,279,742	£1,219,719	£1,996,601	£1,301,221	£9,974,786
Related Assets	£1,689,376	£265,085	£53,290	£571,800	£122,140	£38,300	£2,739,991
Exceptional Extensive Works	£0	£0	£0	£0	£0	£0	£0
Disabled Adaptations	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£14,400,000

Total (excluding catch up repairs)	£58,207,225	£73,418,026	£47,899,462	£47,157,489	£63,022,351	£48,335,546	£338,040,097
Total per annum	£11,641,445	£14,683,605	£9,579,892	£9,431,498	£12,604,470	£9,667,109	£11,268,003

EASINGTON

Stock Total	8,503
Cost Per Unit - 30 yrs	£64,262
Base Date of Survey	December-10

Element	Year 1 To 5	Year 6 To 10	Year 11 To 15	Year 16 To 20	Year 21 To 25	Year 26 To 30	Totals
Future Major Works	£106,644,665	£37,606,638	£36,138,306	£46,968,828	£61,474,920	£54,116,544	£342,949,902
Response and Void (revenue)	£18,370,520	£18,370,520	£18,370,520	£18,370,520	£18,370,520	£18,370,520	£110,223,120
Cyclical (revenue)	£5,541,766	£5,541,766	£5,541,766	£5,541,766	£5,541,766	£5,541,766	£33,250,595
Contingent Major Repairs	£3,199,340	£1,128,199	£1,084,149	£1,409,065	£1,844,248	£1,623,496	£10,288,497
Asbestos	£700,000	£700,000	£700,000	£700,000	£700,000	£700,000	£4,200,000
Environmental Improvements	£0	£0	£0	£0	£0	£0	£0
Exceptional Extensive Works	£26,496,180	£137,425	£274,850	£0	£0	£0	£26,908,455
Disabled Adaptations	£3,100,000	£3,100,000	£3,100,000	£3,100,000	£3,100,000	£3,100,000	£18,600,000

Total (excluding catch up repairs)	£164,052,471	£66,584,549	£65,209,591	£76,090,179	£91,031,453	£83,452,326	£546,420,569
Total per annum	£32,810,494	£13,316,910	£13,041,918	£15,218,036	£18,206,291	£16,690,465	£18,214,019

WEAR VALLEY

Stock Total	4,245
Cost Per Unit - 30 yrs	£61,279
Base Date of Survey	March-11

Element	Year 1 To 5	Year 6 To 10	Year 11 To 15	Year 16 To 20	Year 21 To 25	Year 26 To 30	Totals
Catch up Repairs	£548,485	£0	£0	£0	£0	£0	£548,485
Future Major Works	£21,085,050	£29,781,080	£9,686,950	£23,802,415	£27,281,855	£33,657,500	£145,294,850
Improvements	£235,000	£0	£0	£0	£0	£0	£235,000
Response and Void (revenue)	£11,865,000	£11,865,000	£11,865,000	£11,865,000	£11,865,000	£11,865,000	£71,190,000
Cyclical (revenue)	£2,682,500	£2,682,500	£2,682,500	£2,682,500	£2,682,500	£2,682,500	£16,095,000
Contingent Major Repairs	£1,066,003	£1,489,054	£484,348	£1,190,121	£1,364,093	£1,682,875	£7,276,493
Asbestos	£750,000	£750,000	£750,000	£750,000	£750,000	£750,000	£4,500,000
Related Assets	£966,569	£89,200	£61,300	£63,450	£27,750	£19,500	£1,227,769
Exceptional Extensive Works	£840,500	£0	£0	£1,469,000	£0	£0	£2,309,500
Disabled Adaptations	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£2,000,000	£12,000,000

Total (excluding catch up repairs)	£41,490,622	£48,656,834	£27,530,098	£43,822,486	£45,971,198	£52,657,375	£260,128,612
Total per annum	£8,298,124	£9,731,367	£5,506,020	£8,764,497	£9,194,240	£10,531,475	£8,670,954

Grand Total (excluding catch up repairs)	£263,750,317	£188,659,408	£140,639,150	£167,070,153	£200,025,002	£184,445,247	£1,144,589,278
Grand Total (also excluding Revenue items)	£206,718,931	£131,628,022	£83,607,764	£110,038,767	£142,993,616	£127,413,861	£802,400,962

Note: Adjustments will be made to the above to reflect 2011/12 HRA Capital programme spend of £37.267m across the three geographical areas.

Appendix 3: HRA MTFP 5 Year Forecast 2012/13 to 2016/17

	2012/13	2013/14	2014/15	2015/16	2016/17
	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
	£000	£000	£000	£000	£000
Income					
Dwelling Rents: – Rents	(60,679)	(62,853)	(65,202)	(67,633)	(69,538)
– Voids	1,104	1,144	1,187	1,231	1,266
	(59,575)	(61,709)	(64,015)	(66,402)	(68,272)
Non Dwelling Income:	(988)	(1,106)	(1,134)	(1,164)	(1,184)
Charges for Services and Facilities	(56)	(56)	(56)	(56)	(56)
Total Income	(60,619)	(62,871)	(65,205)	(67,622)	(69,512)
Expenditure					
General Management	13,530	12,372	12,719	13,007	13,303
Special Management	687	704	722	740	758
Other Management	1,529	1,567	1,606	1,646	1,687
Repairs & Cyclical Improvements	11,878	12,175	12,479	12,791	13,111
Bad Debt Provision	262	271	281	292	300
Total Expenditure	27,886	27,089	27,807	28,476	29,159
Net Cost of HRA Services	(32,733)	(35,782)	(37,398)	(39,146)	(40,353)
Depreciation and Impairment	17,168	17,548	17,945	18,361	18,786
Debt Management Costs	175	179	184	188	193
Premiums (Discounts)	11	19	(19)	(19)	(8)
Interest Payable and Similar Charges	12,458	12,892	12,937	12,942	13,059
Interest and Investment Income	(129)	(145)	(146)	(175)	(175)
Direct Revenue Financing	2,922	8,137	2,243	7,853	8,497
Revenue Provision Debt Repayment	0	0	4,222	0	0
(Surplus) / Deficit for Year	(128)	2,848	(32)	4	(1)
Opening HRA Balance	7,688	7,816	4,968	5,000	4,996
Closing HRA Balance	7,816	4,968	5,000	4,996	4,997