

## Appendix 1 – Overview of HRA Revenue Budget

|                                                                  | 2018/19<br>Budget   | 2019/20<br>Proposed<br>Budget |
|------------------------------------------------------------------|---------------------|-------------------------------|
|                                                                  | £                   | £                             |
| <b>Expenditure</b>                                               |                     |                               |
| Management (staff, overheads and service charge costs)           | 12,459,500          | 12,756,000                    |
| Repairs (incl. staff costs)                                      | 11,627,200          | 11,851,900                    |
| Discretionary Housing Payments                                   | 200,000             | 200,000                       |
| Rent, Rates & Taxes                                              | 68,500              | 68,500                        |
| Debt Management fees and Debt Rescheduling Premium               | 60,000              | 60,000                        |
| <b>Gross Expenditure</b>                                         | <b>24,415,200</b>   | <b>24,936,400</b>             |
| <b>Income</b>                                                    |                     |                               |
| Rents                                                            | (43,355,500)        | (43,767,300)                  |
| Voids and Bad debts                                              | 1,220,300           | 1,120,300                     |
| Service Charges                                                  | (3,745,900)         | (3,628,700)                   |
| Other Income (garages, commercial property, Homeline)            | (2,653,400)         | (2,566,600)                   |
| <b>Gross Income</b>                                              | <b>(48,534,500)</b> | <b>(48,842,300)</b>           |
| <b>Net Cost of Services</b>                                      | <b>(24,119,300)</b> | <b>(23,905,900)</b>           |
| Net Interest costs (after interest receivable has been deducted) | 3,581,300           | 3,507,900                     |
| Contribution to Capital Expenditure and loan repayment           | 5,000,000           | 5,000,000                     |
| Contribution from General Reserves                               | 0                   | 0                             |
| <b>Projected (surplus) / deficit for the year</b>                | <b>(15,538,000)</b> | <b>(15,398,000)</b>           |
| <b>Use of operating Surplus with £5m Loan Repayment</b>          |                     |                               |
| Funding available for Capital Investment                         | 15,538,000          | 15,398,000                    |
| <b>Use of Operating Surplus</b>                                  | <b>15,538,000</b>   | <b>15,398,000</b>             |

## **Appendix 2 – Service charges for 2019/20**

|                                                               | <b>Current<br/>Charge<br/>2018/19</b> | <b>Proposed<br/>Charge<br/>2019/20</b> |
|---------------------------------------------------------------|---------------------------------------|----------------------------------------|
|                                                               | <b>£</b>                              | <b>£</b>                               |
| <b><u>Flats (Communal entrance)</u></b>                       |                                       |                                        |
| Service Charge - Staircase Lighting                           | 0.74                                  | 0.75                                   |
| Multi Storey service charge                                   | 13.80                                 | 10.52                                  |
| Neighbourhood Wardens Low & medium rise blocks service charge | 1.90                                  | 1.87                                   |
| Neighbourhood Wardens General stock service charge            | 1.07                                  | 1.00                                   |
| Townsend House                                                | 9.86                                  | 9.86                                   |
|                                                               |                                       |                                        |
| <b><u>Sheltered Housing</u></b>                               |                                       |                                        |
| Sheltered service charge                                      | 25.85                                 | 26.68                                  |
| Heating charge - private use                                  | 5.24                                  | 6.50                                   |
| Heating charge - communal use                                 | 2.51                                  | 2.54                                   |
| Water charge                                                  | 4.32                                  | 4.39                                   |
| Extra Care (Newburgh House)                                   | 2.97                                  | 3.25                                   |
|                                                               |                                       |                                        |
| Guest room charge                                             | 14.00                                 | 16.00                                  |
| Guest flat charge                                             | 16.00                                 | 18.00                                  |
|                                                               |                                       |                                        |
| <b><u>Other</u></b>                                           |                                       |                                        |
| Cable TV charge                                               | 2.04                                  | 2.04                                   |
| Communal TV aerials                                           | 1.13                                  | 1.17                                   |
| Grass Cutting                                                 | 3.00                                  | 4.00                                   |
| Hedge                                                         | 1.44                                  | 2.00                                   |
| Furniture Charge - Full Flat                                  | 5.00                                  | 5.00                                   |
| Emergency Room Service Charge                                 | 17.43                                 | 17.61                                  |
|                                                               |                                       |                                        |
| <b><u>Support Charges</u></b>                                 |                                       |                                        |
| Sheltered housing support charge                              | 3.13                                  | 3.13                                   |
| Sheltered transitional protection                             | -1.67                                 | -1.67                                  |
| Homeline Charge                                               | 4.62                                  | 4.77                                   |
| Homeline transitional protection                              | -0.30                                 | -0.30                                  |
| Homeline Charge - private tenants                             | 7.25                                  | 7.48                                   |
| Homeline Plus level 1                                         | 13.36                                 | 13.79                                  |
| Homeline Plus level 2                                         | 14.87                                 | 15.35                                  |
| Homeline Plus level 3                                         | 16.87                                 | 17.41                                  |

## **Appendix 2 – Service charges for 2019/20 (continued)**

|                                                              | <b>Current<br/>Charge<br/>2018/19</b> | <b>Proposed<br/>Charge<br/>2019/20</b> |
|--------------------------------------------------------------|---------------------------------------|----------------------------------------|
|                                                              | <b>£</b>                              | <b>£</b>                               |
| <b><u>Garage / Parking Charges</u></b>                       |                                       |                                        |
| Garage rent                                                  | 8.28                                  | 8.69                                   |
| Account Garage + VAT                                         | 9.16                                  | 9.62                                   |
| Parking space                                                | 2.80                                  | 2.94                                   |
| Cross over - existing tenants                                | 2.51                                  | 2.59                                   |
| Cross over - new tenants                                     | 4.91                                  | 5.07                                   |
| Cross over - new build properties (2 spaces)                 | 9.82                                  | 10.14                                  |
| Account parking space + VAT                                  | 3.12                                  | 3.28                                   |
| Premium Garage + VAT                                         | 10.98                                 | 11.53                                  |
| Premium parking space + VAT                                  | 6.87                                  | 7.21                                   |
|                                                              |                                       |                                        |
| <b><u>Supported Housing</u></b>                              |                                       |                                        |
| Service Charge                                               | 43.21                                 | 44.59                                  |
| Heating charge - private use                                 | 5.78                                  | 5.87                                   |
| Heating charge - communal use                                | 2.03                                  | 2.06                                   |
| Water charge                                                 | 5.47                                  | 5.56                                   |
| Electricity                                                  | 6.18                                  | 6.18                                   |
|                                                              |                                       |                                        |
| <b><u>Small Housing Schemes</u></b>                          |                                       |                                        |
| Service charge - Moredon Road                                | 35.26                                 | 35.26                                  |
| Service charge - William Robins Court - LD clients           | 22.45                                 | 22.45                                  |
| Service charge - William Robins Court - General needs        | 12.28                                 | 12.28                                  |
| Service charge - Baileys Farm Gardens - General needs        | 14.44                                 | 14.58                                  |
| Service charge - Baileys Farm Gardens - General needs water  | 4.34                                  | 4.34                                   |
| Service charge - Marlowe Avenue                              | 24.36                                 | 24.36                                  |
| Service charge - Twyford Close                               | 8.92                                  | 9.21                                   |
| Service charge - Evelyn House (SBC element)                  | 24.63                                 | 25.42                                  |
| Service charge - Tyndale Gardens (SBC element)               | 30.06                                 | 30.94                                  |
| Service charge - Kimmerfield Court (SBC element)             | 6.20                                  | 6.20                                   |
| Service charge - Kimmerfield Court - Private heating charge  | 3.99                                  | 3.99                                   |
| Service charge - Kimmerfield Court - Communal heating charge | 1.74                                  | 1.74                                   |
| Service charge - Sussex Place                                | 1.37                                  | 1.37                                   |

## **Appendix 3 - Leaseholder Charges**

|                                                                                                                                                                    | <b>Current<br/>Charge<br/>2018/19</b> | <b>Proposed<br/>Charge<br/>2019/20</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
|                                                                                                                                                                    | <b>£</b>                              | <b>£</b>                               |
| Ground Rent - Annual Charge                                                                                                                                        | 10.00                                 | 10.00                                  |
| Leaseholder management charge - all properties                                                                                                                     | 167.79                                | 173.16                                 |
| Leaseholder management charge - properties with communal areas                                                                                                     | 200.93                                | 207.36                                 |
| Service Charge - Staircase Lighting adjusted to actual charge during annual review                                                                                 | 34.87                                 | 34.89                                  |
| Multi Storey service charge                                                                                                                                        | 588.66                                | 443.95                                 |
| Administration charge dealing with the re-sale of leasehold interest                                                                                               | 169.26                                | 174.68                                 |
| In addition leaseholders pay property insurance based on the insured value of their property and a contribution to any repairs carried out on their block of flats |                                       |                                        |

## Appendix 4 - Detailed HRA Budget 2019/20

| Item      |                                                          | 2018/19<br>Budget   | 2019/20<br>Proposed<br>Budget |
|-----------|----------------------------------------------------------|---------------------|-------------------------------|
|           |                                                          | £                   | £                             |
|           | <b><u>EXPENDITURE</u></b>                                |                     |                               |
| 1         | S&M General                                              | 6,575,500           | 6,792,800                     |
| 2         | S&M Special                                              | 5,884,000           | 5,963,200                     |
| 3         | Repairs Administration                                   | 1,233,900           | 1,175,200                     |
| 4         | Contribution to Repairs Account                          | 10,393,300          | 10,676,700                    |
| 5         | Rent, Rates & Taxes                                      | 68,500              | 68,500                        |
|           |                                                          |                     |                               |
|           | <b><u>Capital Financing</u></b>                          |                     |                               |
| 6         | Funding available for Capital Investment                 | 15,538,000          | 15,398,000                    |
| 7         | Debt Management                                          | 60,000              | 60,000                        |
| 8         | Discretionary Housing Payments                           | 200,000             | 200,000                       |
| <b>9</b>  | <b><u>TOTAL EXPENDITURE</u></b>                          | <b>39,953,200</b>   | <b>40,334,400</b>             |
|           | <b><u>INCOME</u></b>                                     |                     |                               |
|           | <b><u>Rent income</u></b>                                |                     |                               |
| 10        | Dwellings                                                | (43,355,500)        | (43,767,300)                  |
| 11        | Provision for Bad Debts                                  | 620,300             | 620,300                       |
| 12        | Less voids                                               | 600,000             | 500,000                       |
| 13        | Garages                                                  | (160,800)           | (215,000)                     |
| 14        | Shops / Commercial                                       | (68,400)            | (76,000)                      |
| 15        | Support charges - Sheltered                              | (216,000)           | (216,000)                     |
| 16        | Sheltered Housing Service Charges                        | (2,556,600)         | (2,269,000)                   |
| 17        | Supported Housing Service Charge                         | (447,100)           | (453,300)                     |
|           |                                                          | <b>(45,584,100)</b> | <b>(45,876,300)</b>           |
|           |                                                          |                     |                               |
| 18        | Miscellaneous Properties Rent                            | (80,000)            | (95,000)                      |
| 19        | Service Charges - Flats                                  | (78,600)            | (92,800)                      |
| 20        | Sheltered Housing Heating Charges                        | (447,600)           | (597,600)                     |
| 21        | Homeline                                                 | (985,200)           | (1,019,400)                   |
| 22        | Other Service Charges / Other income                     | (1,359,000)         | (1,161,200)                   |
| 23        | Contribution from General Reserves                       | 0                   | 0                             |
|           |                                                          | <b>(2,950,400)</b>  | <b>(2,966,000)</b>            |
| <b>24</b> | <b><u>TOTAL INCOME</u></b>                               | <b>(48,534,500)</b> | <b>(48,842,300)</b>           |
|           |                                                          |                     |                               |
| <b>25</b> | <b><u>NET COST OF SERVICES</u></b>                       | <b>(8,581,300)</b>  | <b>(8,507,900)</b>            |
|           |                                                          |                     |                               |
| 26        | Loan Charges - Interest                                  | 3,785,300           | 3,619,300                     |
| 27        | Interest on balances (interest receivable)               | (204,000)           | (111,400)                     |
| 28        | Right to buy mortgage interest (interest receivable)     | 0                   | 0                             |
| <b>29</b> | <b><u>NET OPERATING EXPENDITURE</u></b>                  | <b>(5,000,000)</b>  | <b>(5,000,000)</b>            |
|           |                                                          |                     |                               |
| 30        | Loan repayments                                          | 5,000,000           | 5,000,000                     |
| <b>31</b> | <b><u>PROJECTED (SURPLUS) / DEFICIT FOR THE YEAR</u></b> | <b>0</b>            | <b>0</b>                      |

## **Appendix 5 - Proposed HRA Capital Budget 2019/20**

| Item |                                                                                    | 2018/19<br>Budget | 2019/20<br>Proposed<br>Budget |
|------|------------------------------------------------------------------------------------|-------------------|-------------------------------|
|      |                                                                                    | £                 | £                             |
|      | <b><u>HRA Capital Schemes</u></b>                                                  |                   |                               |
| 1    | Capital Projects (including vehicle replacement) and Planned Maintenance Programme | 13,542,000        | 15,398,000                    |
| 2    | Carried forward from previous year's Programme                                     | 0                 | 2,000,000                     |
| 3    | Anticipated spend on Acquisition Programme (Budget £17m)                           | 5,000,000         | 5,100,000                     |
| 4    | Anticipated spend on Housing Development Programme                                 | 5,000,000         | 6,780,000                     |
| 5    | <b>Total Capital Programme</b>                                                     | <b>23,542,000</b> | <b>29,278,000</b>             |
|      | <b>HRA Capital Funding Applied</b>                                                 |                   |                               |
| 6    | Funding available for Capital Investment - transfer to MRR                         | 15,542,000        | 15,398,000                    |
| 7    | In year Capital receipts                                                           | 0                 | 0                             |
| 8    | S106 Funding                                                                       | 0                 | 1,800,000                     |
| 9    | In year resources available                                                        | 15,542,000        | 17,198,000                    |
|      | <b>HRA Capital Reserves</b>                                                        |                   |                               |
| 10   | Usable Capital Receipts                                                            |                   |                               |
| 11   | Prudential Borrowing                                                               |                   |                               |
| 12   | HCA Funding                                                                        | 530,000           | 3,900,000                     |
| 13   | RTB Funding Used                                                                   | 1,500,000         | 1,530,000                     |
| 14   | HRA Capital Reserves                                                               | 6,372,000         | 2,402,000                     |
| 15   | In year resources available                                                        | 8,402,000         | 7,832,000                     |
| 16   | <b>Total HRA Capital Funding</b>                                                   | <b>23,944,000</b> | <b>25,030,000</b>             |
|      | <b><u>RTB retained funding</u></b>                                                 |                   |                               |
| 17   | Brought forward                                                                    | 3,708,600         | 4,908,600                     |
| 18   | Used in year                                                                       | (1,500,000)       | (1,530,000)                   |
| 19   | Additional funding from in year sales                                              | 2,700,000         | 2,700,000                     |
| 20   | Resources carried forward                                                          | 4,908,600         | 6,078,600                     |

*The HRA Business Plan assumes that any shortfall in funding would be met initially from General Reserves before any additional borrowing is required.*

## **Appendix 6 - Proposed 5 year Capital Programme**

| <b>Element</b>                                            | <b>2019/20<br/>£000's</b> | <b>2020/21<br/>£000's</b> | <b>2021/22<br/>£000's</b> | <b>2022/23<br/>£000's</b> | <b>2023/24<br/>£000's</b> |
|-----------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Components #</b>                                       | 8,410                     | 7,336                     | 6,973                     | 6,512                     | 6,404                     |
| <b>Vehicle Replacement Programme</b>                      | 500                       | 500                       | 250                       | -                         | -                         |
| <b>EWI/Refurbishment/Regeneration of High-Rise Blocks</b> | -                         | 3,100                     | 4,000                     | 5,000                     | 5,400                     |
| <b>Contingent Major Repairs</b>                           | 550                       | 300                       | 300                       | 300                       | 300                       |
| <b>Cyclical Planned Maintenance</b>                       | 2,030                     | 2,030                     | 2,030                     | 2,030                     | 2,030                     |
| <b>Major Adaptations</b>                                  | 1,550                     | 1,500                     | 1,500                     | 1,500                     | 1,500                     |
| <b>Improvements</b>                                       | 2,358                     | 900                       | 900                       | 900                       | 900                       |
|                                                           |                           |                           |                           |                           |                           |
|                                                           |                           |                           |                           |                           |                           |
| <b>Grand Total</b>                                        | <b>15,398</b>             | <b>15,666</b>             | <b>15,953</b>             | <b>16,242</b>             | <b>16,534</b>             |

# - Components typically cover the replacement of kitchens, bathrooms, roofs, windows, doors, boilers, central heating, rewiring etc

All budgets are shown at 2018/19 prices.

Any shortfall between the Capital Programme planned expenditure shown above and the funding available as indicated in the business plan at Appendix 8, will be addressed as part of budget setting at the start of each year.

## **Appendix 7 - Proposed HGF Rents & Service Charges** **2019/20**

|                                                                                                                                                                                                                                                                                                             | <b>Current<br/>Charge<br/>2018/19</b> | <b>Proposed<br/>Charge<br/>2019/20</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------|
| <b><u>Christopher House, Marlowe Avenue</u></b>                                                                                                                                                                                                                                                             |                                       |                                        |
| Service Charge                                                                                                                                                                                                                                                                                              | 11.74                                 | 12.06                                  |
| <b><u>David Murray John Building</u></b>                                                                                                                                                                                                                                                                    |                                       |                                        |
| Service charge - 1 bed property                                                                                                                                                                                                                                                                             | 19.71                                 | 18.09                                  |
| Service charge - 2 bed property                                                                                                                                                                                                                                                                             | 23.19                                 | 21.28                                  |
| <b><u>PSL rents</u></b>                                                                                                                                                                                                                                                                                     |                                       |                                        |
| 1 Bed                                                                                                                                                                                                                                                                                                       | 106.54                                | 109.74                                 |
| 2 Bed                                                                                                                                                                                                                                                                                                       | 127.51                                | 131.34                                 |
| 3 Bed                                                                                                                                                                                                                                                                                                       | 157.56                                | 162.29                                 |
| 4 Bed                                                                                                                                                                                                                                                                                                       | 198.11                                | 204.05                                 |
| <p>Private Sector Landlord Rents have been reduced in response to Government removing the previous weekly management fee. The fee has been replaced by the Flexible Homeless Support Grant that is not ring-fenced to Homelessness and has so far only been made confirmed up to and including 2019/20.</p> |                                       |                                        |



## **Appendix 8 - Comparison of Business Plans showing the impact of changes made as part of the budget setting for 2019/20 over the next 4 years**

|                                        |                |                   |                   |               |                |                    |                 |                                     |                 |                     |  |
|----------------------------------------|----------------|-------------------|-------------------|---------------|----------------|--------------------|-----------------|-------------------------------------|-----------------|---------------------|--|
| <b>Current 18/19 HRA Business Plan</b> |                |                   |                   |               |                |                    |                 |                                     |                 |                     |  |
| <b>Income</b>                          |                |                   |                   |               |                | <b>Expenditure</b> |                 | <b>Net Available for Investment</b> |                 |                     |  |
| Year                                   | Rental Income  | Voids & Bad Debts | Net Rental Income | Other income  | Total Income   | Total expenses     | Debt Interest   | Net Operating Expenditure           | Debt Repayment  | Available for Capex |  |
|                                        | £,000          | £,000             | £,000             | £,000         | £,000          | £,000              | £,000           | £,000                               | £,000           | £,000               |  |
| 1 2019.20                              | 42,111         | (1,227)           | 40,884            | 7,979         | 48,863         | (24,542)           | (3,679)         | 20,642                              | (5,000)         | 15,642              |  |
| 2 2020.21                              | 42,351         | (1,234)           | 41,117            | 8,200         | 49,318         | (25,212)           | (3,513)         | 20,592                              | (5,000)         | 15,592              |  |
| 3 2021.22                              | 43,405         | (1,264)           | 42,141            | 8,492         | 50,632         | (25,901)           | (3,347)         | 21,384                              | (5,000)         | 16,384              |  |
| 4 2022.23                              | 44,480         | (1,296)           | 43,184            | 8,798         | 51,982         | (26,608)           | (3,181)         | 22,192                              | (5,000)         | 17,192              |  |
| <b>Totals</b>                          | <b>172,347</b> | <b>(5,021)</b>    | <b>167,326</b>    | <b>33,469</b> | <b>200,795</b> | <b>(102,263)</b>   | <b>(13,721)</b> | <b>84,811</b>                       | <b>(20,000)</b> | <b>64,811</b>       |  |
| <b>Revised 19/20 HRA Business Plan</b> |                |                   |                   |               |                |                    |                 |                                     |                 |                     |  |
| <b>Income</b>                          |                |                   |                   |               |                | <b>Expenditure</b> |                 | <b>Net Available for Investment</b> |                 |                     |  |
| Year                                   | Rental Income  | Voids & Bad Debts | Net Rental Income | Other income  | Total Income   | Total expenses     | Debt Interest   | Net Operating Expenditure           | Debt Repayment  | Available for Capex |  |
|                                        | £,000          | £,000             | £,000             | £,000         | £,000          | £,000              | £,000           | £,000                               | £,000           | £,000               |  |
| 1 2019.20                              | 41,653         | (1,120)           | 40,533            | 8,371         | 48,904         | (24,820)           | (3,679)         | 20,405                              | (5,000)         | 15,405              |  |
| 2 2020.21                              | 42,206         | (1,129)           | 41,077            | 8,587         | 49,664         | (25,404)           | (3,555)         | 20,705                              | (5,000)         | 15,705              |  |
| 3 2021.22                              | 43,394         | (1,160)           | 42,234            | 8,778         | 51,012         | (26,028)           | (3,384)         | 21,600                              | (5,000)         | 16,600              |  |
| 4 2022.23                              | 44,917         | (1,191)           | 43,726            | 8,994         | 52,720         | (26,665)           | (3,231)         | 22,824                              | (5,000)         | 17,824              |  |
| <b>Totals</b>                          | <b>172,170</b> | <b>(4,600)</b>    | <b>167,570</b>    | <b>34,730</b> | <b>202,300</b> | <b>(102,917)</b>   | <b>(13,849)</b> | <b>85,534</b>                       | <b>(20,000)</b> | <b>65,534</b>       |  |
| <b>Business Plan Variations</b>        |                |                   |                   |               |                |                    |                 |                                     |                 |                     |  |
| <b>Income</b>                          |                |                   |                   |               |                | <b>Expenditure</b> |                 | <b>Net Available for Investment</b> |                 |                     |  |
| Year                                   | Rental Income  | Voids & Bad Debts | Net Rental Income | Other income  | Total Income   | Total expenses     | Debt Interest   | Net Operating Expenditure           | Debt Repayment  | Available for Capex |  |
|                                        | £,000          | £,000             | £,000             | £,000         | £,000          | £,000              | £,000           | £,000                               | £,000           | £,000               |  |
| 1 2019.20                              | -458           | 107               | (351)             | 392           | 41             | (278)              | 0               | (237)                               | 0               | (237)               |  |
| 2 2020.21                              | -145           | 105               | (40)              | 387           | 346            | (192)              | (42)            | 113                                 | 0               | 113                 |  |
| 3 2021.22                              | -11            | 104               | 93                | 286           | 380            | (127)              | (37)            | 216                                 | 0               | 216                 |  |
| 4 2022.23                              | 437            | 105               | 542               | 196           | 738            | (57)               | (50)            | 632                                 | 0               | 632                 |  |
| <b>Totals</b>                          | <b>(177)</b>   | <b>421</b>        | <b>244</b>        | <b>1,261</b>  | <b>1,505</b>   | <b>(654)</b>       | <b>(128)</b>    | <b>723</b>                          | <b>0</b>        | <b>723</b>          |  |

The "Available for Capex" figures include an element earmarked for depreciation charges on vehicles