

APPENDIX 2A

<u>HOUSING REVENUE ACCOUNT</u>		
	<u>2019/20</u>	<u>2020/21</u>
	<u>Revised Budget (at December 2019)</u>	<u>Base Budget</u>
Repairs & Maintenance	3,537,021	3,479,710
Supervision & Management	2,524,913	2,736,230
Special Services	1,672,637	2,024,690
Rents, Rates, Taxes & Other Charges	68,100	109,490
Depreciation & Impairment of Fixed Assets	3,905,420	4,166,200
Increased/Decrease in Impairment of Debtors	160,000	110,000
Contingency	30,000	30,000
Total Expenditure	11,898,091	12,656,320
Dwelling Rents (Gross)	(14,929,730)	(15,226,170)
Non-dwelling Rents (Gross)	(314,800)	(301,810)
Tenants' Charges for Services & Facilities	(704,580)	(741,640)
Leaseholders' Charges for Services & Facilities	(64,300)	(79,980)
Other Charges for Services & Facilities	(81,040)	(85,690)
Contributions Towards Expenditure	0	0
Total Income	(16,094,450)	(16,435,290)
Net Cost of Services	(4,196,359)	(3,778,970)
HRA services' share of Corporate and Democratic Core	441,650	391,620
HRA share of interest payable and similar charges including amortisation of premiums and discounts	2,456,200	2,488,690
HRA Investment Income	(239,400)	(171,650)
(Surplus)/Deficit for the Year on the HRA Income and Expenditure Statement	(1,537,909)	(1,070,310)
Capital expenditure funded by the HRA	1,814,105	1,813,100
(Increase)/Decrease in the HRA Balance	276,196	742,790
HRA Opening Balance	(4,002,975)	(3,726,779)
HRA Closing Balance	(3,726,779)	(2,983,989)

The change in the 2020/21 base budget for the decrease in the HRA balance when compared with the 2019/20 revised estimate is primarily a consequence of the following items:

<u>Description</u>	Change £
Changes in employee's costs including: - <ul style="list-style-type: none"> • An estimated pay award of 2%, plus increments where due. • Increase in Housing Repairs Operatives pay mainly due to enhancements and allowances previously not budgeted. 	57,980 55,360
Reduction in Premises Related Expenditure: - <ul style="list-style-type: none"> • Budgets relating to major pathwork at Independent Living Centres (£80k) and Asbestos Survey and Removal Work associated with Housing properties (£100k) has been reclassified as Capital Expenditure in accordance with accounting practices. 	(180,000)
Increase in costs associated with providing Transport to Housing	23,000
Overall net increase in Repairs and Maintenance Expenditure relating to the following key budgets: - <ul style="list-style-type: none"> • Direct Materials (purchased directly from suppliers) • Stores Purchases (purchased from the Council's Stores) • Increase in Sub-contractor expenditure • Reduction in Contingency 	(84,280) 163,910 217,940 (150,000)
Other increases in premises costs: - <ul style="list-style-type: none"> • Lift Maintenance • Increase in Utilities • Additional laundry costs 	21,000 32,500 16,000
Following reductions in budgets relating to Supplies and Services: - <ul style="list-style-type: none"> • Reduction in Legal Expenses. Matter expected to be resolved during 2019/20. • Reduction in waste disposal costs based upon mid-year 19/20 forecast for the year. Other disposal costs are being met by contractors 	(35,740) (58,010)
Following additions in the budget relating to Supplies and Services: - <ul style="list-style-type: none"> • Additional costs relating to software maintenance. The charges to services for software licences are now attributed based upon licences actually held by that service rather than on number of devices. • Increase in postages • Increase in telephone charges (based upon revised allocation) 	69,290 7,560 15,150

Increase in Grounds Maintenance charges. These charges include amounts for maintaining HRA non-residential land, land at Independent Living Accommodation sites and maintaining elderly resident's gardens. The basis for the charge was updated as part of closing the 2017/18 accounts. The budget requires update on the same basis	122,140
Reassessment of charges from the HRA to the General Fund. Increase in income to the HRA	(22,660)
Reassessment of charges, an increase from the General Fund to the HRA primarily relating to additional charges from Customer Services (£71k), Property Administration (£41k), ICT Services (£37k) and Accountancy (£25k) Other smaller variances (£15k).	189,000
Insurance Premium for Tenants Insurance previously within the General Fund (offset by income charges below)	48,000
Other minor movements	(2,081)
Total increase in Service Expenditure (Repairs and Maintenance, Supervision and Management and Special Services)	506,059

Rent, Rates, Taxes and Other charges	
<ul style="list-style-type: none"> Increase in Council Tax charges. These are incurred by the Council when properties are void. Increase in water charges at Independent Living Accommodation NDR charges 	28,000 8,090 5,300
Total increase in Rent, Rates, Taxes and Other Charges	41,390

A increased estimate for Depreciation and Impairment of Fixed Assets in 2020/21 resulting from revaluation of HRA stock.	260,780
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An reduction in provision for debts relating to void repairs	(50,000)
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An increase in Housing Rent income based upon: - <ul style="list-style-type: none"> Projected Opening Stock of 4406 properties plus 10 purchased properties, plus 2 new build less 24 estimated Right to Buy sales = Projected Closing Stock 4394 properties Impact of rent increase based upon CPI (1.7%) +1% = 2.7% Projected impact of moving to Target Rent upon change of tenancy 	(230,420) (66,020)
A reduction in garage rent income based upon: - <ul style="list-style-type: none"> Projected Opening Stock 843 garages less 67 demolitions = 	

Projected Closing Stock 776 <ul style="list-style-type: none"> • Increase of charges of 2.7% from April 2020 based on the September 2018 CPI (1.7%) + 1% = 2.7%. • Overall reduction of garage rent income. 	13,000
Insurance charges for Tenants Home Insurance. This has been moved from the General Fund to the HRA as most of administration is undertaken by HRA staff	(55,000)
Reduction in recharge income for Void Repairs. Reduced accounts being recharged.	15,000
Increase in Leaseholder Charges based upon number of leaseholders.	(16,000)
Other minor movements	(1,400)
Total increase in Income	(340,840)
Reduction in Democratic Core and Corporate Administration Costs	(50,030)
Increase in HRA share of interest payable and similar charges including amortisation of premiums and discounts	32,490
A decrease in HRA share of investment income received by the Council	67,750
A reduction in HRA capital expenditure to be financed by direct revenue contributions from the HRA.	(1,005)

Supplementary Comments to the Housing Revenue Account Budget

- 1) Special Services includes all costs associated with providing Independent Living Accommodation. These services are shared with tenants within Independent Living sites. Special Services also includes the costs of providing Grounds Maintenance service to Elderly Tenants within the general housing stock..
- 2) The Homelessness Function is a General Fund as opposed to a HRA responsibility. Instead of accumulating costs in the HRA and recharging 79% to the General Fund, the budget has been allocated in its entirety to the General Fund.
- 3) For the 20/21 budget work has been undertaken to simplify the recharge basis. Central Support Charges have been updated based upon information available with the same basis being used for both the General Fund and HRA. For 20/21 there has been limited recharging of services between within the HRA. Where services with the HRA are deemed as being 'front-line' these

have not been recharged within except where it is necessary to do so. This has had an impact on the allocation of charges between Repairs and Maintenance, Supervision and Management and Special Services.

- 4) A further review of the allocation of costs between the three main headings will be undertaken against the Service Expenditure Reporting Code of Practice (SERCOP) as part of refining the process in preparation for the 2021/22 budget process.