

Appendix 2 – HRA Revenue Budget 2020/21

| | 2019-20 Adjusted budget | Budget Changes | | | | 2020-21 Original Budget |
|--|-------------------------------|----------------|----------|------------------------------------|------------------|-------------------------------|
| | | Inflation | Savings | Investment & Re- investments | Other Changes | |
| Note | | 1 | 2 | 3 | 4 | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| SUBJECTIVE ANALYSIS | | | | | | |
| Expenditure | | | | | | |
| Employees (data a) | 9,738 | 205 | 0 | 925 | 4,771 | 15,639 |
| Premises - Repairs | 9,526 | 180 | 0 | 150 | (5,263) | 4,593 |
| Premises - Other | 2,643 | 53 | 0 | 82 | (30) | 2,748 |
| Transport | 118 | 1 | 0 | 0 | 852 | 971 |
| Contribution to Bad Debt Provision | 367 | 4 | 0 | 210 | (22) | 559 |
| Supplies & Services | 1,839 | 12 | 0 | 65 | 1,454 | 3,370 |
| Support Services (data b) | 3,522 | 7 | 0 | 135 | 557 | 4,221 |
| Third Party Payments | 124 | 2 | 0 | 0 | 20 | 146 |
| Direct Revenue Funding | 25,083 | 0 | 0 | 0 | (1,367) | 23,716 |
| Capital Financing Costs | 6,255 | 0 | 0 | 0 | 2 | 6,257 |
| Total Expenditure | 59,215 | 464 | 0 | 1,567 | 974 | 62,220 |
| Income | | | | | | |
| Rents Dwellings | (50,397) | (1,344) | 0 | 0 | 24 | (51,717) |
| Rents Car Parking / Garages | (935) | (19) | 0 | 0 | 0 | (954) |
| Commercial Rents | (530) | (70) | 0 | 0 | 0 | (600) |
| Service Charges | (7,098) | 0 | 0 | 0 | (1,534) | (8,632) |
| Other Recharges & Income | (255) | (2) | 0 | 0 | 0 | (257) |
| Contribution from Useable Revenue Reserves | 0 | 0 | 0 | 0 | (60) | (60) |
| Total Income | (59,215) | (1,435) | 0 | 0 | (1,570) | (62,220) |
| DEFICIT / (SURPLUS) | 0 | (971) | 0 | 1,567 | (596) | 0 |
| OBJECTIVE ANALYSIS | | | | | | |
| Housing Management & Support | 4,521 | 20 | 0 | 0 | (598) | 3,943 |
| Income, Inclusion & Improvement | (46,303) | (1,208) | 0 | 210 | 415 | (46,886) |
| Tenancy Services | 2,162 | 49 | 0 | 183 | 303 | 2,697 |
| Property & Investment | 7,969 | 163 | 0 | 1,128 | 662 | 9,922 |
| Head of Regeneration | 291 | 5 | 0 | 46 | 9 | 351 |
| Capital Financing | 31,360 | 0 | 0 | 0 | (1,387) | 29,973 |
| DEFICIT / (SURPLUS) | 0 | (971) | 0 | 1,567 | (596) | 0 |

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Note 1 Inflation:

Inflation of 2% has been applied to Direct Employees, and 1% to Premises, Transport and Supplies & Services. Adjustments are made to specific areas based on known inflation above or below the standard 1% 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:

There are no savings in the budget for 2020/21 due to the nature of the new repairs service and the level of uncertainty over costs.

Note 3 Service Pressures and Priority Areas for Investment:

| | £'000 |
|---|--------------|
| One year only staff resources required for the continued set up and mobilisation of new repairs service | 142 |
| Increase in staff resources to support the delivery of new housing supply | 117 |
| Increase in Support Services for the delivery of new housing supply | 135 |
| Increase in contribution to bad debt provision | 210 |
| Additional post required for Welfare services | 36 |
| Continue to replace carpets and decorate seniors housing properties when empty to improve lettings. | 150 |
| Increase in costs of council tax to cover the void periods for Seniors Housing | 32 |
| Increase in security around estates to reduce anti-social behaviour | 65 |
| Offer of enhanced pension for all staff transferring from Mears | 630 |
| Grounds Maintenance - review of service provision | 50 |
| Total Service Pressures and priority areas for investment | 1,567 |

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Note 4 Other Changes:

| Other Changes | £'000 |
|---|--------------|
| Additional employee costs most of which is as a result of the new in-house repairs service | 4,771 |
| Reduction in repairs contract costs as a result of the new in-house service | (5,263) |
| Costs of new vehicle fleet for in-house service | 852 |
| Costs of materials budgets and general office costs for the new in-house service | 1,454 |
| Support service costs largely as a result of new in-house repairs team | 497 |
| Cost of legal officer post to support additional work relating to Homes (Fitness for Human Habitation) Act 2018 | 60 |
| Change to Direct Revenue Funding | (1,367) |
| More service charges from Leaseholders due to lower billing in 2019/20 | (1,516) |
| Net decrease in rental income from 53 week rents in 219/20 net of sales, disposals and new home rents. | 24 |
| Other | (48) |
| Contribution from useable revenue reserves to fund an additional legal officer post | (60) |
| Total Other Changes | (596) |

Note 4 Projected Reserves:

| Description | Balance at 1 April 2019 £'000 | Projected Balance at 1 st April 2020 £'000 | Projected Balance at 31 March 2021 £'000 | Use |
|---|-------------------------------|---|--|---|
| Revenue Reserves - Working Balance | 3,000 | 3,000 | 3,000 | Minimum working balance requirement |
| Useable Revenue Reserves | 4,503 | 2,648 | 2,070 | This reflects the use of £0.060m HRA revenue funding to restore a legal officer post, to support additional work arising as a result of the 'Homes (Fitness for Human Habitation) Act 2018. |
| Rent Support Reserve | 1,050 | 800 | 0 | Earmarked reserve to reduce rent charges for new properties purchased. |
| New Rent Support Reserve | 0 | 0 | 0 | Contribution from 2020/21 resources of £1.010m to reduce rent charges for new properties purchased is planned to be fully used in year. |
| Capital reserve for use in 2021/22 | 0 | 0 | 2,900 | Contribution from 2020/21 resources of £2.900m earmarked for capital expenditure in 2021/22. |
| Mobilisation and set-up costs of new in-house service for repairs | 982 | 482 | 0 | Earmarked reserve |
| EDB reserves | 312 | 142 | 35 | Earmarked allocation for EDB |
| Restructure Redundancy Reserve | 388 | 388 | 388 | Earmarked reserve |
| HRA - Renewable Energy Projects | 194 | 144 | 94 | Capital programme funding |
| | 10,429 | 7,604 | 8,487 | |

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

The table below includes FTE numbers for the proposed service pressures.

| | |
|---|--------------|
| Original FTE 2019/20 | 299.5 |
| Property & Investment structure changes 19/20 | (1.5) |
| Changes for 2020/21 | |
| New repairs contract (Mears TUPE staff) | 163.2 |
| Resident Engagement increase | 0.2 |
| Support service posts | 3.6 |
| Increase in client side resources for repairs (was formerly work carried out under Mears contract) | 10.0 |
| Service Pressures | |
| Increase in FTE in Estate Regeneration (net) | 1.7 |
| Property & Investment - new housing supply | 2.0 |
| Tenancy Service welfare support service | 1.0 |
| Programme Management for continued mobilisation of new repairs and maintenance services (1 year only) | 8.0 |
| 2020/21 Proposed FTEs | 487.7 |

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Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2020/21 and compares this to 2019/20.

| Charging Service | Budget 2019/20 £'000 | Budget 2020/21 £'000 |
|--------------------------------|----------------------------|----------------------------|
| Support Functions: | | |
| Insurance Costs | 886 | 837 |
| ICT | 671 | 967 |
| Finance | 212 | 320 |
| Legal | 313 | 310 |
| Democratic | 238 | 243 |
| Human Resources | 177 | 326 |
| Property | 107 | 198 |
| Tenancy Fraud | 62 | 64 |
| Procurement | 50 | 109 |
| Business Operations | 42 | 91 |
| Communications | 25 | 25 |
| Director | 17 | 18 |
| Other charges: | | |
| Youth Service | 250 | 255 |
| Discretionary Community Grants | 145 | 145 |
| Disabled Adaptations | 118 | 120 |
| Field Officer support | 50 | 50 |
| Family Coach funding | 38 | - |
| Apprenticeship Levy | 31 | 31 |
| Homing in and Area Panels | 29 | 30 |
| Energy Efficiency Support | 26 | 26 |
| Pest Control Services | - | 40 |
| Noise Pollution | 16 | 16 |
| Total | 3,503 | 4,221 |

