

Medium Term Financial Forecasts

Revenue Budget	2014/15 £'000	2015/16 £'000	2016/17 £'000
Expenditure			
Employees	8,838	8,864	9,042
Premises -Repairs	11,199	11,491	11,693
Other expenditure	8,055	8,268	8,348
Capital Financing	8,564	8,895	8,866
Total Expenditure	36,656	37,518	37,949
Income			
Rental Income	(50,423)	(51,940)	(53,058)
Other Income	(8,357)	(8,210)	(8,469)
Total Income	(58,780)	(60,151)	(61,527)
NET SURPLUS	22,124	22,632	23,578
Allocated to :			
Revenue Contribution to Capital schemes	22,124	22,632	23,578

Assumptions

1. Inflation is included at 2% per annum with pay increases at 1% for 2014/15 and 2% per annum thereafter to cover pay award and pay related matters.
2. Efficiency savings are assumed at £0.550 million over 2015/16 and 2016/17.
3. Capital financing costs are projected to increase reflecting the capital repayment/set aside of £3.539m and £3.539m for 2015/16 and 2016/17 respectively. The total estimated borrowing as at 31 March 2017 is £118m, against the debt cap of £157m, providing the opportunity for additional borrowing of £39m subject to affordability.
4. Rents are assumed to increase by 4% for 2015/16 and 3.5% for 2016/17, and forecasts assume a reduction in rental income due to Right to Buy Sales and transferred properties to Seaside Homes.
5. Other income is projected to increase by 2%. However, income from major works to leasehold properties is projected to reduce by £0.300 million from 2015/16 and reduce by a further £0.100 million in 2016/17.

The net revenue surpluses over the three year period will be used to fund the HRA Capital Programme 2014 – 2017.