

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 dwelling rent is proposed to increase from £100.47 in 2019/20 to £103.12 in 2020/21.

The rental income for 2020/21 is expected to be £241k 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 £141k from properties sold under Right to Buy (estimate of 25 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 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

There is an decrease to the draft budget of £243k for 2020/21, to reflect a lower estimate of investment income arising from lower cash balances.

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; £45k Supported Housing Officer; £45k Housing tree officer

There is an increase to the budget for pension contributions of £868k, to account for a one-off secondary pension contribution as per the General Fund. This is funded by utilising the HRA revenue surplus of £433k from 2019/20, and from a reduced revenue contribution to capital.

There is an increase to the draft budget for 2020/21 due to revised estimates for recharges from the General Fund.

Note 5 - Revenue Contribution to Capital

The Revenue Contribution to Capital has been adjusted to balance the HRA in year. An increased contribution to capital is expected.

Note 6 - Depreciation

The budgets for depreciation have been increased to reflect an increase in capital assets as a result of the new build programme, combined with inflation in house prices.

Note 7 - Contribution from / to Pension Reserve

An overall surplus of c. £400k is expected in the HRA in financial year 2019/20. This will be utilised in 2020/21 to fund a one-off secondary pension contribution as per the General Fund.