The table below provides details of the budget changes between the 2022/23 adjusted budget and the proposed 2023/24 budget. A second table is also supplied which outlines the Inflation rate assumptions providing further context to the budget proposals.

| Budget Reconciliation | | |
|---|---------|---------|
| Inflation | £'000 | £'000 |
| Inflation related to the cost of utilities | 885 | 2000 |
| Inflation related to the cost of Repairs & Maintenance for works and materials | 938 | |
| Inflation related to salary costs | 750 | |
| Corporate Inflation rates applied to other expenditure (including SSC's) | 540 | |
| Total Expenditure Inflation | • | 3,113 |
| Income | | |
| Rent inflation | (3,946) | |
| Service Charge inflation as per appendix 3 | (396) | |
| Corporate Inflation rates applied to other income | (122) | |
| Total Income Inflation | | (4,464) |
| Total Inflation related changes | | (1,351) |
| Investments | £'000 | £'000 |
| Expenditure | | |
| Investment in the HRA apprenticeship programme. | 426 | |
| Investment required for the Transition Team, including a key procurement role to assist with the continued | 245 | |
| implementation and optimisation of the in-house Repairs and Maintenance Service. | | |
| Net revenue investment in resources to comply with Health & Safety requirements e.g. permanent Electrical Testing Resource. | 335 | |
| Professional fees associated with the resourcing of specialist support for materials supply chain re-procurement-required by the in-house Repairs and Maintenance service. | 140 | |
| Investment in Tenancy Services that will ensure further support is provided for the increasing number of complex tenant's' cases, Anti-Social Behaviour issues and wider stock growth in the HRA. | 181 | |
| Short term increase in the bad debt provision to reflect the current collection rate. | 92 | |
| Increased investment in the tenancy fraud service. | 60 | |
| Management of ASH Die back works on HRA estates. | 55 | |
| Medium term plan to replace furniture at the council's Seniors Housing schemes. | 50 | |
| Total Investments & Reinvestments changes | | 1,584 |

| Budget Reconciliation | | |
|---|-------|-------|
| Other Changes | £'000 | £'000 |
| Expenditure | | |
| Increase in Financing Costs | 489 | |
| Salary changes to ensure funding matches changes affecting all staff, including the low pay implementation and the assumed NJC pay award for 2023/24. | (160) | |
| Direct Revenue Funding (DRF) Adjustment | 262 | |
| Net increase of other changes to bring budgets in line with expenditure | 162 | |
| Total Expenditure Other Changes | | |
| Income | | |
| Increase in new Supply rents | (777) | |
| Other changes to bring budgets in line with income | (209) | |
| Total Income Other Changes | | (986) |
| Total Other Changes | | (233) |
| Deficit / (Surplus) | | 0 |

| 2023/24 Inflation Assumptions | 2023/24 |
|-------------------------------|---------|
| Rent | 7% |
| Salary | 4% |
| Premises Repairs | 12% |
| Gas | 44% |
| Electricity | 45% |
| Water | 13% |
| Other income* | 6% |
| Other expenditure** | 1% |

^{*}including service charges

^{**}average rate

The table below provides further detail of the HRA's reserve levels. This shows the anticipated levels at the beginning of the financial year, movement in year and the closing balance.

| ltem | Estimated Balance as at 01/04/2022 | Use during 2022/23 | Estimated Balance as at 31/03/2023 | Forecast use during 2023/24 | Estimated Balance as at 31/03/2024 | Conclusion |
|-------------------------------------|------------------------------------|--------------------------|------------------------------------|--------------------------------------|---|--|
| HRA Reserves | £'000 | £'000 | £'000 | £'000 | £'000 | |
| HRA Working Balance | (3,000) | | (3,000) | | (3,000) | A minimum working balance of £3m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. |
| HRA General Reserves | (480) | | (480) | | (480) | |
| Capital Reserves (HRA) | (1,160) | 480 | (680) | 680 | | |
| Repairs & Maintenance | (1,500) | | (1,500) | 1,500 | | Earmarked to clear the backlog of responsive repairs and voids works. |
| Rent Reduction Reserve | (1,292) | 488 | (804) | 804 | | Earmarked to fund acquisitions in order to lower rents on eligible properties during 2022/23 and 2023/24. |
| EDB Reserves | (326) | | (326) | | (326) | Earmarked to support the revenue budget of £0.181m bringing the total available for EDB to £0.507m. |
| HRA - Renewable Energy Projects | (137) | | (137) | | (137) | |
| Sustainability and retrofit reserve | (5,210) | | (5,210) | 410 | (4,800) | Earmarked for cost of sustainability work at Palace Place and for future years for sustainability measures and retrofit works required on Housing stock. |
| | (13,105) | 968 | (12,137) | 3,394 | (8,743) | |

Support Service Charges & other recharges

The table below provides a breakdown of the support service charges and other charges for 2023/24 and compares this to 2022/23. These are subject to change following a review and finalisation of charges as part of the General Fund Budget proposals. Any change will impact the bottom line revenue surplus, a reduction in revenue surplus will increase the borrowing requirement for 2023/24.

| Charging Service | Adjusted Budget 2022/23 £'000 | Budget 2023/24 £'000 |
|--------------------------------|--|----------------------------|
| Support Functions: | | |
| Insurance Costs | 1,056 | 1,096 |
| ICT | 863 | 941 |
| Finance | 267 | 348 |
| Legal & Democratic | 712 | 676 |
| Human Resources | 333 | 401 |
| Property | 154 | 236 |
| Procurement | 131 | 230 |
| Business Operations | 78 | 105 |
| Support Functions Total | 3,594 | 4,033 |
| Other charges: | | |
| Director | 100 | 108 |
| Tenancy Fraud | 62 | 133 |
| Youth Service | 255 | 255 |
| Discretionary Community Grants | 145 | 145 |
| Disabled Adaptations | 122 | 122 |
| Field Officer support | 52 | - |
| Apprenticeship Levy | 31 | 32 |
| Homing in and Area Panels | 30 | 30 |
| Noise Pollution | 16 | 16 |
| Other Charges Total | 813 | 841 |

| Total | 4 407 | 1 071 |
|-------|-------|-------|
| Total | 4,407 | 4,874 |