

HRA BUSINESS PLAN FINANCIAL FORECAST

Appendix A

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2018/19 Outturn £000	2019/20 Budget £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000	2028/29 Forecast £000	2029/30 Forecast £000
Income													
Dwelling Rents	(40,615)	(39,687)	(39,715)	(41,270)	(42,424)	(43,417)	(44,523)	(45,657)	(46,818)	(48,008)	(49,227)	(50,477)	(51,755)
Ground Rents	(13)	(30)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
Garage Rents	(1,145)	(1,190)	(1,150)	(1,169)	(1,189)	(1,210)	(1,231)	(1,253)	(1,276)	(1,299)	(1,322)	(1,346)	(1,370)
Other Income	(2,230)	(2,256)	(2,843)	(2,363)	(2,474)	(2,532)	(2,251)	(2,306)	(2,362)	(2,422)	(2,479)	(2,541)	(2,605)
Total Income	(44,003)	(43,163)	(43,721)	(44,815)	(46,100)	(47,172)	(48,018)	(49,229)	(50,469)	(51,742)	(53,041)	(54,377)	(55,743)
Expenditure													
Prudential Borrowing	(1,154)	(1,177)	(1,177)	(1,163)	(478)	(478)	(478)	(478)	(478)	0	0	0	0
Client Costs	3,394	3,426	3,331	3,437	3,456	3,527	3,602	3,721	3,755	3,835	3,961	4,003	4,090
Base Capital Programme	12,050	11,611	11,611	12,099	13,812	13,616	14,522	15,456	16,458	17,973	19,019	20,127	21,218
Debt Management Cost & Impairment Allowance	570	1,473	1,175	1,009	1,181	1,596	1,488	1,524	1,562	1,599	1,639	1,680	1,720
Interest	7,157	7,485	7,247	7,331	7,282	6,907	6,885	6,861	6,837	6,812	6,805	6,797	6,790
Contribution to Future Capital Expenditure Reserve			1,000	885	1,000	1,000	500	500	500	500	500	500	500
Principal Repayment of Debt	1,030	1,154	1,106	1,166	531	556	579	602	626	178	184	191	199
Total Expenditure	23,047	23,972	24,293	24,764	26,784	26,724	27,098	28,186	29,260	30,897	32,108	33,298	34,517
(Surplus)/ Deficit for Year before Management Fee	(20,956)	(19,191)	(19,428)	(20,051)	(19,316)	(20,448)	(20,920)	(21,043)	(21,209)	(20,845)	(20,933)	(21,079)	(21,226)
SCH Revenue Management Fee	18,402	18,115	18,199	18,634	19,569	19,629	20,016	20,418	20,828	21,247	21,674	22,110	22,554
PPM Repayments	1,154	1,177	1,177	1,163	478	478	478	478	478	0	0	0	0
Gross Management Fee	19,556	19,292	19,376	19,797	20,047	20,107	20,494	20,896	21,306	21,247	21,674	22,110	22,554
(Surplus)/ Deficit for Year After Management Fee	(1,400)	101	(52)	(254)	731	(341)	(426)	(147)	97	402	741	1,031	1,328

£84k

**HOUSING REVENUE ACCOUNT
BUDGET 2020/21 - STATEMENT OF RESERVES**

HRA REVENUE BALANCES	Actual Balance 2018/19 £000's	Planned Contribution 2019/20 £000's	Planned Spend 2019/20 £000's	Estimated Balance 2019/20 £000's	Planned Contribution 2020/21 £000's	Planned Spend 2020/21 £000's	Estimated Balance 2020/21 £000's
<u>Working Balances</u>							
Working Balance to be retained (minimum £2m)	(6,188)	(136)	0	(6,324)	(254)	0	(6,578)
Repayment' of Pre 2004 Reserves	(96)	0	0	(96)	0	0	(96)
SCH Surplus Management Fees*	(2,272)	0	0	(2,272)	0	0	(2,272)
sub-total Working Balances	(8,556)	(136)	0	(8,692)	(254)	0	(8,946)
<u>Earmarked & Committed Balances</u>							
Welfare Reform Reserve	(1,849)	0	444	(1,405)	0	613	(792)
Regeneration	(212)	0	0	(212)	0	0	(212)
Enabling fund re: Private Sector Leasing	(50)	0	25	(25)	0	25	0
Enabling fund re: Homelessness Initiatives	(100)	0	0	(100)	0	0	(100)
Future Capital Expenditure	(3,787)	(1,070)	728	(4,129)	(1,000)	1,346	(3,783)
sub-total Earmarked & Committed	(5,998)	(1,070)	1,197	(5,871)	(1,000)	1,984	(4,887)
TOTAL HRA REVENUE BALANCES	(14,554)	(1,206)	1,197	(14,563)	(1,254)	1,984	(13,833)

*Surplus Management fees generated since 31st March 2004 available for draw down by SCH at their request.

HRA CAPITAL BALANCES	Actual Balance 2018/19 £000's	Planned Contribution 2019/20 £000's	Planned Spend 2019/20 £000's	Estimated Balance 2019/20 £000's	Planned Contribution 2020/21 £000's	Planned Spend 2020/21 £000's	Estimated Balance 2020/21 £000's
HRA Major Repairs Reserve	(3,194)	(11,881)	12,288	(2,787)	(12,099)	12,299	(2,587)
<u>RTB Receipts Reserves</u>							
Capital receipts: Allowable Debt	(8,700)	(740)	0	(9,440)	(1,140)	0	(10,580)
Capital receipts: 1-4-1	(892)	0	311	(581)	(530)	148	(963)
Capital receipts: Unapplied	(1,845)	(497)	0	(2,342)	(470)	0	(2,812)
sub-total	(11,437)	(1,237)	311	(12,363)	(2,140)	148	(14,355)

HRA CAPITAL BALANCES (continued)	Actual Balance 2018/19 £000's	Planned Contribution 2019/20 £000's	Planned Spend 2019/20 £000's	Estimated Balance 2019/20 £000's	Planned Contribution 2020/21 £000's	Planned Spend 2020/21 £000's	Estimated Balance 2020/21 £000's
<u>Other Capital Receipts</u>							
Shared Ownership sales	0	(843)	63	(780)	(3,048)	3,669	(159)
Property sales - non RTB	(232)	0	200	(32)	0	0	(32)
sub-total	(232)	(843)	263	(812)	(3,048)	3,669	(191)
TOTAL HRA CAPITAL FUNDS	(14,863)	(13,961)	12,862	(15,962)	(17,287)	16,116	(17,133)
TOTAL HRA RESERVES	(29,417)	(15,167)	14,059	(30,525)	(18,541)	18,100	(30,966)

**SOLIHULL COMMUNITY HOUSING
BUDGET 2020/21 - STATEMENT OF RESERVES**

SOLIHULL COMMUNITY HOUSING	Actual Balance 2018/19 £000's	Planned Contribution 2019/20 £000's	Planned Spend 2019/20 £000's	Estimated Balance 2019/20 £000's	Planned Contribution 2020/21 £000's	Planned Spend 2020/21 £000's	Estimated Balance 2020/21 £000's
Minimum Working Balance to be retained	(1,500)	0	0	(1,500)	0	0	(1,500)
<u>Earmarked Reserves</u>							
Budget Strategy Reserve (BSR)	(3,187)	0	752	(2,435)	0	728	(1,707)
Element of BSR for restructure costs	(1,308)	0	130	(1,178)	0	0	(1,178)
Commercial underspend 17/18	(7)	0	7	0	0	0	0
sub-total	(4,502)	0	889	(3,613)	0	728	(2,885)
General Reserve	(4,682)	(123)	0	(4,805)	0	0	(4,805)
TOTAL SCH RESERVES	(10,684)	(123)	889	(9,918)	0	728	(9,190)

Savings Ref	Service Area	Savings Proposal Title	Savings Proposal Description	Customer / Service Impact	2019/20	2020/21	2021/22	2022/23
					£'000	£'000	£'000	£'000
S1819-01	Housing & Communities	Housing Services	Restructure of Housing Options Team	Service restructure focussed on service delivery	(7.0)	0.0	0.0	0.0
S1819-13a	Housing & Communities	Efficiency Target re Rents, Income Collection & Tenancy Sustainment	Cost reduction arising from restructure and / or service redesign	Restructure and / or redesign will focus on maintaining or improving service delivery for our customers	(73.0)	0.0	0.0	0.0
S1819-14	Housing & Communities	CCTV Contract Saving	Identify savings at procurement stage of new contract	Seeking efficiency improvements that maintains service delivery for our customers	(30.0)	0.0	0.0	0.0
S1819-15	Housing & Communities	Cleaning Contract Saving	Identify savings at procurement stage and / or service redesign. 2019/20 cleaning of communal areas and 2020/21 offices.	Seeking efficiency improvements that maintains service delivery for our customers	(30.0)	(10.0)	0.0	0.0
S2021-01(a)	Housing & Communities	Realign budgets to current staffing / service levels	Homelessness payroll and cesspool emptying charges	No impact - current budget level exceeds service demand	(21.0)	0.0	0.0	0.0
S2021-02	Housing & Communities	Reduce utility budgets in line with current usage	Gas and Electricity	No impact - current budget level exceeds service demand	(30.0)	0.0	0.0	0.0
S2021-03	Housing & Communities	Reduce Temporary Accommodation furniture budget		Believed minimal impact as remaining budget is more than 2016/17 outturn	(10.0)	0.0	0.0	0.0
S2021-04(a)	Housing & Communities	Housing Management - workforce management target	Saving to be achieved by actively managing vacancy recruitment across Housing Management	This is happening organically throughout the service at present and the implementation of a financial target should not have a significant impact on the service delivery.	(28.0)	0.0	0.0	0.0
sub-total Housing & Communities					(229.0)	(10.0)	0.0	0.0
S1819-19	Asset Management	Asset Management - workforce management target	Saving to be achieved by actively managing vacancy recruitment across Asset Management	This is happening organically throughout the service at present and the implementation of a financial target should not have a significant impact on the service	(115.0)	0.0	0.0	0.0
S2021-09	Asset Management	Review of day today maintenance service arrangements	Restructure and / or service redesign	Restructure and / or redesign will focus on maintaining or improving service delivery for our customers	(96.0)	0.0	0.0	0.0
S2021-05	Asset Management	Realign budgets to current levels of demand	Mechanical & Electrical, Day to Day and Voids, Water Risk, Electrical testing	Believed minimal impact as remaining budget is more than 2016/17 outturn	(130.0)	(75.0)	0.0	0.0
S2021-06	Asset Management	Reduce budgets to match current level of demand	Reduce budgets for Servicing & Maintenance of Lifts fitted via Adaptations programme to match current level of demand	Believed minimal impact as remaining budget is more than 2016/17 outturn	0.0	(20.0)	0.0	0.0
S2021-07	Asset Management	Include budget for annual stock adjustment figure	On an annual basis a stock adjustment is credited to the revenue accounts.	None	0.0	(25.0)	0.0	0.0
sub-total Asset Management					(341.0)	(120.0)	0.0	0.0
S1819-16	Customer Experience & Business Support	Service Efficiency Target - linked to digital enhancement	Anticipated reduced service costs following digital enhancements	Minimal impact anticipated as costs should reduce in line with improved digital access to our services is rolled out to our customers	0.0	(150.0)	0.0	0.0
S2021-01(b)	Customer Experience & Business Support	Realign budgets to current staffing / service levels	Communications payroll	No impact - current budget level exceeds service demand	(6.0)	0.0	0.0	0.0
S2021-04(b)	Customer Experience & Business Support	Housing Management - workforce management target	Saving to be achieved by actively managing vacancy recruitment across Housing Management	This is happening organically throughout the service at present and the implementation of a financial target should not have a significant impact on the service delivery.	(9.0)	0.0	0.0	0.0
S1819-11	Customer Experience & Business Support	Restructure of Customer Experience & Business Support function		Restructure will focus on maintaining or improving service delivery for our customers	0.0	0.0	0.0	0.0
sub-total Customer Experience & Business Support					(15.0)	(150.0)	0.0	0.0

Savings Ref	Service Area	Savings Proposal Title	Savings Proposal Description	Customer / Service Impact	2019/20	2020/21	2021/22	2022/23
					£'000	£'000	£'000	£'000
S1819-12	Chief Executive	Removal of lump sum payment to Pension Fund	Remove the £100k provision for a lump sum payment to WMPF. The percentage per employee payment has been increased thereby removing the need for this payment.	No impact - lump sum payment has been removed from 2017/18 and budgets have been increased to reflect the increased % payment	(100.0)	0.0	0.0	0.0
S1920-01	Chief Executive	Removal of provision for staff restructures	Remove the £100k annual provision within the revenue budgets for future restructures.	No impact, SCH currently has approx £1.4m within its "Budget Strategy Reserve" to cover restructure costs.	(30.0)	0.0	0.0	0.0
S1920-20	Chief Executive	Funding of EMT Restructure	Savings to be identified to fund the increase in cost of the Exec. Management Team		(156.0)	0.0	0.0	0.0
				sub-total Chief Executive	(286.0)	0.0	0.0	0.0
					(871.0)	(280.0)	0.0	0.0

Income Targets (net)

Income Ref	Budget Holder	Income Proposal Title	Income Proposal Description	Customer / Service Impact	2019/20	2020/21	2021/22	2022/23
					£'000	£'000	£'000	£'000
I1718-01	Asset Management	Better Places	Generating income from an Environmental Cleaning Company		(35.0)	0.0	0.0	0.0
I1718-03	Housing & Communities	Wellbeing	Safe & Sound (SAS) and Assisted Technology Telecare (ATT) service		(43.0)	0.0	0.0	0.0
					(17.0)			
					(95.0)	0.0	0.0	0.0
				TOTAL SAVINGS / INCOME REQUIRED	(966.0)	(280.0)	0.0	0.0

Additional rental income, relating to stock development, to HRA and therefore increase in management fee. From 2020/21 remove from savings schedule as this is now income to HRA

Income Ref	Budget Holder	Income Proposal Title	Income Proposal Description	Customer / Service Impact	2019/20	2020/21	2021/22	2022/23
					£'000	£'000	£'000	£'000
I1718-04	Commercial Activity	New Build	Additional rental income from new build properties		(25.0)	0.0	0.0	0.0
					(25.0)	0.0	0.0	0.0

Capital savings

Capital Ref	Budget Holder	Savings Proposal Title	Savings Proposal Description	Customer / Service Impact	2019/20	2020/21	2021/22	2022/23
					£'000	£'000	£'000	£'000
S2122-01	Capital	Review Capital Programme	Review the capital programme in light of intelligence around actual component lifecycles v standard lifecycles to agree an affordable and efficient programme	Customer impact to be kept under review and the programme can be amended to take account of any identified changes to component lifecycles during the duration of the 10 year plan. The capital programme is also supported by a robust revenue repairs budget should repairs be necessary to maximise the efficient and timely replacement of capital components.	0.0	0.0	(2,938.0)	0.0
					0.0	0.0	(2,938.0)	0.0

Stock Development Savings

Income Ref	Budget Holder	Savings Proposal Title	Savings Proposal Description	Customer / Service Impact	2019/20	2020/21	2021/22	2022/23
					£'000	£'000	£'000	£'000
	Capital	Stock Development reduce from base budget	Stock Development funded by borrowing rather than base budget	None	(500.0)	0.0	0.0	0.0
					(500.0)	0.0	0.0	0.0

Total	(1,491.0)	(280.0)	(2,938.0)	0.0
--------------	------------------	----------------	------------------	------------

SECTION 1 - CHARGES RECOMMENDED TO CABINET FOR DECISION	2019/20	2020/21	Inc/ (Dec) £	Inc/ (Dec) %	Comment
Garages (50 weeks)					
Garage Rent - tenants	7.17	7.31	0.14	2.0%	
Garage Rent - non tenants (Inc. VAT at 20%)	8.60	8.77	0.17	2.0%	
Larger / New Garages (tenants)	10.76	10.97	0.21	2.0%	Larger / New garages agreed as part of garage strategy at 50% higher charge
Larger / New Garages - non tenants (Inc. VAT at 20%)	12.91	13.16	0.25	1.9%	
Charity Lettings (garages)	2.15	2.15	0.00	0.0%	No increase since 2010
SECTION 2 - CHARGES APPROVED BY SCH BOARD 25 NOVEMBER 2019 UNDER DELEGATED AUTHORITY FROM CABINET	2019/20	2020/21	Inc/ (Dec) £	Inc/ (Dec) %	Comment
Block Charges					
Communal Fuel Charges - former sheltered schemes (50W)	6.33	7.24	0.91	14.4%	Based on 18/19 actual cost plus 2% inflation per year
Low Rise Cleaning 50W	3.17	3.28	0.11	3.5%	
High Rise CCTV & Cleaning 50W	7.73	8.03	0.30	3.9%	
CCTV (Lakeside) 50W	4.84	5.14	0.30	6.2%	
Temporary Accommodation (TA)					
TA Fuel Charges (52 W)	17.53	21.66	4.13	23.6%	Current expenditure levels mean an increase of 98% would be ultimately required. The recommended charges follow with normal practice for significant increases of phasing in across a number of years, in this case 4 years.
TA Fuel Charges reduced charge (ie Biomass installed) (52 W)	8.77	10.83	2.06	23.5%	
TA Furniture & White Goods (52 weeks)	7.56	7.16	(0.40)	(5.3%)	
Ipswich House (52 weeks)					
Self-contained Units	46.71	45.53	(1.18)	(2.5%)	Tenants will continue to be charged £8/week towards the support contract during the first 4 years of the operation whilst project funding being received, full cost recovery would be c.£39/week.
Shared Facility Units	60.11	54.22	(5.89)	(9.8%)	
Saxon Court (50 weeks)					
Service charges	52.31	44.82	(7.49)	(14.3%)	
Room Hire (to public)					
Community Halls (per hour)	12.00	12.24	0.24	2.0%	Inflation allowance
Leasehold & RTB					
Leaseholder Management Fee (per annum)	155.00	157.00	2.00	1.3%	As per Leaseholder Service Charges Estimates
Leasehold Sales Pack (inc. VAT at 20%)	46.58	52.21	5.63	12.1%	
RTB Management Fee (per property sold)	1,300.00	1,300.00	0.00	0.0%	Determined by regulations
SECTION 3 - CHARGES APPROVED BY SCH BOARD 25 NOVEMBER 2019 - SCH INCOME	2019/20	2020/21	Inc/ (Dec) £	Inc/ (Dec) %	Comment
SCH 137-139 Warwick Road (50W)					
Cleaning	0.41	0.42	0.01	1.3%	Based on 18/19 actual cost plus 2% inflation per year
Grounds Maintenance	0.89	0.91	0.02	1.9%	Based on 18/19 actual cost plus 2% inflation per year
Estate Services					
Bulky Waste (charges Inc. VAT at 20%):					
1 Item	10.00	10.20	0.20	2.0%	Increase of 2% - prices are set at below cost recovery in order to encourage use of service and discourage fly tipping (Note: SMBC charges of £15.00, £23.50 and £30.50)
2-5 Items	20.00	20.40	0.40	2.0%	
6-10 Items	25.00	25.50	0.50	2.0%	
Fly Tipping	recharge at direct cost				
Biohazard	recharge at direct cost				

	2019/20	2020/21	Inc/ (Dec) £	Inc/ (Dec) %	Comment
Criminal Damage					
Replacement key fobs (Inc. VAT at 20%)	10.00	10.00	0.00	0.0%	No Planned increases in 2020-21 - actual cost of c.£3 each No Planned increases in 2020-21.
Cesspool emptying (per quarter)	7.20	7.20	0.00	0.0%	
Rechargeable repairs					
Laundry Services (charges Inc. VAT at 20%):					
Washing machine (per use)	3.00	3.00	0.00	0.0%	Cost of updating machines annually is prohibitive to changes. Net Costs: 2019-20 = £10k P07 Forecast
Tumble dryer (per use)	2.00	2.00	0.00	0.0%	
SCH Wellbeing Service					
Safe and Sound Lite Plan (per week)	3.27	3.27	0.00	0.0%	New SLA signed in April 2018 for 3 years - expires 2021. No price increases were built into the SLA with SMBC and the charge to SMBC and private customers must be the same.
Safe and Sound Plan (per week)	5.45	5.45	0.00	0.0%	
Additional equipment added to above plans (per week)	1.00	1.00	0.00	0.0%	
Set up cost	35.00	35.00	0.00	0.0%	
Installation of equipment	35.00	35.00	0.00	0.0%	
Handyperson Service (per hour, Inc. VAT at 20%)	20.78	24.94	4.16	20.0%	During 2019/20 the price of £35.00 for non-benefit receiving clients was aligned to the lower rate of £20.78 to ensure all clients are charged the same for this service. Going forward this charge will be increased annually by inflation. The price is exclusive of VAT as the customers are VAT exempt
Commercial Services (charges Inc. VAT at 20%):					
<u>Graffiti Removal (per hour, Inc. VAT at 20%)</u>	40.00	40.00	0.00	0.0%	
<u>Pest control</u>					
Rats, mice - call outs plus treatment (3 visits)	144.00	144.00	0.00	0.0%	
Squirrels - call outs plus treatment (3 visits)	192.00	192.00	0.00	0.0%	
Wasps, hornets - call out & treatment (1 visit)	66.00	66.00	0.00	0.0%	
Ants - call out and treatment (1 visit)	100.00	100.00	0.00	0.0%	
Fleas - call out, treatment and follow up visit	198.00	198.00	0.00	0.0%	
Bed bugs - call out, treatment and follow up visit	228.00	228.00	0.00	0.0%	
Beetles, flies, harlequin ladybirds - call out and treatment (1 visit)	108.00	108.00	0.00	0.0%	
Pest identification appointment (1 visit)	60.00	60.00	0.00	0.0%	
Cockroaches - call out, treatment and follow up visit	108.00	108.00	0.00	0.0%	
<u>Damp & Mould Service (per hour, Inc. VAT at 20%)</u>	40.00	40.00	0.00	0.0%	
Room Hire (business use only)					
Endeavour House - School/Cole Room:					During 2019/20 the charge for this service was increased from £1.00 to £1.50 to ensure the full cost of this service was recovered. Charges subject to VAT @ 20% charges subject to VAT @ 20%
Per 1/2 day/room	20.00	20.40	0.40	2.0%	
Per full day/room	40.00	40.80	0.80	2.0%	
Refreshments per head/serving	1.50	1.53	0.03	2.0%	
Catering per head	6.00	6.12	0.12	2.0%	