Harrow COUNCIL
LONDON

REPORT FOR:	CABINET
Date of Meeting:	16 November 2017
Subject:	Housing Revenue Account Business Plan Update 2017
Key Decision:	Yes
Responsible Officer:	Nick Powell, Divisional Director of Housing Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder Housing and Employment Councillor Adam Swersky, Portfolio Holder Finance and Commercialisation
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 Schedule of assumptions Appendix 2 Revenue account, projections Appendix 3 Capital account, projections

Section 1 – Summary and Recommendations

This report provides an update to the Housing Revenue Account (HRA) Business Plan approved in July 2015, and highlights the key assumptions required to reflect the current regulatory and economic climate. The projections reflect the long term aspirations to be achieved through the Business Plan and specifically how the Council intends to mitigate impact of provisions contained within the Welfare Reform & Work Act 2016 and the Housing and Planning Act 2016, which have required assumptions underlying the 2015 Business Plan to be significantly revised.

Recommendations:

Cabinet is requested to approve the HRA Business Plan update 2017

Reason: (For recommendation)

To have in place an agreed 30 year HRA Business Plan for the purposes of long term planning (subject to annual review) and to enable delivery of previously agreed key housing objectives.

Section 2 – Report

Introduction

1. In response to significantly reduced resources projected to be available within the HRA as a result of reduced rental income, the figures shown in the latest Business Plan reflect a reduction in the cost base of the HRA required to maintain revenue and capital resources at a safe level. Although savings have been identified as part of a service review programme, further cost reductions and increases in income are required to ensure viability of the Council's HRA. It is therefore imperative the remaining cost reductions and income maximisation opportunities are fully implemented as soon as possible.

2. The HRA Business Plan supports services across the Council and complement other documents such as the Local Development Framework (LDF) Core Strategy, Economic Development, Delivering Warmer Homes Strategy, and Climate Change Strategies. The availability of good quality affordable housing is fundamental especially to households affected by welfare reform and to other vulnerable groups such as looked after children and vulnerable adults.

3. Consultation has included engagement with Tenants, Leaseholders & Residents and the Value for Money Group on the rental and service charges strategy, as well as the planned investment and new build programmes.

Options considered

4. The statutory rent reduction has removed any discretion the Council previously had in respect of rent setting (annual rent increases of CPI +1% were previously permitted) therefore the only options available to revise the Business Plan are the review of the cost base and other income sources.

5. Council approved the HRA budget for 2017-18 and HRA MTFS 2018-19 to 2019-20 which included revenue savings of £1.15m which, although

delivering a sustainable medium term position, would result in deficits in excess of £800k per annum in the longer term causing the HRA to become unviable.

6. To prevent this further revenue savings of £750k, in addition to the approved £1.15m are required to stabilise the revenue position in the longer term yielding an overall viable Business Plan although it has been assumed these cost reductions are phased in over the first three years to permit time for implementation (e.g. consultation with residents and stakeholders), and this has been used to update the Business Plan.

7. Council has been in active discussions with the Department of Communities & Local Government (DCLG) with the aim of gaining flexibilities on some aspects of the new legislation, specifically around the conditions attached to the re-investment of retained Right-to-Buy receipts, potential reversal of impairment losses for HRA non-dwellings and around the Government imposed borrowing cap. These discussions are predicated on the Council formulating a viable Business Plan therefore a permanent reduction in the revenue cost base of £1.90m has been assumed.

HRA Business Plan

8. The HRA business plan update has been developed from the previous business plan approved in July 2015 and reflects current thinking about areas such as general inflation, national rental policy, Right-to-Buy (RTB) sales, works cost inflation, and interest rates. A schedule of the assumptions used to construct the business plan is attached as Appendix 1, but it should be noted changes to underlying assumptions will impact on the projections.

9. Assumptions around the affordable homes programme have been revised with the estimated number of units down from 100 in the 2015 version to 73 units driven mainly by a reduction in the number of new build units and suspension of the purchase & repairs programme.

10. In addition to the statutory rent reduction the HRA has a limit on its borrowing capacity. For this reason, a successful bid to the Local Growth Fund for additional borrowing to support new affordable housing was made, and it has been assumed the Council will the borrow the remaining £5.242m by 31st March 2018 which will result in the HRA reaching its prescribed borrowing limit on this date.

11. The Grange Farm regeneration scheme is also included which involves the demolition of the entire estate and rebuilding a mixture of new affordable and new private sale housing on the site undertaken directly by Council as opposed to transferring the homes to a Housing Association partner for them to carry out the regeneration, as was the case with both Rayner's Lane and Mill Farm.

12. Retained Right to Buy receipts are assumed to be utilised on all eligible expenditure with the repayment and interest assumed to be returned to Government, and this is reflected in the updated Business Plan. There

are proposals, submitted to Cabinet 14th September 2017, however, to part fund new build schemes by Registered Providers in return for nomination rights which will provide increased housing options for residents and assist in reducing pressures on the General Fund homelessness budgets as well as prevent the return of these receipts and associated interest to Government.

13. Significantly, the updated HRA Business Plan assumes a permanent reduction in net revenue expenditure of £1.90m per annum which is the subject of a well progressed Service Review programme focussing on a review of staffing and non-staffing costs as well as maximisation of income streams not subject to statutory restrictions to ensure full cost recovery. This represents further reduction in net revenue expenditure of £750k in addition to the £1.15m already approved as part of the approved budget. All cost reductions are phased in over the first four years of the Business Plan to permit consultation with stakeholders and implementation. In practice it is a permanent plan to achieve these reductions in net costs will be achieved by a combination of measures including a revision of all income streams (e.g. tenant service charges) to ensure full cost recovery as well as cost reductions. The table below summarises progress of the Service Review programme against the required reductions in net expenditure.

Table 1 : Progress of Service Reviews Programme

Year	Required reduction in annual net revenue expenditure	Cumulative, impact on revenue balances	Expected to be achieved, staffing review	Expected to be achieved, repairs review	Cumulative, expected to be achieved	Cumulative, (Under) / Over achieved
2017-18	0	0	131	600	731	731
2018-19	300	300	250	-100	881	581
2019-20	1,225	1,525	5	0	886	**-639**
2020-21	375	1,900	0	0	886	**-1,014**
2021-22	0	1,900	0	0	886	**-1,014**

Results of Service Reviews indicate early cost reductions can be achieved from staffing and repairs expenditure which means the £1.90m target, which is phased in over the first four years of the Business Plan, can be met however further reductions in overall net expenditure will be required from 2019-20 onwards to ensure the **cumulative impact on revenue balances** is achieved in line with the Business Plan. It is expected this will be achieved through a combination of increases in tenant and leaseholder service charges and further reductions in overall expenditure.

14. The Housing Management Team are implementing the Service Reviews in line with the stated terms of reference which will ensure :
    - Financial and other targets are met
    - Consistency across projects and services
    - Clarity on strategic and financial priorities and dependencies
    - Effective communication with key stakeholders

15. Routine capital expenditure has been reduced to an average of £6.2m for the life of the Business Plan, before allowing for inflation, as a result of prioritising statutory and Health & Safety works given the restrictions on borrowing. The impact of this reduced level of investment is being considered on revenue repairs expenditure and further reductions may become necessary to accommodate the Government's High Value Voids Levy which has not been allowed for. The reduction in capital expenditure will be achieved by scaling back non-essential capital works in consultation with tenants and leaseholders.

16. Other than the items mentioned above, assumptions around the main cost drivers are set out below:

    a. **Ongoing management cost assumptions** – management costs are assumed to be at the level included in the budget and MTFS to 2018-19 and to continue at that level, as adjusted for inflation only where contractually or legally required thereafter. Costs will be reviewed to ensure they are commensurate with stock numbers.

    b. **Ongoing revenue maintenance assumptions** – revenue maintenance costs are assumed to be at the level included in the budget, as adjusted for inflation only where contractually or legally required thereafter. Costs will be reviewed to ensure they are commensurate with stock numbers.

    c. **Right-to-Buy sales** – discounts currently at a maximum of £103,900 has resulted in a sustained level in sales under RTB, with 31 properties sold in 2016-17 and 35 the year before. It has been assumed sales will be 35 per annum for the first three years of the Business Plan, dropping to 20 per annum for the following two years, then 15 per annum thereafter.

    d. **Rental income** – Dwelling rents for both non-sheltered and sheltered units assumed to reduce by statutory 1% per annum until 31st March 2020, then revert to CPI + 1% from 2020-21; Government confirmed on 4th October this will be the case for five years from 2020 with policy for subsequent years to be clarified by future Government announcements, therefore there is a risk the Business Plan will require significant revision if rents are not increased by CPI + 1% after 2025-26.

    e. **Bad debt provision** – assumed £250k as set out in appendix 1, although this will be kept under review given the adverse impact expected on cash recovery from implementation of Universal Credit

17. The Business Plan is based on a set of assumptions therefore there is a risk of significant changes in the revenue and capital account projections should any of these assumptions fail to materialise. The main risks underpinning the Business Plan are set out below :

- Rent policy – Government has committed to a CPI + 1% increase for only five years beyond 2020-21; in the absence of further guidance the Business Plan assumes this will continue for the full life of the plan although the next update of the Business Plan will be revised for the impact of further announcements

- High Value Voids levy – capital expenditure is limited by the resources available and, significantly, by the presence of the borrowing cap which limits the investment in stock; this therefore means no provision has been made for payment of the Government's high value voids levy. Depending on the amount, additional resources will have to be found to pay this although Government has yet to clarify if this policy is to be implemented and how; as with rent policy, the next update of the Business Plan will include the impact of further announcements

- Welfare Reforms – Government's programme of reforms includes the introduction of Universal Credit which is expected to have a significant impact on debt collections and therefore the bad debt provision; the debt profile will therefore have to be monitored and assumptions around collection rates modified

- Right to Buys – these continue to reduce the stock of the HRA and are not fully offset by new build therefore the Service Reviews will have to ensure the service cost are kept at a commensurate level

- Redundancy provisions – the HRA has no provisions with which to pay for redundancy costs or additional pension strain costs arising from staffing restructures therefore these will have to be factored into further Service Reviews aimed at achieving the full £1.90m reduction in net revenue expenditure.

18. An additional factor taken into account in constructing the budget and business plan is the extent to which initiatives undertaken within the HRA can benefit the general fund. Examples of this include the existing new build programme, whereby the development of additional housing will provide a net income stream to the HRA, whilst at the same time easing pressure on homelessness budgets by enabling people on the waiting list to be housed. Additionally, the HRA grants to move scheme helps to free up bed spaces, reduce under occupation and potentially assist those affected by the spare-room subsidy changes, and again, potentially enable people on the waiting list to be housed, thus reducing the use of expensive Bed & Breakfast accommodation to meet short-term housing need.

19. The Table below summarises the key outputs from the Business Plan as at years 5, 10 and 15, based on the current information available and assumptions listed in Appendix 1. These are the cumulative revenue balances together with the cost reductions assumed to generate these (table 1 sets out the trajectory of achievement of the £5.625m revenue cost reductions in the first five years) together with the cumulative capital expenditure assumed.

Table 2 : Summary of cumulative revenue and capital expenditure

Financial year	Estimated revenue reserves at end of financial yr	Cost reductions assumed in revenue, cumulative	Capital expenditure incl New Build, cumulative
2021-22, to yr 5	£4.421m	£5.625m	£57.855m
2026-27, to yr 10	£11.519m	£15.125m	£94.727m
2031-32, to yr 15	£33.963m	£24.625m	£136.900m

20. On the assumption dwelling rents increase from 2020-21 by CPI + 1% the HRA revenue position is projected to generate sustainable and fully funded revenue and capital positions, including Council building its own. This also assumes there will be a permanent reduction in net revenue expenditure of £1.90m phased in over the first three years of the Business Plan.

21. If the assumed level of revenue cost reductions cannot be achieved the Business Plan there is the risk the HRA will become unviable so significant changes to the assumptions of the Business Plan may be required.

22. Council is in discussions with DCLG regarding a range of possible scenarios, each of which is based on this Business Plan. The scenarios model the financial impact of delivering new units in line with stated Government objectives and assume certain flexibilities are granted related to borrowing capacity, use of retained “141” RTB receipts and certain technical accounting adjustments which would free up HRA resources.

23. Approval of this Business Plan will update the financial strategy of the Council’s Housing business within which the annual HRA budget sits. The draft HRA budget for 2018-19 and MTFS for 2019-20 to 2020-21 which will be submitted to Cabinet in December for rent setting, will therefore operate within the framework set out by the Business Plan.

Risk Management Implications

24. Business Plan is based on a set of assumptions which, if changed, will have a significant impact on both Revenue and Capital resources which will impact on investment decisions in the Council’s Housing stock.

25. Key assumptions underpinning the Business Plan are set out in paragraph 17 and these are included in the risk register.

Legal implications

26. Council, as a local housing authority, must maintain a Housing Revenue Account (HRA) in accordance with s74 of the Local Government & Housing Act 1989. HRA must include sums falling to be credited or debited in accordance with the category of properties listed within s74(1), which consists primarily of Council housing stock. HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of the Secretary of State, sums may not be transferred between HRA or General Fund, therefore HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. s76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

Financial Implications

27. Although financial implications are contained within the body of the report the table below summarises the estimated impact on revenue balances of the assumptions in this update being implemented.

28. HRA Budget and MTFS approved by Council in March 2017 assumed a permanent reduction in revenue expenditure of £1.15m phased in £300k 2018-19 followed by a further £850k 2018-20.

29. Although this stabilised the medium term position, the updated HRA Business Plan has indicated further cost reductions of £750k are required to stabilise the longer term position

30. Table 1 sets out the phasing in of these cost reductions over the first four years of the Business Plan together with the impact of early cost reductions already identified, and shows additional cost reductions are required from 2019-20 onwards in order to achieve a permanent reduction in revenue expenditure of £1.90m per annum in line with the Business Plan.

31. Capital expenditure on the HRA General programme has also been reduced by £2.4m per annum from £8.6m to £6.2m given the continued presence of the limitation on borrowing.

32. Other on-going financial challenges such as the potential for further rent reductions beyond 2025, impact of Welfare Reforms which will have a detrimental impact on the bad debt provision and the possible high value voids levy make the above cost reductions in revenue and capital mandatory to stabilise the financial position in the HRA and enable continued investment in the stock

33. The assumptions underpinning this version of the Business Plan are inherently subject to change therefore the next version of the Business

Plan will take into account the impact of further Government announcements and potential policy changes.

34. Approval of this Business Plan will update the financial strategy of the Council's Housing business within which the annual HRA budget sits. The draft HRA budget for 2018-19 and MTFS for 2019-20 to 2020-21 which will be submitted to Cabinet in December for rent setting, will therefore operate within the framework set out by the Business Plan.

Equalities implications/Public Sector Equality Duty

Pursuant to Equality Act 2010 ("the Act"), Council, in exercise of its functions, has to have 'due regard' to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

When making decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups. There are no new equality impacts of the recommendations contained within this report as it represents a continuation of existing policy.

Council Priorities

35. This report incorporates the following council priorities:

Making a difference for the vulnerable – through providing support in finding appropriate affordable housing solutions to meet need, and developing new housing to meet future assessed need.

Making a difference for communities – through engaging residents in decisions around regeneration of estates and the wider communities, and delivering housing that people want to live in, in areas they are proud to call home.

Making a difference for local businesses – through supporting the council-wide regeneration agenda, and maximising the contribution that new housing can make towards delivering the regeneration vision and objectives.

Making a difference for families – through providing good quality housing and safe neighbourhoods, and targeting our resources as best we can so that families can feel the full benefits of economic growth. Our priority for every family is to ensure that they can live in a neighbourhood which has a real sense of community, in a house they can be proud to call their home.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert Date: 17 October 2017	x	Chief Financial Officer
Name: Sarah Wilson Date: 27 October 2017	x	on behalf of the Monitoring Officer

Ward Councillors notified:	**NO – because all wards are affected by the report.**

Section 4 - Contact Details and Background Papers

Contact:
Milan Joshi, Service Accountant – Housing & Regeneration, Tel 020 8416 8662 or email milan.joshi@harrow.gov.uk

Background Papers: None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	**NOT APPLICABLE** *[Call-in applies]*

Housing Revenue Account business plan assumptions schedule	
General inflation (RPI) Rent Inflation (CPI)	2.5% from year 2 3% year 2, then 2% thereafter
Average rent 2017-18	£112.58 pwk
Rent reduction & increases	Statutory 1% p.a. reduction to 2019-20, then 3% p.a increase
Voids	In line with budget assumptions
Bad Debt Provision	£250k pa from 2017-18 onwards; under review to assess impact of Universal Credit which is being implemented in phases from 2017-18
Tenanted service charges	2017-18 average £2.99 pwk, inflated CPI + 1%
Leasehold service charges	2017-18 Ave £8.70 pwk, inflation 4.2% from year 2
Facilities charges	£653k pa 2017-18 mostly inflated at RPI
Garage rents	£238k no Inflation assumed due to condition and void rates
Shops	£284k pa inflated at RPI
Halls	£62k pa inflated at RPI
RTB sales	35 per annum to year 3 20 per annum years 4 – 5 15 per annum thereafter RTB receipts assumed used for capital funding.
Other disposals of stock	None currently assumed
Management costs	In line with budget assumptions, inflation 1% below RPI due to lower than RPI pay inflation and inflation freeze on non-contractual expenditure; proportion of expenditure assumed to vary with stock 10%
Investment in services	£200k p.a., inflation 1% below RPI
SSCs	£3,700k 2017-18, inflation 1% below RPI
Contingency budget	£200k 2017-18, inflation 1% below RPI
Rent rebate subsidy limitation	Nil, for 2017-18 ave rent £112.58, limit rent £114.72
Depreciation	2017-18 £7,313k (dwellings £7,075k, non-dwellings £238k) Varies with stock numbers, ave £1,460 per dwelling, no inflation Overall neutral impact on resources; transfer to Major Repairs Reserve to fund capital expenditure.
Capital investment expenditure	Assumes Yr 1 £12.4m (including re-phasing from prior yr) then £6.2m annually plus inflation; no provision for High Value Voids
Revenue repairs	£8,716k per annum, inflation 1% below RPI yr 2, RPI thereafter
New Build	Phase 1 42 units by end 2017-18 37 affordable rent, 5 shared ownership; estimated cost £9.4m Phase 2 24 units by end 2018-19 All affordable rent; estimated cost £3.1m Currently assumed funded from additional borrowing approvals plus existing resources, including RTB receipts, affordable housing pot, grant and revenue contributions.
Capital Financing	Combination of Major Repairs Reserve, Revenue contributions and capital receipts, some s20 receipts in first four years Capital programme fully financed
HRA working balance	Assumed minimum requirement £2m yrs, current projections indicate balance exceeds for whole term of plan however this is before assuming high value voids levy and assumes full achievement of revenue cost reductions and rent increases CPI+1% from 2020-21
HRA debt	Limit on indebtedness £154.843m; Opening CFR £149.537m, expected to borrow £5.242m Local Growth Fund approved, so close to limit end of 2017-18
Interest rate	4.24% yr 1 – 6, 5% thereafter
Interest on balances	0.46% yr 1 -2, 3% thereafter

Revenue account, projections

£'000	Income				Expenditure												
Year	Net rent Income	Other income	Misc Income	Total Income	Managt.	Depreciation	Responsive & Cyclical	Other Revenue spend	Misc expenses	Total expenses	Capital Charges	**Net Operating (Expenditure)**	RCCO	**Surplus (Deficit) for the Year**	**Surplus (Deficit) b/fwd**	**Interest**	**Surplus (Deficit) c/fwd**
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	**£,000**	£,000	**£,000**	**£,000**	**£,000**	**£,000**
2017.18	29,540	1,527	1,255	32,322	-10,703	-7,314	-8,712	-581	0	-27,310	-6,410	**-1,398**	0	-1,398	6,894	**71**	**5,568**
2018.19	29,488	1,551	1,275	32,315	-10,867	-7,327	-8,894	-590	308	-27,372	-6,521	**-1,578**	0	-1,578	5,568	**63**	**4,053**
2019.20	29,782	1,576	1,296	32,654	-11,029	-7,319	-9,111	-600	1,602	-26,456	-6,516	**-318**	0	-318	4,053	**72**	**3,807**
2020.21	29,952	1,602	1,318	32,872	-11,190	-7,267	-9,329	-609	2,046	-26,349	-6,516	**7**	0	7	3,807	**77**	**3,891**
2021.22	30,748	1,628	1,340	33,716	-11,355	-7,238	-9,551	-619	2,097	-26,666	-6,595	**456**	0	456	3,891	**75**	**4,421**
2022.23	31,564	1,655	1,363	34,582	-11,523	-7,209	-9,781	-629	2,150	-26,992	-6,599	**991**	0	991	4,421	**73**	**5,486**
2023.24	32,401	1,683	1,386	35,470	-11,692	-7,179	-10,018	-639	2,203	-27,325	-7,769	**376**	0	376	5,486	**75**	**5,936**
2024.25	33,900	1,711	1,410	37,022	-11,865	-7,150	-10,260	-650	2,259	-27,666	-7,769	**1,586**	0	1,586	5,936	**82**	**7,605**
2025.26	34,158	1,741	1,435	37,334	-12,040	-7,121	-10,509	-660	2,315	-28,015	-7,769	**1,550**	0	1,550	7,605	**89**	**9,244**
2026.27	35,097	1,771	1,460	38,328	-12,218	-7,099	-10,764	-671	2,373	-28,379	-7,769	**2,180**	0	2,180	9,244	**95**	**11,519**
2027.28	36,061	1,803	1,486	39,349	-12,399	-7,077	-11,026	-682	2,432	-28,752	-7,769	**2,828**	0	2,828	11,519	**103**	**14,449**
2028.29	37,051	1,835	1,512	40,398	-12,582	-7,055	-11,295	-693	2,493	-29,132	-7,769	**3,496**	0	3,496	14,449	**113**	**18,059**
2029.30	38,068	1,868	1,539	41,476	-12,769	-7,033	-11,570	-705	2,555	-29,521	-7,769	**4,185**	0	4,185	18,059	**129**	**22,372**
2030.31	39,865	1,902	1,567	43,335	-12,958	-7,011	-11,852	-717	2,619	-29,918	-7,769	**5,647**	0	5,647	22,372	**147**	**28,167**
2031.32	40,187	1,937	1,596	43,720	-13,149	-6,989	-12,141	-729	2,685	-30,323	-7,769	**5,627**	0	5,627	28,167	**168**	**33,963**
2032.33	41,289	1,973	1,625	44,888	-13,344	-6,967	-12,437	-741	2,752	-30,737	-7,769	**6,381**	-1,561	4,821	33,963	**190**	**38,973**
2033.34	42,422	2,011	1,655	46,088	-13,541	-6,945	-12,740	-753	2,821	-31,159	-7,769	**7,159**	-1,905	5,254	38,973	**214**	**44,442**
2034.35	43,586	2,049	1,685	47,320	-13,742	-6,923	-13,050	-766	2,891	-31,590	-7,769	**7,961**	-2,155	5,806	44,442	**241**	**50,490**
2035.36	45,642	2,089	1,717	49,448	-13,945	-6,901	-13,369	-779	2,963	-32,031	-7,769	**9,648**	-2,410	7,238	50,490	**273**	**58,000**
2036.37	46,009	2,130	1,749	49,888	-14,152	-6,879	-13,694	-793	3,037	-32,480	-7,769	**9,638**	-2,672	6,966	58,000	**308**	**65,274**
2037.38	47,271	2,172	1,782	51,224	-14,361	-6,857	-14,028	-806	3,113	-32,939	-7,769	**10,516**	-2,940	7,576	65,274	**343**	**73,193**
2038.39	48,567	2,215	1,816	52,597	-14,573	-6,835	-14,370	-820	3,191	-33,408	-7,769	**11,420**	-3,214	8,207	73,193	**382**	**81,782**
2039.40	49,898	2,259	1,850	54,008	-14,789	-6,813	-14,721	-834	3,271	-33,886	-7,769	**12,353**	-3,494	8,859	81,782	**423**	**91,064**
2040.41	51,266	2,305	1,886	55,457	-15,008	-6,791	-15,079	-849	3,353	-34,374	-7,769	**13,314**	-3,781	9,533	91,064	**468**	**101,065**
2041.42	53,684	2,353	1,922	57,959	-15,230	-6,769	-15,447	-863	3,437	-34,873	-7,769	**15,317**	-4,074	11,243	101,065	**519**	**112,826**
2042.43	54,115	2,401	1,960	58,476	-15,456	-6,747	-15,823	-878	3,522	-35,382	-7,769	**15,324**	-4,375	10,950	112,826	**573**	**124,348**
2043.44	55,598	2,452	1,998	60,048	-15,684	-6,725	-16,209	-894	3,611	-35,902	-7,769	**16,376**	-4,682	11,694	124,348	**628**	**136,670**
2044.45	57,122	2,504	2,037	61,663	-15,916	-6,703	-16,604	-910	3,701	-36,433	-7,769	**17,460**	-4,997	12,464	136,670	**687**	**149,821**
2045.46	58,687	2,557	2,078	63,322	-16,152	-6,681	-17,009	-926	3,793	-36,975	-7,769	**18,578**	-5,319	13,259	149,821	**750**	**163,830**
2046.47	60,296	2,612	2,119	65,026	-16,391	-6,659	-17,424	-942	3,888	-37,528	-7,769	**19,729**	-5,648	14,081	163,830	**817**	**178,727**

Appendix 3 Capital account, projections

£'000		Expenditure			Financing							
Year	Year	Major Works & Imps	New Build Development Costs	Total Expenditure	Borrowing	RTB 141 Receipts	Other RTB Receipts	Other	MRR	RCCO	Total Financing
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
1	2017.18	12,393	16,517	28,910	5,242	4,649	1,330	6,690	10,999	0	28,910
2	2018.19	6,355	2,556	8,911	0	457	1,086	583	6,786	0	8,911
3	2019.20	6,514	0	6,514	0	0	860	70	5,584	0	6,514
4	2020.21	6,677	0	6,677	0	0	63	70	6,544	0	6,677
5	2021.22	6,844	0	6,844	0	0	58	0	6,786	0	6,844
6	2022.23	7,015	0	7,015	0	0	57	0	6,958	0	7,015
7	2023.24	7,190	0	7,190	0	0	473	0	6,717	0	7,190
8	2024.25	7,370	0	7,370	0	0	479	0	6,890	0	7,370
9	2025.26	7,554	0	7,554	0	0	277	0	7,277	0	7,554
10	2026.27	7,743	0	7,743	0	0	277	0	7,466	0	7,743
11	2027.28	7,993	0	7,993	0	0	277	0	7,716	0	7,993
12	2028.29	8,231	0	8,231	0	0	440	0	7,791	0	8,231
13	2029.30	8,437	0	8,437	0	0	444	0	7,993	0	8,437
14	2030.31	8,648	0	8,648	0	0	449	0	8,199	0	8,648
15	2031.32	8,864	0	8,864	0	0	453	0	8,411	0	8,864
16	2032.33	9,086	0	9,086	0	0	458	0	7,067	1,561	9,086
17	2033.34	9,313	0	9,313	0	0	463	0	6,945	1,905	9,313
18	2034.35	9,545	0	9,545	0	0	468	0	6,923	2,155	9,545
19	2035.36	9,784	0	9,784	0	0	473	0	6,901	2,410	9,784
20	2036.37	10,029	0	10,029	0	0	478	0	6,879	2,672	10,029
21	2037.38	10,279	0	10,279	0	0	483	0	6,857	2,940	10,279
22	2038.39	10,536	0	10,536	0	0	488	0	6,835	3,214	10,536
23	2039.40	10,800	0	10,800	0	0	493	0	6,813	3,494	10,800
24	2040.41	11,070	0	11,070	0	0	498	0	6,791	3,781	11,070
25	2041.42	11,347	0	11,347	0	0	503	0	6,769	4,074	11,347
26	2042.43	11,630	0	11,630	0	0	508	0	6,747	4,375	11,630
27	2043.44	11,921	0	11,921	0	0	514	0	6,725	4,682	11,921
28	2044.45	12,219	0	12,219	0	0	519	0	6,703	4,997	12,219
29	2045.46	12,525	0	12,525	0	0	525	0	6,681	5,319	12,525
30	2046.47	12,838	0	12,838	0	0	530	0	6,659	5,648	12,838