

SUMMARY OF MAJOR MOVEMENTS IN HOUSING REVENUE ACCOUNT BUDGET 2019/20 - 2020/21

Note 1 - Dwelling Rents

2019/20 was the final year of the 4 year period of 1% rent reduction for social rents. Rents for 2020/21 have been set according to the new MHCLG Rent Standard which provides for an increase of CPI + 1% (2.7% in total). The average weekly dwelling rent is proposed to increase from £100.44 in 2019/20 to £103.14 in 2020/21.

In addition, rental income for 2020/21 is expected to be £258k higher than the previous year due to additional rent from new build properties (additional £242k from 73 new units at Magenta Court and Martindale Fields), less £124k from properties sold under Right to Buy (estimate of 20 units), plus an additional £140k due to an increase in the amount of Housing Benefit subsidy received towards Supported Housing.

Note 2 - Tenants' Service Charges and Leaseholder Charges

These lines broadly offset each other due to a re-alignment of budget between tenants' charges and leaseholder charges, which is due to properties being sold under the Right to Buy scheme.

Note 3 - Interest and Investment Income

The accelerated housing capital programme is expected to result in a reduction in cash balances and hence a reduction in investment income related to these balances of £244k for 2020/21.

Note 4 - Supervision and Management and Corporate and Democratic Core

The draft budget includes the following assumptions:

In line with estimates for the General Fund, salaries budgets include pay inflation of 2.9%.

Growth of £260k to meet service demands including: £65k to fund two new posts in Tenants & Leaseholders to enable 5 year tenancy reviews; £80k Property and Place restructure to support the enhanced capital programme; £45k Supported Housing Officer; £45k Housing tree officer

Note 5 - Revenue Contribution to Capital

The surplus of income over expenditure will be used to support the capital programme through an increased Revenue Contribution to Capital.

Note 6 - Depreciation

The budgets for depreciation have been increased in line with independent valuer's advice to reflect an increase in capital assets as a result of the new build programme, combined with inflation in house prices. This is revalued annually.