

Appendix 1 – HRA Revenue Budget 2023/24

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	
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 implementation and optimisation of the in-house Repairs and Maintenance Service.	245	
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

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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		753
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

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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.

Item	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)	

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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

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Total	4,407	4,874
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