

## Appendix 2 – HRA Revenue Budget 2018/19

|                                    | 2017/18         | Budget Changes |              |                   |                | 2018/19         |
|------------------------------------|-----------------|----------------|--------------|-------------------|----------------|-----------------|
|                                    | Adjusted budget | Inflation      | Savings      | Service Pressures | Other Changes  | Original Budget |
| See Note                           |                 | 1              | 2            | 3                 | 4              |                 |
|                                    | £'000           | £'000          | £'000        | £'000             | £'000          | £'000           |
| <b>SUBJECTIVE ANALYSIS</b>         |                 |                |              |                   |                |                 |
| <b>Expenditure</b>                 |                 |                |              |                   |                |                 |
| Employees (Data Table A)           | 8,679           | 201            | (105)        | 364               | 150            | 9,289           |
| Premises - Repairs                 | 9,827           | 150            | (550)        | 0                 | 0              | 9,427           |
| Premises - Other                   | 2,580           | 23             | 0            | 0                 | 0              | 2,603           |
| Transport                          | 133             | 1              | 0            | 0                 | (4)            | 130             |
| Contribution to Bad Debt Provision | 442             | 0              | 0            | 0                 | 0              | 442             |
| Supplies & Services                | 2,390           | 18             | 0            | 0                 | (28)           | 2,380           |
| Third Party Payments               | 134             | 3              | 0            | 0                 | 0              | 137             |
| Support Services (Data Table B)    | 2,591           | 0              | 0            | 170               | (1)            | 2,760           |
| Direct Revenue Funding             | 25,579          | 0              | 0            | 0                 | (24)           | 25,555          |
| Capital Financing Costs            | 6,005           | 0              | 0            | 0                 | 571            | 6,576           |
| <b>Total Expenditure</b>           | <b>58,360</b>   | <b>396</b>     | <b>(655)</b> | <b>534</b>        | <b>664</b>     | <b>59,299</b>   |
| <b>Income</b>                      |                 |                |              |                   |                |                 |
| Rents Dwellings                    | (50,349)        | 0              | 0            | 313               | (148)          | (50,184)        |
| Rents Car Parking / Garages        | (913)           | 0              | 0            | 0                 | (4)            | (917)           |
| Commercial Rents                   | (530)           | 0              | 0            | 0                 | 0              | (530)           |
| Service Charges                    | (6,250)         | 0              | 0            | 0                 | (1,196)        | (7,446)         |
| Other Recharges & Income           | (318)           | (3)            | 0            | 0                 | 99             | (222)           |
| <b>Total Income</b>                | <b>(58,360)</b> | <b>(3)</b>     | <b>0</b>     | <b>313</b>        | <b>(1,249)</b> | <b>(59,299)</b> |
| <b>DEFICIT / (SURPLUS)</b>         | <b>0</b>        | <b>393</b>     | <b>(655)</b> | <b>847</b>        | <b>(585)</b>   | <b>0</b>        |
| <b>OBJECTIVE ANALYSIS</b>          |                 |                |              |                   |                |                 |
| Capital Financing                  | 31,585          | 0              | 0            | 0                 | 547            | 32,132          |
| Head of Housing & Strategy         | 4,335           | 14             | 0            | 170               | 93             | 4,612           |
| Head of Regeneration               | 281             | 5              | 0            | 0                 | (1)            | 285             |
| Income, Inclusion & Improvement    | (46,404)        | 49             | (32)         | 610               | (179)          | (45,956)        |
| Property & Investment              | 8,322           | 186            | (582)        | 180               | (1,051)        | 7,055           |
| Tenancy Services                   | 1,881           | 139            | (41)         | (113)             | 6              | 1,872           |
| <b>DEFICIT / (SURPLUS)</b>         | <b>0</b>        | <b>393</b>     | <b>(655)</b> | <b>847</b>        | <b>(585)</b>   | <b>0</b>        |

## Appendix 2 – HRA Revenue Budget 2018/19 Cont'd

### Note 1: Inflation

Standard inflation of 2% has been applied to Direct Employees with 1% for Premises, Transport and Supplies & Services. Adjustments are made to specific areas based on known inflation above or below the standard applied. Most income budgets are zero-based (that is they are recalculated each year rather than changing incrementally) and therefore budgets are estimated based on known increases in costs or inflation.

### Note 2: Savings

| <b>Savings</b>  | <b>£'000</b> |
|---|--------------|
| Staff turnover (i.e. savings arising from the recruitment period for appointing to vacancies arising from staff turnover based on current operational experience) | (105)        |
| Reduction in gas servicing contract costs   | (150)        |
| Reduction in Repairs & Maintenance costs for 2018/19  | (400)        |
| <b>Total Savings</b>  | <b>(655)</b> |

### Note 3: Service Pressures

| <b>Service Pressures</b>  | <b>£'000</b> |
|---|--------------|
| Strengthening the BHCC client side for contract management together with new Health & Safety posts (Note, £0.080m is also funded through the capital programme) | 80           |
| Short term additional resources for the re-procurement of the new repairs contract (2 years)  | 100          |
| Increase in Rehousing team establishment to manage increased lets from new homes and mutual exchanges   | 100          |
| Increased staffing resources for Universal Credit focussed preventative work (3-5 years)  | 84           |
| HRA contribution to Children's Centre Services to ensure sustainability   | 170          |
| Impact of the statutory 1% rent reduction net of new lets at 'target rents'   | 313          |
| <b>Total Service Pressures</b>  | <b>847</b>   |

## Appendix 2 – HRA Revenue Budget 2018/19 cont'd

### Note 4: Other Changes

| <b>Other Changes</b>   | <b>£'000</b> |
|--|--------------|
| Increase in existing employees costs for annual increments, staff establishment amendments and pension changes   | 150          |
| Decrease in Direct Revenue Funding for the capital investment programme including hidden homes and home purchase   | (24)         |
| Increase in Capital Financing costs (mainly arising from the New Homes for Neighbourhoods programme)   | 571          |
| Net change in rental income from new homes net of sales  | (148)        |
| Estimated increase in service charge and major works income from leaseholders (note, 2018/19 contains a particularly large number of works coming to conclusion) | (1,077)      |
| Increase in service charge income across all charges (to match costs/service pressures)  | (119)        |
| Increase in Support Service charges and other recharges  | 54           |
| Other minor changes  | 8            |
| <b>Total Other Changes</b>   | <b>(585)</b> |

### Note 5: Projected Reserves

| <b>Description</b>                       | <b>Balance at 1 April 2017<br/>£'000</b> | <b>Projected<br/>Balance at 31<br/>March 2018<br/>£'000</b> | <b>Projected<br/>Balance at<br/>31 March<br/>2019 £'000</b> | <b>Use</b>                                |
|--|--|---|---|---|
| Revenue Reserves - Working Balance       | 3,000                                    | 3,000   | 3,000   | Minimum working balance requirement       |
| Useable revenue reserves                 | 5,159                                    | 4,504   | 3,354   | Available for use                         |
| Estate Development Budget (EDB) reserves | 599                                      | 339   | 169   | Earmarked allocation for EDB over 2 years |
| Restructure Redundancy Reserve           | 388                                      | 388   | 388   | Earmarked reserve                         |
| HRA - Renewable Energy Projects          | 269                                      | 219   | 169   | Capital programme funding                 |
| HRA - Auto Meter Reads Reserve           | 45                                       | 45  | 45  | Available to fund costs of AMR's          |
| <b>Total</b>                             | <b>9,460</b>                             | <b>8,495</b>  | <b>7,125</b>  |   |

## Appendix 2 – HRA Revenue Budget 2018/19 cont'd

### Data Table A - Employee Full Time Equivalent (FTE) Reconciliation

The table below shows the actual movements in FTE's in 2017/18 and includes FTE numbers for proposed service pressures.

|   | <b>FTE</b>   |
|---|--------------|
| <b>Original FTE 2017/18 pre adjustment</b>      | <b>272.2</b> |
| Correction to baseline FTE                      | 3.2          |
| <b>Original FTE 2017/18 (revised)</b>           | <b>275.4</b> |
| <b>Changes in year 17/18</b>                    |              |
| Property & Investment                           | 1.0          |
| <b>Adjusted budget 2018/19 FTEs</b>             | <b>276.4</b> |
| <b>Changes for 2018/19</b>                      |              |
| Property & Investment                           | 5.0          |
| Sheltered Housing                               | (0.3)        |
| Additional staffing to support Universal Credit | 3.0          |
| Tenancy Services – Re-housing Team              | 3.0          |
| <b>Proposed 2018/19 FTEs</b>                    | <b>287.1</b> |

## Appendix 2 – HRA Revenue Budget 2018/19 cont'd

### Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2018/19 as shown in Appendix 2 and compares this to 2017/18.

| Charging Service  | Budget<br>2017/18<br>£'000 | Budget<br>2018/19<br>£'000 (draft) |
|---|----------------------------|------------------------------------|
| <b>Support functions:</b>   |                            |                                    |
| Communications  | 30                         | 25                                 |
| Finance (incl. Corporate Procurement, Internal Audit and Business Operations) | 365                        | 379                                |
| Tenancy Fraud   | 61                         | 62                                 |
| Human Resources   | 216                        | 165                                |
| ICT   | 646                        | 650                                |
| Property  | 130                        | 124                                |
| Legal   | 280                        | 291                                |
| Democratic  | 234                        | 234                                |
| Director  | 16                         | 17                                 |
| <b>Other charges:</b>   |                            |                                    |
| Disabled Adaptations  | 113                        | 115                                |
| Youth Service   | 250                        | 250                                |
| Children's Centre Services  | -                          | 170                                |
| Discretionary Community Grants  | 148                        | 145                                |
| Apprenticeship levy   | 31                         | 31                                 |
| Homing in and Area Panels   | 28                         | 29                                 |
| Energy Efficiency Support   | 25                         | 26                                 |
| Noise pollution   | -                          | 16                                 |
| Other charges   | 19                         | 31                                 |
| <b>Total</b>  | <b>2,592</b>               | <b>2,760</b>                       |