

## Appendix 1 – HRA Revenue 2024/25

The table below provides details of the budget changes between the 2023/24 adjusted budget and the proposed 2024/25 budget.

<b>Budget Reconciliation</b>		
<b>Inflation</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Inflation related to salary costs	651	
Inflation related to the cost of utilities	185	
Inflation related to the cost of Repairs & Maintenance for works and materials	678	
Inflation related to the cost of Housing Investment for works and materials	103	
Corporate inflation rates applied to other expenditure (including SSC's)	195	
<b>Total Expenditure Inflation</b>		<b>1,812</b>
<b>Income</b>		
Rent inflation	(4,813)	
Service Charge inflation as per appendix 3	(403)	
Corporate inflation rates applied to other income	(10)	
<b>Total Income Inflation</b>		<b>(5,226)</b>
<b>Total Inflation</b>		<b>(3,414)</b>
<b>Service Pressures</b>		
<b>Expenditure</b>		
<b>Tenancy Services</b> - increased costs to support more vulnerable / complex clients and communities; increased council housing stock; move to more proactive tenancy management an increase in decant costs for temporary moves.	526	
<b>Waste</b> – increased costs of waste collection and disposal for our Housing Repairs & Maintenance Service, Estates service and Tenancy Sustainment service. Housing & New Homes Committee (15th November 2023) approved procurement and award of new waste management contract/s and an increase in waste charges is anticipated.	180	
<b>Disrepair costs</b> - the number of formal Disrepair claims requires additional funding in the short term to deal with the increase in the number of claims being received from solicitors on behalf of tenants they have contacted. This additional resource will fund two lawyers in order to address claims more proactively with the remaining a recognition of the increased costs related the settlement of claims based upon the TBM overspend for 2023/24.	380	
<b>Financing</b> - Estimated increase in interest charge based on latest capital programme outturn for 2023/24.	2,311	
<b>Repairs &amp; Maintenance</b> - increase in costs reflecting the current market condition relating to construction.	950	
<b>Health &amp; Safety</b> - Recognition of the revenue investment required to ensure Health & Safety compliance requirements are met. This was outlined in the June 2023 Housing & New Homes Committee paper.	367	
<b>Total Service Pressures</b>		<b>4,714</b>
<b>Other Changes</b>		
<b>Expenditure</b>		

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Following the review of the full establishment there is a net reduction in costs. This includes an increase in the capitalisation of salaries lower cost base.	(77)	
Adjustment charge to reflect the estimated depreciation charge for 2024/25	(2,560)	
Net reduction in Repairs & Maintenance budgets to recognise some efficiencies across the service	(227)	
Increase in Support Services due to an increase in salary and insurance costs	344	
<b>Total Expenditure Other Changes</b>		<b>(2,520)</b>
<b>Income</b>		
Increase in rental income due to a 53 week rent period and an increase in new supply	(1,739)	
Increase in Service Charge income due to a 53 week rent period	(137)	
Net increase in investment income for 2024/25	(170)	
		<b>(2,046)</b>
<b>Total Other Changes</b>		<b>(4,566)</b>
<b>Deficit / (Surplus)</b>		<b>(3,266)</b>

A second table is also supplied which outlines the Inflation rate assumptions providing further context to the budget proposals.

<b>Spend Category</b>	<b>2024/25</b>
Rent	7.7%
Salary	3%
Premises repairs	10%
Gas	24%
Electricity	21%
Water	9%
Other Income*	6%
Other Expenditure**	1%

\*Including service charges

\*\* average rate

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Item	Balance as at 1/4/2023 £'000	Use during 2023/24	Estimated Balance as at 31/3/2024 £'000	Contribution to / (from) Reserves £'000	Forecast use during 2024/25 £'000	Estimated Balance as at 31/3/2025 £'000	Conclusion
<b>HRA Reserves</b>							
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	(1,169)		(1,169)	(8,066)		(9,235)	£3.266m is held to support estimated MTFS deficits.
Capital Reserves (HRA)	(680)	680					Timing reserve.
Repairs & Maintenance	(940)		(940)		940		Earmarked to clear the backlog of responsive repairs and empty property (voids) works.
Rent Reduction Reserve	(889)	370	(519)		519		Earmarked to fund acquisitions in order to lower rents on eligible properties approved during 2022/23 and 2023/24.
EDB Reserves	(300)	300					Earmarked to support the revenue budget of £0.247m bringing the total available for Estate Development Budget to £0.487m.
HRA - Renewable Energy Projects	(119)	119					
Sustainability and retrofit reserve	(5,210)		(5,210)	4,800	410		Earmarked for cost of sustainability work at Palace Place and for future years for sustainability measures and retrofit works required on Housing stock.
<b>Total Reserves</b>	<b>(12,307)</b>	<b>1,469</b>	<b>(10,838)</b>	<b>(3,266)</b>	<b>1,869</b>	<b>(12,235)</b>	

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### Support Service Charges & other recharges

The table below provides a breakdown of the support service charges and other charges for 2024/25 and compares this to 2023/24. 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 and will impact the contribution to reserves, a reduction in revenue surplus will increase the borrowing requirement for 2024/25.

Charging Service	Adjusted Budget 2023/24 £'000	Budget 2024/25 £'000
<b>Support Functions:</b>		
Insurance Costs*	1,096	1,347
ICT	936	1,013
Finance	277	303
Legal & Democratic	753	807
Human Resources	401	421
Property	237	240
Procurement	230	237
Business Operations	107	121
<b>Support Functions Total</b>	<b>4,037</b>	<b>4,489</b>
<b>Other charges:</b>		
Director	108	112
Tenancy Fraud	133	137
Youth Service	255	258
Discretionary Community Grants	145	145
Disabled Adaptations	122	126
Apprenticeship Levy	32	32
Homing in and Area Panels	30	31
<b>Other Charges Total</b>	<b>825</b>	<b>841</b>
<b>Total</b>	<b>4,862</b>	<b>5,330</b>

\* Subject to surveys undertaken on Large Panel System blocks.