

## Appendix 1 – HRA Revenue Budget 2022/23

The table below details the movement from the adjusted budget for 2021/22 to the proposed budget for 2022/23. This is presented in line with the prescribed CIPFA subjective analysis. The detail for the changes are listed below this and referenced in the table below.

Table 1 – Revenue Budget	2021-22	Budget Changes			2022-23
	Adjusted budget	Inflation	Investment & Re-investments	Other Changes	Original Budget
Note		1	3	4	
	£'000	£'000	£'000	£'000	£'000
<b>SUBJECTIVE ANALYSIS</b>					
<b>Expenditure</b>					
Employees (data a)	17,745	354	1,408	(327)	19,180
Premises - Repairs	4,425	201	1,456	120	6,202
Other Premises related costs	2,850	180	85	(17)	3,098
Transport related	960	9	0	0	969
Bad Debt Provision	614	3	0	0	617
Supplies & Services	3,682	184	516	(23)	4,359
Support Services (data b)	3,396	63	0	135	3,594
Third Party Payments	162	4	0	0	166
Revenue Contribution to Capital	21,641	0	0	(1,774)	19,867
Capital Financing Costs	6,025	0	0	(182)	5,843
<b>Total Expenditure</b>	<b>61,500</b>	<b>998</b>	<b>3,465</b>	<b>(2,068)</b>	<b>63,895</b>
<b>Income</b>					
Rents Dwellings	(53,299)	(2,194)	0	(461)	(55,954)
Rents Car Parking / Garages	(973)	(27)	0	0	(1,000)
Commercial Rents	(620)	0	0	20	(600)
Service Charges	(6,203)	(273)	0	552	(5,924)
Other Income	(405)	(2)	0	(10)	(417)
<b>Total Income</b>	<b>(61,500)</b>	<b>(2,496)</b>	<b>0</b>	<b>101</b>	<b>(63,895)</b>
<b>DEFICIT / (SURPLUS)</b>	<b>0</b>	<b>(1,498)</b>	<b>3,465</b>	<b>(1,967)</b>	<b>(0)</b>

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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 notably this applies to the utility's, repairs and maintenance and voids expenditure budgets considered a reasonable increase from April 2022 having assessed the current market conditions.

### Note 2 Savings:

There are no savings in the budget for 2022/23 due to the nature of the new Repairs & Maintenance Service and the level of uncertainty over costs further investment is required to ensure all priorities are met accordingly in 2022/23.

### Note 3 Service Pressures and Priority Areas for Investment:

<b>Table 2 - Identified priority areas for investment</b>	<b>£'000</b>
The result of a review for the cost of repairs & maintenance was undertaken. This identified that there is a potential pressure coming from external sources i.e. inflation and cost of sub-contractors resulting in a requirement to increase costs associated with the new contractor's framework for repairs and maintenance.	1,218
The result of a review for the cost of voids was undertaken. This identified that there is a potential pressure coming from external sources i.e. inflation and cost of sub-contractors resulting in a requirement to increase costs associated with the new contractor's framework for voids.	754
The cost of harmonisation of staff contracts was met from reserves during 2021/22 due to uncertainty around the final costs. The cost is now recognised as part of the main budget for repairs & maintenance with this amount relating to staff transferred from Mears.	520
Additional investment in existing council staffing costs required for the vacancies held by Mears upon transfer these are being recruited in order to deliver the repairs &	263

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<b>Table 2 - Identified priority areas for investment</b>	<b>£'000</b>
maintenance service following the decision to bring the service back in house. These are costs linked to the harmonisation of contracts for those vacant posts at the time of transfer.	
Net increase in salary costs reflect the new structure in the HRA to meet the latest key priorities.	217
Investment for an additional year for the Transition team to continue to assist with the continued implementation of the in house Repairs and Maintenance Service.	230
Increased investment in staffing costs to ensure statutory Health & Safety works are carried out on tenants' homes.	178
The Housing service entered into a twenty-year lease agreement with Aviva Investors for the Housing Centre on 2 July 2010, expiring on 1 July 2030. The lease allows for rent reviews every five years, the latest of which was undertaken in July 2020. Based on current market conditions a negotiated figure of £85k increase was agreed bringing the total rent payable up to £270k and was seen a reasonable increase to accept from the council's corporate Estates Team.	85
<b>Total investments</b>	<b>3,465</b>

### Note 4 Other Changes:

<b>Other Changes to resources</b>	<b>£'000</b>
Increase in Employers National Insurance contributions of 1.25%.	171
Increase in the capitalisation of Salaries following a review of the capital projects being undertaken during 2022/23.	(440)

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<b>Other Changes to resources</b>	<b>£'000</b>
Estimated increase in the cost of Responsive Repairs and Voids works in relation to the Temporary Accommodation units held within the HRA. This is a result of an increase in the number of HRA Temporary Accommodation units increasing during 2021/22.	103
Net increase in budgets to reflect the current requirements in the HRA.	64
Net decrease in Revenue Contribution to Capital.	(1,774)
Net decrease in financing costs.	(182)
Net increase in rental income from the new home's rents.	(461)
Net increase in Service charge income from council tenants to recover costs.	(344)
Change in the treatment of Leaseholder Major Work income. Historically this has formed part of the revenue budget figures and results in adjustments year on year to reflect major works completed on leasehold properties. This change will see this income treated as capital funding and will be reported in the capital programme tables instead. This income will be managed on the HRA Balance Sheet.	896
<b>Total Other Changes</b>	<b>(1,967)</b>

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### Note 5 Projected Reserves:

Item	Estimated Balance as at 31/03/2022 £'000	Contribution (to) / from Reserves in 2022/23 £'000	Forecast use of Reserves in 2022/23 £'000	Estimated Balance as at 31/03/2023 £'000	Conclusion
<b>HRA Reserves</b>					
HRA Working Balance	(3,000)	0	0	(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	(4,347)	3,900	0	(447)	£720k earmarked against cost of harmonisation during 2021/22. Remaining set aside for general use against costs following the Building Safety Bill.
Repairs & Maintenance	0	(1,500)	1,500	0	Earmarked to clear the backlog of responsive repairs and voids works.
Rent Reduction Reserve	0	(1,200)	830	(370)	Earmarked £1.200 to fund acquisitions in order to reduce the rents on eligible properties during 2022/23, current estimates are £0.830m will be used during 2022/23.
EDB Reserves	(240)	0	0	(240)	Earmarked to support the revenue budget of £0.247m bringing the total available for EDB to £0.487m.
HRA - Renewable Energy Projects	(150)	0	0	(150)	
Sustainability and retrofit reserve	(4,010)	(1,200)	410	(4,800)	Earmarked for cost of sustainability work at Palace Place of £0.410m and earmarking £1.200m from general reserves for future years relating to sustainability measures and retrofit works required on Housing stock.
	<b>(11,747)</b>	<b>0</b>	<b>2,740</b>	<b>(9,007)</b>	

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

The table below includes FTE numbers in the HRA following the proposed increased investments.

<b>Original FTE 2021/22</b>	<b>495.77</b>
<b>Changes for 2021/22</b>	
Tenancy Fraud	1.00
<b>Adjusted FTE</b>	<b>496.77</b>
Increase in New Supply posts	1.95
Increase in Health & Safety posts	4.00
Increase in AD	1.03
P&I restructure	(7.00)
R&M Structure adjustments	0.75
Increase in Housing Sustainability posts	3.60
<b>2022/23 FTE</b>	<b>501.10</b>

### Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2022/23 and compares this to 2021/22. This table outlines the costs related to the back office support functions that are to be charged to the HRA during 2022/23.

<b>Charging Service</b>	<b>Budget 2021/22 £'000*</b>	<b>Budget 2022/23 £'000</b>
<b>Support Functions:</b>		
Insurance Costs	963	1,056
ICT	921	863
Finance	308	267
Legal	324	459
Democratic	243	227
Human Resources	320	333
Property	158	154
Procurement	130	131
Business Operations	57	78
Communications	25	26
<b>Support Functions Total</b>	<b>3,449</b>	<b>3,594</b>

\* These figures are based on the approved 2021/22 budget paper.