

SUMMARY OF MAJOR MOVEMENTS IN HOUSING REVENUE ACCOUNT BUDGET 2020/21 - 2021/22**Note 1 - Dwelling Rents**

Rents for 2020/21 saw an increase for the first time in 4 years and were set according to the new MHCLG Rent Standard which provides for an increase of CPI + 1% (2.7% in total in 2020/21). The 12 month CPI rate as published by the ONS in October 2020 is lower than last year at 0.5%, giving a total increase of 1.5% for 2021/22. The average dwelling rent is proposed to increase from £103.43 in 2020/21 to £104.96 in 2021/22.

The rental income for 2021/22 is expected to be £111k higher than the previous year due to additional rent from new build properties (additional £243k from 73 new units at Magenta Court, Martindale Fields and Bingham Mews), less £132k from properties sold under Right to Buy (estimate of 24 units).

Note 2 - Repairs and Maintenance

A budget reduction of £250k in repairs and maintenance is proposed for the remaining years of the current Total Asset Management (TAM) contract. This relates to an expected decrease in site overheads due to the reduction in work volumes arising from the effect of the Covid-19 pandemic on a number of workstreams. In addition the need to invest in alternative areas of work to address the Building Safety Bill, community alarm upgrades and energy efficiency works, which will be carried out by specialist contractors, will reduce the ongoing budget for the TAM contract.

A budget reallocation has also been made to transfer £210k of budget from Repairs and Maintenance to Supervision and Management. This is due to an increased requirement for professional and technical support in Property and Place.

Note 3 - 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 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 1.75%.

Growth of £198k to meet service demands including: £48k to fund a service redesign in the Tenants & Leaseholders service; £150k Property and Place restructure to fund three new posts - £65k Building Safety Team Leader, £50k Pre-Voids Surveyor, £35k Complaints Officer

There is a decrease to the budget relating to pension costs of £1.32m, as 2020/21 included a one-off secondary pension contribution. This has been removed for Budget 2021/22.

There is an increase to the draft budget for 2021/22 due to revised estimates for recharges from the General Fund.

Since the 1st scrutiny meeting in December, £38k has been added to the budget for Supervision and Management to fund the HRA element of the National Graduate Development Programme.

Note 5 - 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 6 - Contribution from / to Earmarked Reserves

In 2020/21, a contribution from reserves is required to fund one-off pension contribution costs and capital expenditure to support the Council's new build programme. A contribution to fund capital expenditure is also expected in 2021/22.