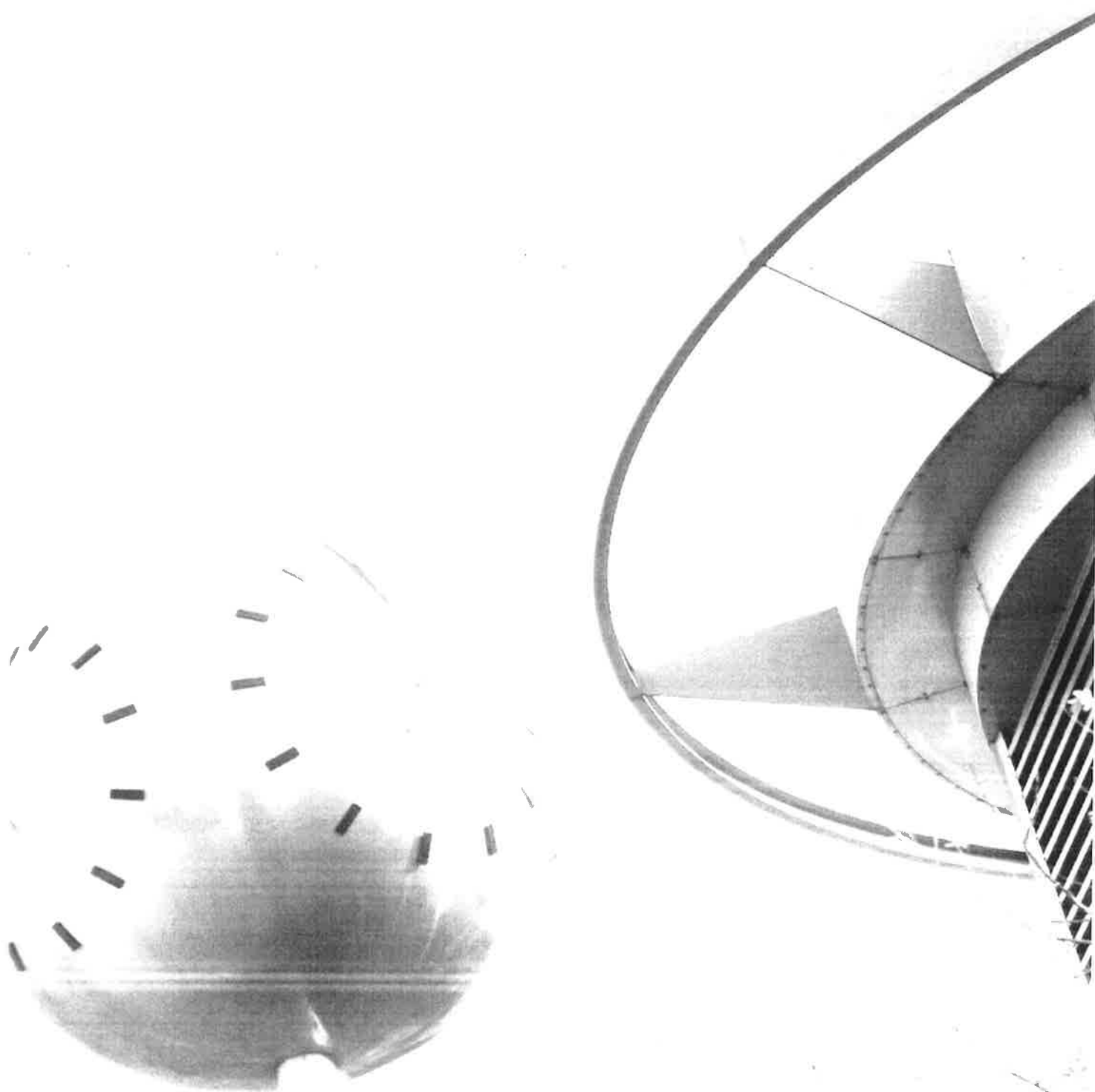


The Conservative Group  
Alternative HRA Budget and  
Rent Proposals 2020/21



## **Conservative Group Alternative HRA Budget and Rent Proposals 2020/21**

It is recommended to amend the proposed HRA budget as set out below and detailed on the attached schedules.

### **From a revenue perspective:**

- The 2020/21 rent increase is limited to CPI (1.7%) from the proposed 2.7%  
For an average property this would be a saving of £3.74 a month

### **From a capital perspective an investment of:**

- £2m in Langdon Hills Estate Improvement Programme

### **These investments will be funded from:**

- An £18m reduction in debt repayments over the 30 year HRA Business Plan  
Leaving £37m of debt outstanding at the end of the period
- A £690k reduction in the Asset Management reserve as at the end of the 30 year Business Plan period

### **S151 Officer View**

Whilst the proposed reductions in debt repayments and reserves provide additional challenges and risks in terms of the HRA's financial position; the S151 Officer confirms that the proposed budget amendments are sustainable.

# CONSERVATIVE GROUP ALTERNATIVE BUDGET - HRA REVENUE

	Estimates			
	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Expenditure</b>				
Management	16,421	17,967	17,535	17,300
Repairs	11,539	11,589	11,639	11,689
Debt Management Expenses	54	54	54	54
Depreciation	16,282	16,312	16,213	16,115
Other Expenses	665	665	665	665
<b>Total Expenditure</b>	<b>44,961</b>	<b>46,587</b>	<b>46,106</b>	<b>45,823</b>
<b>Resources</b>				
Rent Income	(48,466)	(49,751)	(51,127)	(52,206)
Charges for Services and Facilities	(4,466)	(4,552)	(4,638)	(4,698)
General Fund Contribution	(372)	(379)	(387)	(395)
<b>Total Resources</b>	<b>(53,304)</b>	<b>(54,682)</b>	<b>(56,152)</b>	<b>(57,299)</b>
<b>NET COST OF SERVICES</b>	<b>(8,343)</b>	<b>(8,095)</b>	<b>(10,046)</b>	<b>(11,476)</b>
Net Interest	8,698	8,151	8,090	7,874
Other Capital Financing Costs	103	107	115	118
<b>(SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>458</b>	<b>163</b>	<b>(1,841)</b>	<b>(3,484)</b>
Revenue Contribution to Capital Outlay	7,787	7,506	4,994	4,275
<b>TOTAL NET COST/(SURPLUS)</b>	<b>8,245</b>	<b>7,669</b>	<b>3,153</b>	<b>791</b>
<b>Reserve Closing Balances</b>				
HRA	4,000	4,000	4,000	4,000
Asset Management Reserve	12,817	5,148	1,995	1,204
Treasury Management Reserve	600	600	600	600
<b>TOTAL HRA RESERVES</b>	<b>17,417</b>	<b>9,748</b>	<b>6,595</b>	<b>5,804</b>
<b>Service Statistics</b>				
Total Number of dwellings (All Tenures)				
Average for year	10,782	10,749	10,727	10,637
Average Rent per dwelling per week (Secure Tenures Only)	£87.40	£90.02	£92.72	£95.51

HRA 30 Year Financial Forecast - CPI Only 2020/21 Rent Increase & £1M Estates Renovation															HRA 30 Year Financial Forecast - CPI Only 2020/21 Rent Increase & £1M Estates Renovation																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	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	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
INCOME																															
Rent Income	(48,466)	(49,751)	(51,127)	(52,206)	(52,406)	(53,592)	(54,838)	(56,291)	(57,487)	(58,887)	(60,323)	(61,983)	(63,370)	(64,977)	(66,638)	(68,526)	(70,094)	(71,919)	(73,802)	(75,952)	(77,747)	(79,789)	(81,888)	(84,305)	(86,325)	(88,638)	(91,019)	(93,705)	(95,945)	(98,535)	
Charges for services and facilities	(4,466)	(4,552)	(4,638)	(4,698)	(4,839)	(4,984)	(5,134)	(5,288)	(5,446)	(5,610)	(5,778)	(5,951)	(6,130)	(6,314)	(6,503)	(6,698)	(6,899)	(7,106)	(7,319)	(7,539)	(7,765)	(7,998)	(8,238)	(8,485)	(8,740)	(9,002)	(9,272)	(9,550)	(9,837)	(10,132)	
General Fund Contribution	(372)	(379)	(387)	(395)	(403)	(411)	(419)	(428)	(436)	(445)	(454)	(463)	(472)	(482)	(491)	(501)	(511)	(521)	(532)	(542)	(553)	(564)	(575)	(587)	(599)	(611)	(623)	(635)	(648)	(661)	
TOTAL INCOME	(53,304)	(54,682)	(56,152)	(57,299)	(57,648)	(58,987)	(60,391)	(62,006)	(63,369)	(64,941)	(66,555)	(68,397)	(69,971)	(71,772)	(73,632)	(75,726)	(77,504)	(79,546)	(81,653)	(84,034)	(86,066)	(88,351)	(90,702)	(93,377)	(95,663)	(98,251)	(100,913)	(103,890)	(106,429)	(109,327)	
EXPENDITURE																															
Management	16,421	17,967	17,535	17,300	18,355	18,912	19,485	20,076	20,684	21,310	21,956	22,620	23,305	24,010	24,636	25,384	26,155	26,949	27,766	28,608	29,475	30,369	31,289	32,236	33,212	34,218	35,253	36,220	37,318	38,450	
Repairs	11,539	11,589	11,639	11,689	12,040	12,401	12,773	13,156	13,551	13,957	14,376	14,807	15,251	15,709	16,180	16,666	17,166	17,681	18,211	18,757	19,320	19,900	20,497	21,112	21,745	22,397	23,069	23,761	24,474	25,208	
Other Expenses	719	719	719	719	741	763	785	807	830	854	878	902	928	954	981	1,009	1,038	1,066	1,096	1,126	1,156	1,187	1,219	1,251	1,284	1,317	1,351	1,386	1,421	1,455	
Depreciation	16,282	16,312	16,213	16,115	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,100	16,200	16,300	16,400	16,500	16,600	16,700	16,800	16,900	17,000	17,100	17,200	17,300	17,400	17,500	17,600	17,700	17,800	17,900	
TOTAL EXPENDITURE	44,961	46,587	46,106	45,823	47,235	48,175	49,142	50,138	51,164	52,221	53,309	54,430	55,684	56,973	58,198	59,559	60,959	62,396	63,873	65,391	66,952	68,556	70,204	71,898	73,641	75,432	77,274	79,067	81,014	83,014	
Operating (Surplus)/Deficit	(8,343)	(8,095)	(10,046)	(11,476)	(10,412)	(10,812)	(11,246)	(11,868)	(12,205)	(12,720)	(13,246)	(13,967)	(14,287)	(14,799)	(15,434)	(16,166)	(16,545)	(17,151)	(17,779)	(18,642)	(19,114)	(19,795)	(20,497)	(21,478)	(22,022)	(22,818)	(23,639)	(24,823)	(25,416)	(26,314)	
CAPITAL CHARGES																															
Net Interest	8,698	8,151	8,090	7,874	8,777	8,802	8,754	8,542	8,735	8,399	8,346	8,164	7,879	7,867	7,548	6,969	6,673	6,085	5,665	4,999	4,500	3,760	3,097	2,813	2,409	2,089	1,758	1,410	1,048	677	
Debt Repayment	103	107	115	118	-	1,000	3,000	4,000	4,000	3,000	5,000	5,000	5,000	4,000	4,000	5,000	3,000	7,000	6,000	7,000	8,000	8,000	9,000	10,000	9,000	10,000	11,000	12,000	15,000		
Revenue Contribution to Capital Outlay	7,787	7,506	4,994	4,275	-	-	-	-	-	-	-	348	2,277	2,841	3,417	4,003	6,076	4,718	5,848	6,293	7,156	7,836	8,535	9,255	9,995	10,757	11,542	12,350	12,182	14,040	
TOTAL CAPITAL CHARGES	16,588	15,764	13,199	12,267	8,777	9,802	11,754	12,542	12,735	11,399	13,346	13,512	15,156	14,708	14,965	15,972	15,749	17,803	17,513	18,292	19,656	19,596	20,632	22,068	21,404	22,846	23,300	24,760	25,230	29,717	
(Surplus)/Deficit for year	8,245	7,669	3,153	791	(1,635)	(1,009)	505	674	530	(1,320)	100	(454)	868	(91)	(468)	(194)	(796)	652	(267)	(350)	542	(189)	134	590	(618)	28	(339)	(63)	(186)	3,403	
RESERVES AT YEAR END																															
HRA	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Asset Management	12,817	5,148	1,995	1,204	2,839	3,848	3,343	2,669	2,139	3,459	3,359	3,813	2,945	3,035	3,504	3,698	4,495	3,842	4,109	4,460	3,918	4,117	3,983	3,393	4,011	3,983	4,322	4,385	4,572	1,169	
Treasury Risk	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600	600
Major Repairs Reserve	-	-	-	-	228	228	228	220	220	220	220	228	228	228	228	228	1,700	1,200	1,200	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-	
TOTAL RESERVES	17,417	9,748	6,595	5,804	7,667	8,676	8,171	7,497	6,967	9,287	8,187	8,841	7,773	7,863	8,332	8,526	10,795	9,642	9,909	10,060	9,516	9,717	9,583	8,993	9,611	9,583	9,922	9,985	9,172	5,769	
STOCK NUMBERS AVERAGE																															
Tenanted	10,660	10,662	10,595	10,562	10,540	10,440	10,348	10,302	10,260	10,223	10,189	10,159	10,131	10,107	10,085	10,065	10,047	10,031	10,016	10,003	9,992	9,981	9,972	9,963	9,955	9,948	9,942	9,937	9,931	9,927	
Shared Ownership	114	116	114	112	110	108	106	104	102	100	98	96	94	92	90	88	86	84	82	80	78	76	74	72	70	68	66	64	62	60	
TOTAL STOCK	10,774	10,778	10,709	10,674	10,650	10,548	10,454	10,406	10,362	10,323	10,287	10,255	10,225	10,199	10,175	10,153	10,133	10,115	10,098	10,083	10,070	10,057	10,048	10,035	10,025	10,016	10,008	10,001	9,993	9,987	
BORROWING																															
Capital Financing Requirement at year end	205,409	205,302	205,187	205,069	205,069	204,069	201,069	197,069	193,069	190,069	185,069	180,069	175,069	171,069	167,069	162,069	159,069	152,069	146,069	139,069	131,069	123,069	114,069	104,069	95,069	85,069	75,069	64,069	52,069	37,069	