1. Introduction

1.1 SDS Consultancy has been appointed to continue the work previously carried out by CIH Consultancy to provide quarterly reviews of the HRA Financial Plan and advise of potential impacts of legislative and policy changes.

1.2 This review takes account of changes to the key assumptions and investment requirements since the February 2016 review and the annual Financial Plan. The Financial Plan demonstrated shortfalls in meeting the New Build Programme but was not extensive in terms of the options available to fund these given the potential impact of legislative changes, which are discussed later in this review. Therefore this review is based on what is certain and to identify funding shortfalls. It is proposed that a detailed options paper will be produced at a later stage once we are more certain with regards to these changes. For the avoidance of any doubt, therefore, this review takes no account of any potential effects of the Housing and Planning Act's proposals relating to the required sale of higher value voids, since the Government's intentions are not yet known.

1.3 This review does take into account the latest approved budgets for 2016.17 inclusive of the HRA, Capital and New Build Programme, in addition it shows the 2015.16 out-turn and the slippage on both the Capital and New Build Programme.

2. Base Budget Position

2.1 The table below shows the budgets to which our modelling is launched:

£'000	Note	Forecast 2015.16 Budget	Out-turn 2015.16 Budget	Original 2016.17 Budget
Rental Income	2.4	32,292	32,150	32,029
Service Charges	2.5	1,641	1,831	1,665
Non-Dwelling Income		862	856	887
Other Income		333	330	353
General Management	2.6	4,859	4,701	4,908
Special Management	2.6	3,777	3,522	3,902
Other Management		194	184	409
Bad Debt Provision	2.7	236	75	120
Revenue Repairs	2.8	5,300	5,855	6,200
Interest Paid		5,596	5,573	5,621
Finance Administration		67	68	70
Interest Received	2.9	(295)	(628)	(169)
Depreciation		7,533	7,627	7,561
Self-Financing Reserve		3,180	3,180	-
FRS 17 Adjustments		(150)	34	(150)
Capital Contributions	2.10	4,900	4,344	6,800
Surplus (Deficit)		**(69)**	**632**	**(338)**

2.2 The above table shows that the 2015.16 out-turn position for the HRA has a beneficial variance of £0.701million, which is for a variety of reasons, with the largest variances being savings on management costs, additional interest earnt and contributions to capital offset by additional contributions to the Housing Repairs Fund.

2.3 The accompanying text for the budgets explains the variances between the 2015.16 out-turn and forecast budget.

2.4 The final out-turn provides the actual rental income against the forecast, which is always difficult to accurately estimate given the number and type of properties sold and void performance.

2.5 The level of service charges recovered from leaseholders for works has contributed to the increase in revenue.

2.6 Actual management costs are lower on account of efficiency savings and delays in filling vacant posts.

2.7 Following a review of the rent arrears profile and delays in the Government's welfare reforms, the contribution to the bad debts reserve is lower than anticipated.

2.8 The Council has decided to increase the contribution to the Housing Repairs Fund to cover the expenditure for the year. This does not have a negative impact to the Business Plan given that the closing balance for the Repairs Fund has increased as detailed later on in this report.

2.9 The interest received accurately reflects the interest receivable on all reserves including the 'over-financed' position of the Council's HRA Capital Financing Requirement (CFR).

2.10 The direct revenue contribution to capital was reduced on account of the cost of works for gas pipe works being charged to the Repairs Fund due to reclassification, with the additional contribution to the Fund identified in Section 2.8 above to cover this.

2.11 This table demonstrates the latest position for HRA capital expenditure.

£'000	**2015.16 Budget**	**2015.16 Out-turn**		**2016.17 Budget**	**2016.17 Revised**
New House Build Programme	4,453	3,384		11,942	10,790
North Weald Hub	300	-		2,900	3,200
Planned Works	6,600	5,490		5,804	6,554
Replacements/Improvements	5,996	4,937		7,481	6,339
TOTAL	**17,349**	**13,811**		**28,127**	**26,883**

2.12 The core reason for under-spend on new-build in 2015.16 is due to the delays with completing Phase 1. The re-phasing of expenditure for Phases 2 & 3 has also affected the revised position for 2016.17.

2.13 The latest modelling actually increases the new build expenditure to £10.801million on account of the very latest projections.

3. Assumptions for Future Forecasts on Revenue Income and Expenditure

3.1 In order to project the future income and expenditure streams we need to make some basic and detailed assumptions that will influence these based on existing knowledge, but also assumed factors.

3.2 As a base principle, all income and expenditure will increase by the assumed RPI (Retail Price Index), which is assumed at 2.5% throughout, except where detailed below. The model is launched matching both years 1 and 2 to 2015.16 and 2016.17 budgets respectively, therefore inflationary factors are applied from year 3, 2017.18, onwards.

Rental Income

3.3 We have already referred to the Government's latest social rent policy which came into force in April 2016. The key outputs from this are that existing tenants will see their rent reduce by 1% each year over a four-year period, which commenced in April 2016. The only deviation from this is that new tenants will be charged the formula rent for the property rather than the outgoing rent. The formula rent for each property was originally calculated in 2002 with annual inflationary increases of RPI plus 0.5% applied since then, with the exception of 2015.16 which was CPI (Consumer Price Index) plus 1%. In accordance with Government policy at the time, the Council had been converging their current rents to formula rent since 2002, with a capped increase, with the aim of achieving this by 2017.18. However, the latest national rent policy has in effect put an end to this, which has resulted in a loss of key revenue for the HRA.

3.4 Other than existing properties being re-let at formula rents (which will reduce by 1% over the four year period due to the Government requirement), new build properties will be let at affordable levels with rents increasing by RPI plus 1% after the four year period.

3.5 From April 2020 rents are forecast to increase by CPI plus 1% per year following the public statement by the former Minister of State for Housing and Planning late last year.

3.6 The first half of 2016.17 has seen an increase in the number of Right to Buy sales. Some 23 properties have been sold already, compared to 11 for the same period last year and the 16 the year before. Therefore, the number of Right to Buy sales projected for 2016.17 has been increased to 40 from the budgeted 20, which results in lower rental income.

3.7 The provision for long-term void loss is set at 1% as per previous levels modelled.

3.8 Due to the changes to Government's welfare reforms in respect of universal credit we have been cautious in our approach to the provision of bad debts. Using the Government's target of implementing direct payments of benefits relating to housing in 2017 we have gradually increased the provision for bad debts to double the level estimated for 2016.17 and then reduced it over a period of 5 years. This is based on the experiences of pilot authorities and the expectation that tenants with rent arrears in excess of 8 weeks will have their housing benefit diverted back directly to their landlord.

Housing Repairs Fund

3.9 The Council operates a Housing Repairs Fund to account for the day to day, cyclical and planned revenue repairs expenditure. An annual contribution is made to the Fund from the HRA to cover actual expenditure.

3.10 In 2015.16 expenditure levels for repairs were £6.338million against the budgeted contribution of £5.3million to the Fund, due to the reclassification of gas pipeworks which were originally budgeted for in the Capital Programme. The actual contribution was £5.855million resulting in a revised closing balance of £1.010million, some £0.573million more than forecast on account of the additional contribution.

3.11 The budgeted contribution to the Fund for 2016.17 is £6.2million against forecast expenditure of £6.489million, resulting in a revised closing balance forecast of £0.721million in the Fund.

3.12 The model has used a reduced £5.974million per annum (inflated) following discussions with officers as basis of actual expenditure moving forward and assumed that the Housing Repairs Fund balance will be used up by 2019.20.

Interest Paid

3.13 Following the self-financing settlement in March 2012 the following loan facilities with the Public Works Loans Board (PWLB) were taken out by the Council to finance the transaction:

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

3.14 Given the vast majority of the loan value is fixed we are certain of most of the interest that will be charged to the HRA.

3.15 For the variable loan we have estimated that the current interest rate of 0.62% will increase by:

- 0.75% in 2017.18;
- 0.25% in 2018.19;
- 0.5% in 2019.20; and
- 0.5% in 2021.22 to a maximum of 2.62%.

This forecast will need to be continually reviewed given the current economic state which threatens a rise in inflation and a subsequent increase in the interest base rate.

3.16 The Council's HRA CFR (accounting debt level) was in fact in a negative position of £31.882million prior to self-financing due to the capital receipts from right to buy receipts. This means the actual HRACFR is currently £153.575million against the loan total of £181.456million, which results in the HRA being 'over-borrowed'. This arrangement was required to ensure that the General Fund was not adversely affected by the self-financing settlement at the time, which is a need that continues.

Depreciation

3.17 The Council has a depreciation policy based on proper accounting practice and HRA depreciation charges which have increased steeply in recent years. However the transitional measures within the self-financing settlement allow for these to be reversed.

3.18 This arrangement is transitional and CIPFA are due to release further guidance on how councils should depreciate based on componentisation techniques, which the Council already does. It is thought unlikely that any new proposals will affect the overall funding available for the HRA although the details will have to be scrutinised to ensure funding for the new build programme is not adversely affected.

Service Enhancements

3.19 Originally, when self-financing was introduced in March 2012, it was estimated that the Council could afford to provide for an annual provision of £0.770million for service enhancements throughout the life of the Financial Plan.

3.20 Since 2012 approximately £0.2million of improvements and service enhancements have been subsumed into the management budgets of the HRA for ongoing services. Following the identification that, for the next few years, available resources for the HRA are lower than anticipated against the backdrop of higher capital expenditure and reduced rental income, the residual £0.570million has not been provided for within the latest modelling. However, members have previously approved that, from 2017.18 onwards, £50,000 per annum will continue to fund small improvements above those allowed for in existing budgets.

3.21 We have discussed further in this report the reintroduction of service enhancements when the plan can afford to do so.

4. Assumptions for Future Forecasts on Capital Expenditure

4.1 The projections for capital expenditure have been split into four distinct areas and are detailed in the sections below:

Short to Medium Term Investment in Existing Stock

4.2 The budgeted forecast presented to Members in January 2016 has been updated and the next four years' forecast expenditure (and 2015.16 out-turn) is as follows and included within the model (excluding New Build and Acquisitions):

Existing Stock Capital Expenditure £'000	Out-turn 2015.16	2016.17	2017.18	2018.19	2019.20
North Weald Depot	£0	£3,200			
Heating/Rewiring/Water Tanks	£3,104	£3,735	£2,253	£2,525	£2,525
Windows/Doors	£854	£1,219	£1,074	£1,041	£1,041
Roofing	£1,151	£1,451	£1,190	£1,232	£1,232
Other Planned Maintenance	£380	£149	£386	£371	£371
Structural Schemes	£592	£800	£400	£400	£400
Small Capital Repairs/Voids	£0	£0	£1,138	£1,138	£1,138
Kitchen & Bathroom Replacements	£3,209	£3,448	£4,352	£4,412	£4,412
Garages & Environmental Improvements	£357	£1,165	£306	£312	£312
Disabled Adaptations	£462	£430	£450	£450	£450
Other Repairs & Maintenance	£227	£256	£115	£115	£115
Capital Service Enhancements	£89	£432	£100	£0	£0
Housing DLO Vehicles	£0	£108	£50	£50	£50

Less Work on Leaseholder Properties	£0	-£300	-£150	-£150	-£150
Efficiency Savings on Modern Standard	£0	£0	-£300	-£300	-£300
TOTAL	**£10,427**	**£16,093**	**£11,364**	**£11,596**	**£11,596**

Long-Term Investment in Existing Stock

4.3 The Council has a database which estimates the required level of investment in the Housing Stock. This database was updated in late August 2016 to reflect the review undertaken by officers from EFDC Housing to reduce the level of investment in the stock in response to the reduced capital resources available, due to the reduction of rents identified in the February 2016 review.

4.5 In summary the current forecast expenditure is as follows:

HOUSING (HRA) PORTFOLIO 30 YEAR CAPITAL PROGRAMME AVERAGE LIFECYCLES					
	Years 6-10 £000	Years 11-15 £000	Years 16-20 £000	Years 21-25 £000	Years 26-30 £000
Total Planned Maintenance	**32,188**	**29,472**	**13,357**	**16,911**	**14,071**
Roofing	11,505	6,811	4,081	1,159	1,429
Rewiring	876	4,237	1,819	876	3,382
Front entrance door replacement	270	299	525	576	1,177
PVCu Window replacement	5,448	4,495	1,259	672	4,986
Heating and boiler replacement	11,224	5,251	3,164	10,639	198
Asbestos removal	281	1,560	918	575	1,232
Energy efficiency	991	3,171	412	1,500	547
Norway House improvements	250	250	250	250	250
Balcony Resurfacing	150	-	150	105	150
Door Entry Security	-	27	167	100	13
Ventilation	200	200	200	200	160
Communal TV Upgrade					
Communal water tank replacement	991	3,171	412	259	547
Structural Schemes	**1,500**	**928**	**1,168**	**1,369**	**1,639**
Cyclical Maintenance	**75**	**75**	**75**	**75**	**75**
Small Capital Works	**1,750**	**1,750**	**1,750**	**1,750**	**1,750**
Cost reflective improvements	**15,682**	**15,385**	**13,506**	**14,033**	**18,165**
Kitchen & bathroom renewals	15,682	15,385	13,506	14,033	18,165
Non-cost-reflective repairs	**1,500**	**1,500**	**1,250**	**1,000**	**1,504**
Disabled Adaptations	**2,321**	**2,962**	**3,780**	**4,825**	**6,158**
Other repairs and maintenance	**500**	**500**	**500**	**500**	**500**
Feasibilities	**75**	**75**	**75**	**75**	**75**
Housing DLO Vehicles	**250**	**250**	**250**	**250**	**250**
TOTAL EXPENDITURE	**55,841**	**52,897**	**35,712**	**40,788**	**44,188**

4.6 These costs have been modelled into the Financial Plan with inflationary increases and an assumed 2.5% recovery for Leaseholders (an increase from the 1.3% assumed before, due to the re-profiling of the expenditure).

4.7 The table below shows the comparison in expenditure between this and the Quarter 1 Review.

30 YEAR CAPITAL PROGRAMME AVERAGE LIFECYCLES – February 2016 to August 2016						
		Years 6-10 £000	**Years 11-15 £000**	**Years 16-20 £000**	**Years 21-25 £000**	**Years 26-30 £000**
	PREVIOUS TOTAL EXPENDITURE	60,766	46,361	44,868	43,124	43,753
	CURRENT TOTAL EXPENDITURE	55,841	52,897	35,712	40,788	44,188
	VARIANCE	(4,925)	6,536	(9,156)	(2,336)	435

4.8 In previous iterations and reviews of the HRA Financial Plan, additional service enhancements over and above the £0.57million detailed in Section 3.20 have been factored in to demonstrate the additional resources available to improve both services and the stock. The base iteration of this model excludes any of these provisions and only includes those contained within the existing capital budgets in the tables in Sections 2.11 and 4.2.

New Build Programme

4.9 The latest estimates for the new build programme are detailed below:

Schemes £'000	**2015.16**	**2016.17**	**2017.18**	**2018.19**	**2019.20**	**2020.21**
Marsden/Faversham	626					
Phase 1	1,956	1,668	1,105			
Phase 2	384	4,107	6,069	30		
s106 Purchases	7	982	556			
Phase 3	157	1,486	5,302	557		
Phase 4	186	182	5,108	2,511	66	
Phase 5	68	59	1,238	2,360	171	
Phase 6	1	162	220	6,949	3,422	83
Acquisitions		2,055				
Other		99	113	113	113	
TOTAL	**3,384**	**10,801**	**19,710**	**12,520**	**3,773**	**83**

4.10 In direct comparison with the Quarter 1 Review, new build and acquisition expenditure has decreased from £52.569million to £50.270million for Phases 1 to 6 from 2015.16 onwards.

4.11 The variances, and their reasons, are:

Marden/Faversham:	-£0.112million	- saving due to final costs
Phase 1:	£1.381million	- retender to complete the build
Phase 2:	£0.438million	- increased tender prices
Section 106:	£0.082million	- revision of price
Phase 3:	£0.744million	- allowance for increased prices
Phase 4:	-£1.374million	- revision of schemes
Phase 5:	-£4.412million	- revision of schemes
Phase 6:	£0.089million	- revision of schemes
Acquisitions:	£0.427million	- additional properties being purchased
'Other':	£0.438million	- this is the provision for additional staffing support on development work

5. Funding the Forecast Capital Expenditure and its Implications

5.1 The rental income from the HRA covers the key operating expenditure for management, day to day repairs and financing costs. In addition a depreciation charge is made, as discussed in Section 3.17, which credits the Major Repairs Reserve, which in turn funds the Capital Programme.

5.2 The HRA also makes a revenue contribution to capital expenditure, which in effect is a balancing charge to fund the annual capital expenditure after other resources have been accounted for.

5.3 For the projections moving forward, the revenue contribution continues to be a balancing charge, however, it is restrained by ensuring that the HRA balances do not go below the agreed £2million minimum balance. Given that the modelling is long-term, the minimum balance is increased by inflation from year 6 in the Plan.

5.4 The Council also holds a self-financing reserve with the intention of building up balances within it that would be sufficient to repay the loans identified in Section 3.13. Due to increased levels of capital expenditure for the next few years against the backdrop of reduced revenue, for illustrative purposes only (and subject to the planned HRA Financial Options Review later this year) we have considered two simple options of either continuing to keep the Reserve in order to repay the £31.8million loan due in year 7 or utilise the balances of £12.72million in order to fund the Capital Programme over the first four years of the Plan. The second option will result in the inability to repay the first loan, referred to in Section 3.13, of £31.8million. To date it has been budgeted that £3.852million will be used to finance the 2016.17 Capital Programme. We will discuss the impact of this further on in this report.

5.5 The Council has received certain grants and receipts from section 106 agreements which are being used to fund the new build programme. These have been fully accounted for in the first two years of the Plan totalling £1.744million. In addition, there are still significant agreed levels of S106 financial contributions due to the Council, amounting to around £4.8million, to be used for the Housebuilding Programme in the future, once specific "trigger points" are reached for the various private developments. As and when these S106 contributions are received, it will reduce the amount of funding required from the existing Capital Programme by an equivalent amount. However, it should be noted that if a development does not go ahead, or if the level of S106 financial contribution is subsequently re-negotiated, this total amount would reduce accordingly.

5.6 The Council was successful in its application for HCA grant funding towards 40 of the 51 properties in Phase 2 of the new build programme of £0.475million. However, on account of reasons explained in Section 5.14 below the Council has decided not to take up this grant.

Right to Buy Sales

5.7 Since the reinvigoration of the Government's Right to Buy policy, the Council has sold in excess of 155 additional properties due to the increase of discounts available.

5.8 The gross receipts are then separated into different categories for their treatment, guided by the policy and discussed below:

5.9 The first call on the receipts is the allowable (or attributable) debt which the authority keeps, derived from the level ascertained from the self-financing settlement for the expected number of sales. The receipts can either be distributed to the HRA or the General Fund. The Council's Cabinet has agreed that an equivalent value to 30% of 'assumed debt' within the self-financing settlement can be used for funding new build within the HRA with the balance going to the General Fund to protect against any future measures that may affect the Council, which are discussed in Section 5.11. For 2016.17 £0.366million will be attributed to the HRA and we estimate that £0.105million, each year, will be available for the following three years. This equates to a total of £0.682million against a previously recorded £1.140million when using a different basis for the level of receipts attributable to the HRA.

5.10 The Council is also allowed to retain £1,300 per property sold to cover administration costs and this is assumed to be accounted for within existing HRA budgets, offsetting expenditure incurred in delivery of the service.

5.11 Before self-financing, local authorities were able to retain 25% of net Right to Buy receipts with the remaining balance returned to Government. This is still accounted for within the treatment of the receipts but based on a pre-determined value by the Government. For Epping Forest this 25% factor is equal to £0.340million and is used for General Fund purposes. If the actual number of Right to Buy sales in future years falls below the pre-determined level within the self-financing settlement then this level of receipt is at risk to the Council's General Fund, hence the arrangement set out in Section 5.9 above.

5.12 The next call on the receipt is the amount that the Council can retain to help fund Right to Buy 'buy-backs' that were originally purchased within 10 years of the RTB sale. The formula allows, with quarterly restrictions, 50% of the amount that was spent by authorities on these 'buy-backs'. To date the Council has £0.294million retained on account of this and we have included this for funding capital works in year 3 of the plan.

5.13 Finally, if a balance remains within the quarter, this is transferred to a '1-4-1' reserve. The Government stipulate, as part of the signed agreement with EFDC, receipts have to be used within 3 years of accruing and have to be spent on funding a maximum of 30% on providing new homes.

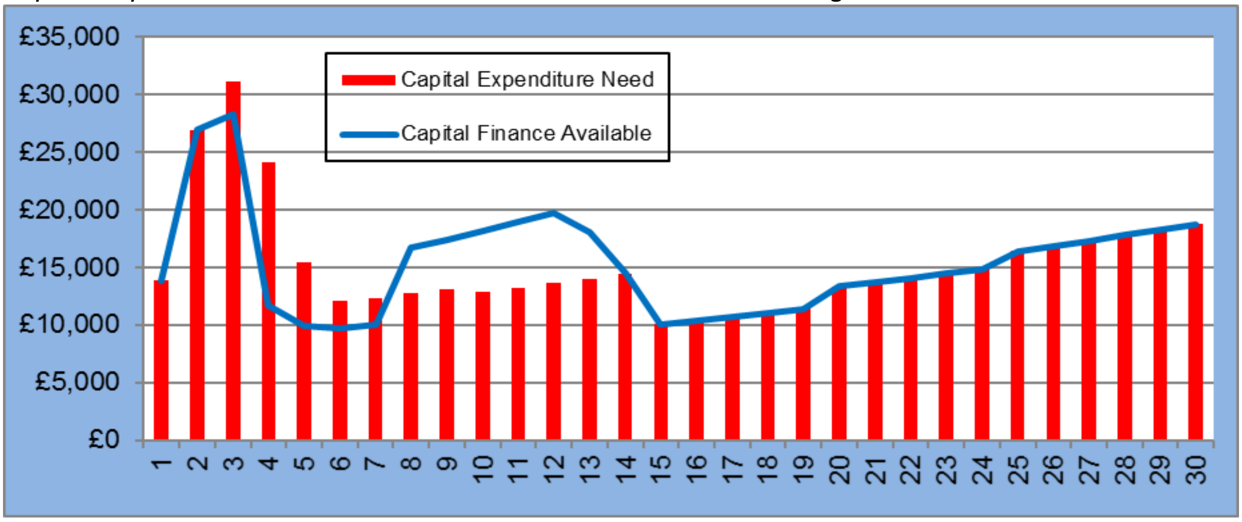
5.14 We have maximised the use of Right to Buy receipts throughout the modelling to ensure that 30% of new build expenditure levels has been fully utilised. Due to the re-profiling of new build expenditure (Phase 1 being a major reason), it became apparent that £0.270million of '1-4-1' receipts were at risk of being returned to the Government by the end of 2016.17 as insufficient eligible expenditure would have been achieved. Therefore, through the Council's decision not to take up the HCA grant for the major element of Phase 2, there has been a large increase to eligible expenditure, thus protecting these receipts that would have accrued over the previous three years, plus an interest charge of 4% above base rate for those three years.

5.15 Right to Buy levels have been assumed to reduce to 20 per year until year 4 (2018.19) and will then gradually further reduce. We will carefully monitor separate forecasts in terms of Right to Buy numbers, though other factors may well see an increase in sales as detailed further in this Quarter 2 Review. Whilst this will increase the level of '1-4-1' receipts and attributable debt allocations, the longer-term position will see a negative impact in terms of future revenue through loss of rents.

<u>The Capital Funding Forecast</u>

5.16 The graph below demonstrates the capital forecast expenditure for both the existing Capital Programme, new build programme, revised expenditure as identified in Sections 4.5 to 4.9 and the future investments needs, with inflation applied, from Section 4.2.

Capital Expenditure Forecasts – Base Position With No Borrowing £'000

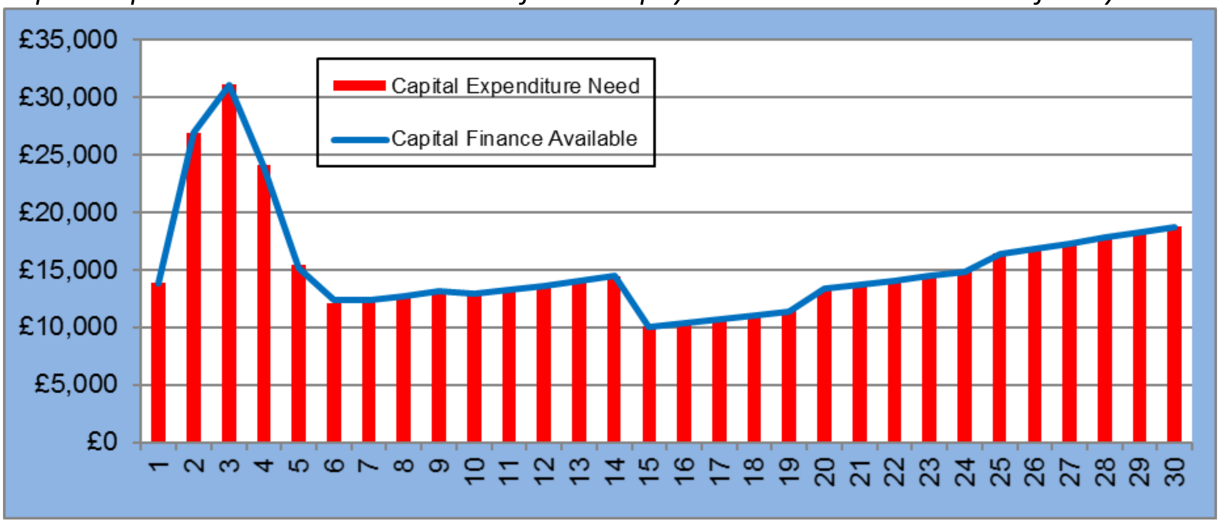


5.17 In years 3 to 7 there is a collective shortfall of £25.236million (£27.486million including inflation) to fund capital expenditure if no borrowing is undertaken by the HRA in these years.

5.18 If the expenditure were to be re-profiled then it could be fully funded by spreading it to year 13.

5.19 Therefore, for illustrative purposes only, we have modelled the position to show the effects of refinancing the £31.8million loan that is due to mature in year 7 for repayment in year 13 at a rate of 4% and utilising the £12.72million currently within the self-financing reserve.

Capital Expenditure Forecasts – With Deferred Repayment the £31.8millon loan for 6 years



5.20 This improves the shortfall considerably by reducing it to £0.257million in year 5, with the ability to catch this up over the following year.

5.21 Instead of extending the repayment of the £31.8million, short-term borrowing could be undertaken instead. The table below shows the borrowing required to ensure that there are no capital investment shortfalls and that the £31.8million loan repays in year 7.

Year	Borrowing Required
Year 3	£2.822million
Year 4	£13.059million
Year 5	£6.190million
Year 6	£3.287million
Year 7	£3.366million
Total	**£28.724million**

5.22 The loans are based on a fixed interest charge of 4% with repayment in year 14.

5.23 Actual decisions for whether additional borrowing, deferred loan repayment or if capital investment in the stock should be reduced will be considered in detail as part of the planned further HRA Financial Options Review later this year.

5.24 Clearly, though, if the amount of planned investment in the existing housing stock was reduced through, for example, not seeking to achieve the Council's recently-introduced Modern Home Standard, the amount of required refinancing could be reduced accordingly.

6. Forecast HRA Balances and Future Resources Available

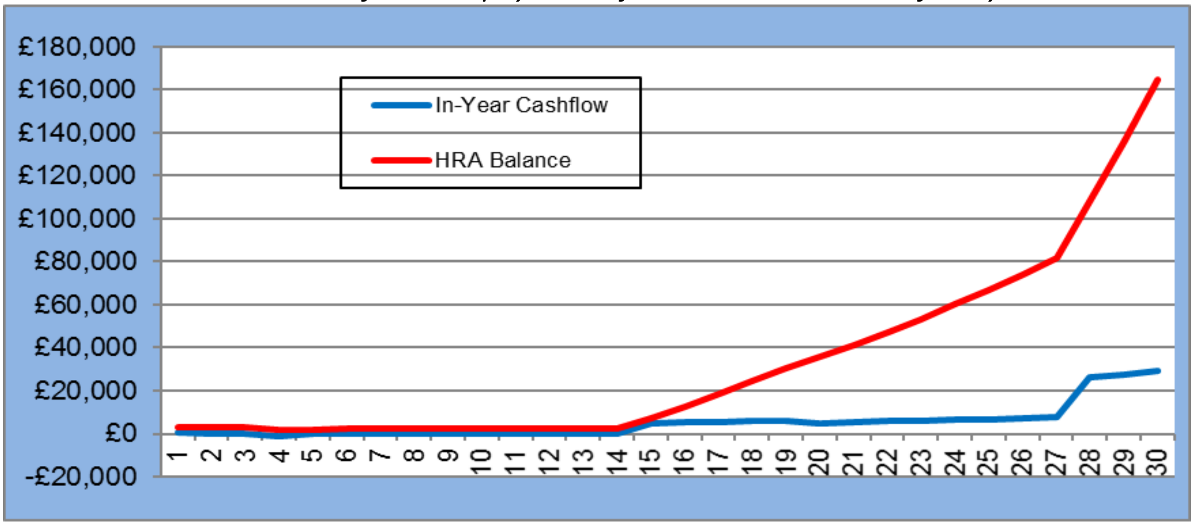
6.1 This section seeks to ensure that the HRA maintains its minimum balance of £2million, allowing for inflation moving forward.

6.2 For this assessment we have modelled on the assumption that the repayment of the £31.8million loan is deferred from year 7 to year 13 so that shortfalls on the capital expenditure are almost eliminated.

6.3 To ensure that the HRA has sufficient resources available to repay the loans as they fall due, the self-financing reserve is utilised to make annual contributions from year 14 onwards with a required annual increase applied to the initial contribution to ensure a balance is available to repay the final loan in year 27.

6.4 The graph below shows the balances that will begin to accrue within the HRA once the deferred £31.8million loan is repaid, capital shortfalls met and sufficient resources have been placed in the self-financing reserve to repay all the other HRA loans from the PWLB.

Forecast HRA Balances – Deferred Repayment of the £31.8million loan for 6 years



6.5 From year 27, after repayment of the existing debt profile, the HRA's balances substantially increase to over £160million as there is no longer a contribution required to the self-financing reserve, nor interest payments.

6.6 We have assessed, as a way of identifying available resources, the value of service enhancements that could be introduced in the latter stages of the plan. This includes a comparison against the February 2016 review (where additional debt was modelled to avoid any capital shortfalls).

	February 2016 Review Total Expenditure In Period (Inflated Values)	**October 2016 Review Total Expenditure In Period (Inflated Values)**
Years 11-15	£0.5 (£0.7) million	£3.4 (£4.8) million
Years 16-20	£4.9 (£7.8) million	£17.2 (£26.1) million
Years 21-25	£9.0 (£16.3) million	£15.1 (£26.0) million
Years 26-30	£42.7 (£87.4) million	£44.3 (£87.7) million
TOTAL	**£57.1 (£112.2) million**	**£80.0 (£144.6) million**

6.7 Due to the impact of the reduction in rental income and increased costs for the house building and Capital Programme the value of service enhancements from previous iterations of the Financial Plan have significantly reduced. However, as a result of the revised capital expenditure profile for investment in the stock and increased leaseholder contributions, the level of potential service enhancements has increased since the last review.

6.8 Again, the potential for incorporating provision within the Plan for service enhancements towards the latter stages, or spreading over the period of the Plan, will be considered in detail as part of the planned further HRA Financial Options Review later in 2016.

7. Summary and Other Considerations

7.1 The HRA projections based on the assumptions within the report demonstrate that, in the long term, the HRA is viable in that:

- The HRA remains above the minimum £2million (inflated) balance
- The HRA will be debt free and return to its prior position of a negative balance on the HRA CFR of £31.888million
- There are no unfunded capital works (provided that the repayment of the £31.8million is deferred by 6 years and £0.257million of works are re-profiled or £28.724million is borrowed and repaid by year 14)

7.2 The HRA in the latter years can also afford to make provision for service enhancements and improvements, in addition to the required levels of investment in the stock and new build, of £80million at today's prices.

7.3 There are, however, policy changes which are in the recent Housing and Planning Act 2016 that will have implications to the HRA, not least the expectation that vacant Council homes are sold to fund the required annual levy payment to the Government (see below).

<u>Vacant Higher Value Local Authority Housing</u>

7.4 Under the Housing and Planning Act 1996, the Right to Buy policy is being extended to housing association tenants, through a voluntary arrangement with housing associations. However, to enable this policy to work, housing associations have said that they would need to be fully compensated for the sale of their properties at the much higher discounted rates than the Right to Acquire rates currently applied.

7.5 To date, housing associations have signed up on a voluntary basis to avoid legislative change, which is an arrangement included in the Act, and certain restrictions have been put in place to ensure that the number of sales will be on a phased basis. Currently, this is only being operated on a trial basis with a small number of pilot housing associations.

7.6 To enable the Government to fund this policy it was proposed that councils could sell their higher value voids to assist with this, but could also potentially retain some of the payment to re-provide accommodation at a lower price.

7.7 The Act allows the Government to charge councils a levy that it will expect from councils on an annual basis, but with the possible opportunity (subject to the agreement of the Secretary of State) to enter into an agreement to reduce the payment to Government in order to build or provide new affordable housing locally within their District.

7.8 There is no indication at this stage as to how much the levy will be. The Act allows for this determination to be amended annually. Councils have provided statistical data which will be used by the Government to determine this value. We expect that this calculation will be issued via a consultation in terms of the data used and the methodology. However, there is provision in the Act for this to be introduced part way through a year, so we would anticipate this being introduced in either 2016.17 or 2017.18

7.9 The Government expects authorities to fund this determination by considering selling higher value voids as they fall vacant through a "free-standing duty". So the selling of higher value voids will come under guidance and not statute at this stage.

7.10 The very limited detail in respect of the arrangement is not sufficient to allow any form of modelling at this stage, along with the actual determination itself. However, it could mean that the Council could benefit by reducing the payment to Government by allocating any reduction allowed by the Government to the latter stages of the Council's new build programme, thereby reducing the funding requirement from the Council's Capital Programme further.

7.11 The impact of this determination will be modelled once the consultation has been issued in order to inform the Council's response. This will, undoubtedly, affect the revenue stream to the HRA, but there may be the potential for some of the receipt to be retained as attributable debt. All of this will be explored further as part of the planned further HRA Financial Option Review.

Rents for High Income Social Tenants

7.12 The Government is also introducing, through the Act, a 'Pay to Stay' policy, which means that Council properties that have a household income over £31,000 per annum (outside London) will be subject to being charged a market rent (or near market rent) rather than the current social rent. The Government has said that a sliding scale will be introduced where, for every £1,000p/a income above £31,000, tenants will pay an additional £150p/a up to the market rent level. This level will be set by regulation. The onus will be on landlords to identify the tenants affected through changes to tenancy agreements to supply earnings information, which will obviously involve additional time and costs to the current housing service. Apart from this cost, part of which is expected to be funded from the increased rental income, the Government's proposals should have a neutral effect on the Council's Plan, since the potential additional income is forwarded to the Government and not for the Council to retain, unlike the proposed voluntary arrangement with housing associations.

7.13 Under the Act, information sharing with HMRC will be possible to verify information provided by tenants. However, it is unlikely that this will be in place until sometime after the Government's currently stated implementation date of April 2017.

7.14 There is the potential, however, that Right to Buy sales may increase as a result of this policy. For example, the cost of a mortgage and maintenance costs may well be less expensive to a tenant if right to buy is pursued, when compared to the charge of a market equivalent rent.

Voluntary Return of '1-4-1' Receipts

7.15 Given the uncertainties identified above and the potential that the levy payable under the vacant higher value policy could be significantly reduced if used towards providing additional affordable housing the Council should consider its current position on the retention of '1-4-1' receipts.

7.16 This is particularly due to the high number of Right to Buy sales already witnessed this year and with a number of applications still being processed. In Quarter 2 of 2016/17 alone, £1.364million of receipts were attributed to the '1-4-1' reserve which puts an immense pressure on the housebuilding programme to deliver expenditure of £4.547million within the next three years, just to ensure that Quarter 2's receipts do not require returning to the Government, with interest accruing at least at £156 per day, which would be chargeable to the HRA.

7.17 Therefore on the 3rd November 2016 the Council's Cabinet is meeting to discuss whether to voluntarily pay these receipts over to the Government "temporarily" to avoid the uncertainty of having to return these in 3 years with a substantial interest charge.

Simon Smith
SDS Consultancy
October 2016

Appendix 1

Key Assumptions

1. All rents decreasing by 1% for 4 years commencing 2016.17
2. Rents increasing by CPI plus 1% after this period
3. 6% of tenancies (on a reducing balance) moving to formula rent
4. Void levels 1% throughout
5. Bad Debts Provision to match budgets then increase to 1% then reduce to 0.75%
6. Right to Buy levels at 20 per year for the next four years then gradually reduce
7. Un-pooled Right to Buy Receipt (up to Government cap) utilised by General Fund
8. 30% of the Assumed Debt element of receipt used to fund new homes
9. New Build of 219 properties years 1 to 5 (inclusive of s106 properties)
10. Service Charge income increasing by RPI only
11. Non Dwelling Rents (Garages) increasing by RPI only
12. Norway House Rents increasing by RPI only
13. Contributions from the General Fund (for service) increasing by RPI only
14. Management Costs increasing by RPI only
15. Repair Costs increasing by RPI only (after Repairs Fund adjustments)
16. Capital Improvement Costs increasing by RPI plus 0.25% from year 6
17. Base rate for variable interest calculations increasing from 0.5% to 2.0% by year 5

Appendix 2 – HRA Forecasts (With £31.8million Debt Repayment Deferral for 6 Years and Without Service Enhancements)

HOUSING REVENUE ACCOUNT PROJECTIONS
Epping Forest DC

Year	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	2028.29	2029.30
£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOME:															
Gross Rental Income	32,417	32,202	32,482	32,656	32,618	33,660	34,682	35,744	36,841	37,967	39,126	40,319	41,545	42,804	44,097
Void Losses	-267	-225	-245	-247	-325	-336	-346	-356	-367	-379	-390	-402	-414	-427	-440
Charges for Services & Facilities	1,831	1,665	1,707	1,749	1,793	1,838	1,884	1,931	1,979	2,029	2,079	2,131	2,185	2,239	2,295
Non-Dwelling Rent	856	887	909	932	955	979	1,004	1,029	1,054	1,081	1,108	1,135	1,164	1,193	1,223
Contribution From General Fund	330	353	362	371	380	390	399	409	420	430	441	452	463	475	487
Total Income	35,167	34,882	35,215	35,461	35,421	36,531	37,623	38,756	39,927	41,128	42,364	43,636	44,942	46,284	47,662
EXPENDITURE:															
Supervision & Management - General	-4,701	-4,908	-5,031	-5,156	-5,285	-5,418	-5,553	-5,692	-5,834	-5,980	-6,129	-6,283	-6,440	-6,601	-6,766
Supervision & Management - Special	-3,522	-3,902	-4,000	-4,100	-4,202	-4,307	-4,415	-4,525	-4,638	-4,754	-4,873	-4,995	-5,120	-5,248	-5,379
Other Management Expenditure	-184	-409	-419	-430	-440	-451	-463	-474	-486	-498	-511	-524	-537	-550	-564
Provision for Bad/Doubtful Debts	-75	-120	-241	-319	-240	-248	-255	-263	-271	-279	-288	-296	-306	-315	-324
Contribution to Repairs Fund	-5,855	-6,200	-5,974	-5,974	-5,253	-5,974	-6,143	-6,380	-6,606	-6,799	-6,969	-7,144	-7,322	-7,505	-7,693
Total Revenue Expenditure	-14,337	-15,539	-15,664	-15,979	-15,421	-16,398	-16,829	-17,334	-17,835	-18,311	-18,770	-19,241	-19,724	-20,218	-20,726
Interest Payable on Loans	-5,573	-5,621	-5,744	-5,863	-6,022	-6,181	-6,185	-6,620	-6,620	-6,620	-6,620	-6,620	-5,984	-5,348	-5,348
Treasury Management Expenses	-68	-70	-72	-74	-75	-77	-79	-81	-83	-85	-87	-90	-92	-94	-96
Interest on Receipts & Balances	628	540	449	395	422	524	648	692	737	793	909	996	820	658	827
Net Depreciation	-7,627	-7,561	-7,561	-7,561	-7,561	-7,750	-7,944	-8,142	-8,346	-8,555	-8,768	-8,988	-9,212	-9,443	-9,679
Net Operating Income	8,190	6,631	6,623	6,380	6,764	6,649	7,234	7,271	7,780	8,350	9,027	9,694	10,750	11,839	12,640
APPROPRIATIONS:															
FRS 17 /Other HRA Reserve Adj	-34	150	154	158	162	166	170	174	178	183	187	192	197	202	207
Self Financing Reserve	-3,180	0	0	0	0	-2,500	-3,000	-3,000	-3,200	-4,000	-4,750	-5,375	-6,000	-7,060	-7,519
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure Charged to Reven	-4,344	-6,800	-7,000	-7,504	-6,922	-4,194	-4,167	-4,566	-4,746	-4,317	-4,455	-4,610	-4,807	-5,000	-389
Total Appropriations	-7,558	-6,650	-6,846	-7,346	-6,760	-6,529	-6,997	-7,392	-7,768	-8,134	-9,018	-9,793	-10,610	-11,858	-7,701
ANNUAL CASHFLOW	632	-19	-223	-967	4	120	237	-121	12	216	9	-98	140	-19	4,939
Opening Balance	2,570	3,202	3,183	2,960	1,993	1,997	2,118	2,355	2,234	2,245	2,461	2,470	2,372	2,512	2,493
Closing Balance	3,202	3,183	2,960	1,993	1,997	2,118	2,355	2,234	2,245	2,461	2,470	2,372	2,512	2,493	7,432
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Financing Reserve	12,720	8,868	6,046	0	0	2,500	5,500	8,500	11,700	15,700	20,450	25,825	25	7,085	14,604
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	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
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
INCOME:															
Gross Rental Income	45,432	46,812	48,229	49,687	51,186	52,735	54,336	55,983	57,678	59,422	61,220	63,076	64,985	66,951	68,974
Void Losses	-453	-467	-481	-495	-510	-526	-542	-558	-575	-592	-610	-629	-648	-667	-688
Charges for Services & Facilities	2,353	2,411	2,472	2,533	2,597	2,662	2,728	2,797	2,866	2,938	3,012	3,087	3,164	3,243	3,324
Non-Dwelling Rent	1,253	1,285	1,317	1,350	1,383	1,418	1,453	1,490	1,527	1,565	1,604	1,644	1,686	1,728	1,771
Contribution From General Fund	499	511	524	537	551	564	578	593	608	623	638	654	671	688	705
Total Income	49,084	50,552	52,061	53,612	55,207	56,853	58,555	60,304	62,104	63,955	65,864	67,832	69,858	71,942	74,086
EXPENDITURE:															
Supervision & Management - General	-6,935	-7,108	-7,286	-7,468	-7,655	-7,846	-8,042	-8,243	-8,449	-8,661	-8,877	-9,099	-9,327	-9,560	-9,799
Supervision & Management - Special	-5,513	-5,651	-5,793	-5,937	-6,086	-6,238	-6,394	-6,554	-6,718	-6,886	-7,058	-7,234	-7,415	-7,600	-7,790
Other Management Expenditure	-578	-592	-607	-622	-638	-654	-670	-687	-704	-722	-740	-758	-777	-797	-817
Provision for Bad/Doubtful Debts	-334	-344	-355	-365	-376	-388	-400	-412	-424	-437	-450	-464	-478	-492	-507
Contribution to Repairs Fund	-7,885	-8,082	-8,284	-8,491	-8,704	-8,921	-9,144	-9,373	-9,607	-9,847	-10,094	-10,346	-10,605	-10,870	-11,141
Total Revenue Expenditure	-21,245	-21,778	-22,325	-22,885	-23,459	-24,047	-24,650	-25,269	-25,903	-26,552	-27,218	-27,901	-28,601	-29,319	-30,054
Interest Payable on Loans	-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	0	0
Treasury Management Expenses	-99	-101	-104	-107	-109	-112	-115	-118	-121	-124	-127	-130	-133	-136	-140
Interest on Receipts & Balances	1,051	1,289	1,543	1,811	2,082	2,693	3,032	3,093	2,882	2,690	2,520	2,348	2,510	3,042	3,603
Net Depreciation	-9,921	-10,169	-10,423	-10,683	-10,951	-11,224	-11,505	-11,793	-12,087	-12,390	-12,699	-13,017	-13,342	-13,676	-14,018
Net Operating Income	13,522	14,445	15,405	16,401	17,422	18,815	19,969	20,880	22,574	24,320	26,124	27,964	30,292	31,853	33,477
APPROPRIATIONS:															
FRS 17 /Other HRA Reserve Adj	212	217	223	228	234	240	246	252	258	265	271	278	285	292	299
Self Financing Reserve	-8,007	-8,527	-9,081	-9,671	-10,299	-10,968	-11,681	-12,440	-13,248	-14,108	-15,025	-16,001	0	0	0
Revenue Provision (HRACFR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure Charged to Reven	-421	-475	-595	-702	-2,356	-2,444	-2,534	-2,627	-2,724	-4,012	-4,147	-4,286	-4,429	-4,577	-4,730
Total Appropriations	-8,216	-8,785	-9,453	-10,144	-12,422	-13,172	-13,969	-14,815	-15,713	-17,856	-18,900	-20,008	-4,144	-4,285	-4,431
ANNUAL CASHFLOW	5,306	5,661	5,951	6,257	5,001	5,643	6,000	6,065	6,861	6,465	7,224	7,956	26,147	27,568	29,046
Opening Balance	7,432	12,738	18,398	24,350	30,606	35,607	41,250	47,250	53,315	60,176	66,640	73,864	81,820	107,967	135,535
Closing Balance	12,738	18,398	24,350	30,606	35,607	41,250	47,250	53,315	60,176	66,640	73,864	81,820	107,967	135,535	164,582
Other HRA Reserve Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Financing Reserve	22,611	31,138	40,219	49,890	60,189	71,157	82,838	65,278	48,525	32,633	17,658	3	3	3	3
HRA New Build Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

HOUSING CAPITAL PROJECTIONS
Epping Forest DC

Year £'000	2015.16 1	2016.17 2	2017.18 3	2018.19 4	2019.20 5	2020.21 6	2021.22 7	2022.23 8	2023.24 9	2024.25 10	2025.26 11	2026.27 12	2027.28 13	2028.29 14	2029.30 15
EXPENDITURE:															
New Build Lifecycle & Planned	0	0	0	0	0	0	-11	-55	-92	-109	-112	-127	-180	-225	-248
Existing Stock Lifecycle & Planne	-9,965	-15,555	-10,864	-11,096	-11,096	-11,458	-11,773	-12,097	-12,430	-12,037	-12,368	-12,708	-13,058	-13,417	-8,790
Disabled Adaptations	-462	-430	-450	-450	-450	-479	-491	-504	-516	-670	-687	-704	-722	-740	-968
Other Capital Expenditure	0	-108	-50	-50	-50	-50	-51	-53	-54	-55	-57	-58	-59	-61	-62
Acquisitions Expenditure	0	-2,055	0	0	0	0	0	0	0	0	0	0	0	0	0
New Build Development	-3,384	-8,745	-19,710	-12,520	-3,773	-83	0	0	0	0	0	0	0	0	0
Service Enhancements/Improvem	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	-58	-263	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	**-13,811**	**-26,894**	**-31,074**	**-24,116**	**-15,426**	**-12,334**	**-12,327**	**-12,709**	**-13,092**	**-12,872**	**-13,224**	**-13,597**	**-14,019**	**-14,442**	**-10,068**
FUNDING:															
Major Repairs Reserve	6,498	12,509	14,896	7,561	7,561	7,750	7,944	8,142	8,346	8,555	8,768	8,988	9,212	9,443	9,679
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	2,199	411	443	150	151	0	0	0	0	0	0	0	0	0	0
Right to Buy 1-4-1 Reserves	770	3,321	5,913	2,798	536	389	216	0	0	0	0	0	0	0	0
Self Financing Reserve	0	3,852	2,822	6,046	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	4,344	6,800	7,000	7,504	6,922	4,194	4,167	4,566	4,746	4,317	4,455	4,610	4,807	5,000	389
Total Capital Funding	**13,811**	**26,894**	**31,074**	**24,059**	**15,170**	**12,334**	**12,327**	**12,709**	**13,092**	**12,872**	**13,224**	**13,597**	**14,019**	**14,442**	**10,068**
In-Year Net Cashflow	**0**	**0**	**0**	**-56**	**-257**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cumulative Position	**0**	**0**	**0**	**-56**	**-257**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

MRR Account:															
Opening Balance	11,154	12,283	7,335	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution from Depreciati	7,627	7,561	7,561	7,561	7,561	7,750	7,944	8,142	8,346	8,555	8,768	8,988	9,212	9,443	9,679
Use of Reserve to Capital	-6,498	-12,509	-14,896	-7,561	-7,561	-7,750	-7,944	-8,142	-8,346	-8,555	-8,768	-8,988	-9,212	-9,443	-9,679
Closing Balance	**£12,283**	**£7,335**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**

HOUSING CAPITAL PROJECTIONS
Epping Forest DC

Year	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
£'000	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
EXPENDITURE:															
New Build Lifecycle & Planned	-254	-281	-372	-450	-490	-502	-515	-528	-541	-555	-568	-583	-597	-612	-627
Existing Stock Lifecycle & Planne	-9,032	-9,280	-9,536	-9,798	-11,349	-11,661	-11,981	-12,311	-12,649	-13,749	-14,127	-14,516	-14,915	-15,325	-15,746
Disabled Adaptations	-992	-1,017	-1,042	-1,068	-1,398	-1,433	-1,468	-1,505	-1,543	-2,018	-2,069	-2,120	-2,173	-2,228	-2,283
Other Capital Expenditure	-64	-66	-67	-69	-71	-72	-74	-76	-78	-80	-82	-84	-86	-88	-90
Acquisitions Expenditure	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Build Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Enhancements/Improvem	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	**-10,342**	**-10,643**	**-11,018**	**-11,385**	**-13,307**	**-13,668**	**-14,039**	**-14,420**	**-14,811**	**-16,402**	**-16,846**	**-17,303**	**-17,771**	**-18,253**	**-18,748**
FUNDING:															
Major Repairs Reserve	9,921	10,169	10,423	10,683	10,951	11,224	11,505	11,793	12,087	12,390	12,699	13,017	13,342	13,676	14,018
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
Right to Buy 1-4-1 Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Financing Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Contributions	421	475	595	702	2,356	2,444	2,534	2,627	2,724	4,012	4,147	4,286	4,429	4,577	4,730
Total Capital Funding	**10,342**	**10,643**	**11,018**	**11,385**	**13,307**	**13,668**	**14,039**	**14,420**	**14,811**	**16,402**	**16,846**	**17,303**	**17,771**	**18,253**	**18,748**
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Contribution from Depreciati	9,921	10,169	10,423	10,683	10,951	11,224	11,505	11,793	12,087	12,390	12,699	13,017	13,342	13,676	14,018
Use of Reserve to Capital	-9,921	-10,169	-10,423	-10,683	-10,951	-11,224	-11,505	-11,793	-12,087	-12,390	-12,699	-13,017	-13,342	-13,676	-14,018
Closing Balance	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**