

APPENDIX 3

FORECAST OF HRA CAPITAL RESOURCES AND EXPLANATION OF TERMS

Resource	2012/13	2013/14	2014/15	Total
	£M	£M	£M	£M
Unsupported Borrowing	6.120	14.564	9.324	30.008
Useable capital receipts	5.017	1.126	0.359	6.502
Grants and contributions	1.243	0.113	0.117	1.473
Direct Revenue Financing	4.342	3.096	7.321	14.759
Major Repairs Reserve	17.172	17.388	17.718	52.278
Total	33.894	36.287	34.839	105.020

Unsupported Borrowing (prudential borrowing)

The prudential borrowing required is well within the debt cap for the HRA and is calculated based on the balanced capital programme developed as part of the HRA business planning process. The unsupported borrowing has increased since the last approved version of the business plan due to spend on Estate Regeneration taking place earlier as a result of the recommendation by Cabinet on the 21st August 2012 to proceed with the regeneration of Townhill Park.

Useable Capital Receipts

This is the proportion of capital receipts that arise from the sale of HRA assets that the Council can retain. The rules governing the use of non right-to-buy receipts allow the council to retain 100% of all receipts provided they are used for affordable housing or regeneration.

Grants and contributions from third parties

Contributions are received from third parties in respect of capital expenditure incurred by the Council e.g. payments from leaseholders of sold Council flats in respect of any major works that have been carried out to their homes. In the past significant contributions have been received from the HCA and although no new funding is currently available from this source the balance of money received in prior years is available to fund some elements of the Estate Regeneration part of the programme.

Direct Revenue Financing

The contribution from the HRA revenue account to fund the capital programme.

Major Repairs Reserve

Under self-financing there is a requirement to calculate how much money should be paid into a Major Repairs Reserve (MRR) each year in order to ensure that adequate provision is being made to maintain the stock. The figure is based on a calculation of depreciation and it replaces the Major Repairs Allowance that was part of the subsidy system. Money is then drawn from the MRR to pay for relevant items of capital expenditure.