

Stevenage Borough Council
MEDIUM TERM FINANCIAL STRATEGY (MTFS) SEPTEMBER 2017 HRA BUDGET UPDATE

APPENDIX A



Key= (£0) is under spend or increase in income

HRA FORECAST	New/Updated	On-Going Cost?	2017/18	2018/19	2019/20	2020/21	2021/22	Commentary
Base Budget		Y	17,631,890	(18,948,153)	(17,971,533)	(18,374,561)	(20,200,325)	
(i) BASE ADJUSTMENTS								
TOTAL PRIOR YEAR BASE ADJUSTMENTS			0	0	0	0	0	
(ii) 2017/18 RENTAL AND OTHER INCOME (actual 60 sales 2016/17)								
Rent		Y						
Rent (2017/18 and decrease/increase thereafter)		Y	(40,109,030)	567,693	90,086	(1,844,205)	(1,465,148)	-1% for 2017/18-2019/20 and CPI+1% assumed thereafter
1st Quarter adjustment -void loss		N	145,000					Additional rent void loss estimated for 2017/18
1st Quarter adjustment -RTB's		N	7,000					The profile of RTB's sold to date has resulted in an additional £7K loss of rental income in 2017/18
1st Quarter adjustment -reduced rent due stock profile		Y	71,000					New build numbers assumed in 2017/18 based on original numbers which have been reprofiled for later in 2017/18 and 2018/19 and properties due for redevelopment taken out of management.
Service charge (2017/18) and increases thereafter		Y	(1,055,210)	(51,477)	(51,116)	(53,529)	(56,156)	
Leaseholders service charges (2017/18) and increases thereafter		Y	(738,360)	(27,319)	(25,267)	(25,310)	(25,304)	
Bad debt provision (2017/18) and increases thereafter			255,270	0	0	0	15,297	Bad debt provision not increased (rental income reducing)
			(41,424,330)	488,896	13,702	(1,923,045)	(1,531,311)	
Service Charge & other Resident Charges								
Other Fees and Charges (2017/18) and increases thereafter		Y	(353,270)	(6,982)	(6,457)	(6,468)	(6,467)	
Charging for facilities (2017/18) and increases thereafter		Y	(649,020)	(36,378)	(38,829)	(41,450)	(44,386)	
Court Costs (2017/18) and increases thereafter		Y	(36,500)	(1,351)	(1,249)	(1,251)	(1,251)	
Right to buy Administration (2017/18) and increases thereafter		Y	(65,000)	0	0	0	0	The HRA receives £1,300 for every house sold to cover administration costs
Supported Housing income (2017/18) and increases thereafter		Y	(144,540)	0	0	0	0	
Mortgage Interest (2017/18) and increases thereafter		Y	(12,490)	(27,398)	(39,511)	(50,470)	(43,260)	Based on assumptions for the Major Repairs Contract
			(1,260,820)	(72,108)	(86,046)	(99,640)	(95,364)	
(iii) BORROWING COSTS								
External interest costs (2017/18) and increases thereafter		Y	7,017,260	(57,122)	0	0	0	Reduction in borrowing costs as a result of debt repayment
Repayment of principal		N	3,741,000	0	0	0	0	Payment of scheduled loans
			10,758,260	(57,122)	0	0	0	
(iv) CARRY FORWARDS AND SUPPLEMENTARY ESTIMATES:								
2016/17 quarter 3		N	317,250	0	0	0	0	Reported March 2017 Executive
2016/17 quarter 4		N	273,720	0	0	0	0	Reported July 2017 Executive
			590,970	0	0	0	0	
(v) FUNDING THE CAPITAL PROGRAMME								
Depreciation charged to HRA to fund capital programme		N	11,356,970	11,780,181	12,055,692	12,659,184	13,084,627	From the Revised Business Plan
Revenue Contribution to Capital budget (RCCO)		N	110,230	7,340,328	13,733,271	12,922,070	11,955,816	From the Revised Business Plan
			11,467,200	19,120,509	25,788,963	25,581,253	25,040,443	
(vi) INFLATION ASSUMPTIONS:								
Inflation assumptions:								
Pay inflation salaries		Y	192,828	299,074	284,709	346,485	352,825	Based on a 2% increase per year
Increase in Superannuation rates		Y	0	0	0	0	0	transitional model 1% increase per year
Utility inflation		Y	(9,120)	48,310	56,570	62,610	69,280	
Recharges from the General Fund (2017/18) and increases thereafter			134,578	69,169	70,552	71,963	73,402	Based on a 1% increase in recharges
General Inflation (contractual)		Y	13,480	33,960	34,350	35,570	36,580	
			331,766	450,513	446,182	516,628	532,087	
(vii) BUDGET MONITORING ADJUSTMENTS								
Quarter 1 adjustments 2017/18		N	39,960	0	0	0	0	Reported September Executive 2017
			39,960	0	0	0	0	
Revenue interest								
Revenue interest (2017/18) and increases thereafter		Y	(227,910)	13,557	(18,274)	(74,593)	(50,221)	Based on projected balances and interest rate increases
1st quarter monitoring		N	(49,090)					Reported September Executive 2017
			(277,000)	13,557	(18,274)	(74,593)	(50,221)	
(viii) PRESSURES/SAVINGS IDENTIFIED								
HRA FTFC contribution- March Executive		N	170,420					The HRA contribution to the FTFC growth approved March 2016 Executive
Income from water rates reduced pending review of contract	NEW	Y	(252,170)					contract yet to be signed- joint work with the LGA
Shared Legal Service	NEW	Y-part	49,106	8,656	2,323	1,722	0	
			(32,644)	8,656	2,323	1,722	0	
(viii) SAVINGS OPTIONS & BUDGET PROPOSALS 2012/13 ONWARDS:								
Financial Security Savings:								
2017/18 FTFC		Y	(282,215)	36,500	(2,000)	0	0	Approved January 2017 Council
2017/18 savings not realised		Y	10,000	0	0	0	0	Saving HS10 selling services
Supporting people savings assumed		Y	(143,090)	(100,000)	(100,000)	0	0	
Other savings		Y-part	(11,875)	(125)	1,938	12,813	0	Shared Office accommodation
3rd quarter report savings		Y	(62,970)	0	0	0	0	
4th quarter reported savings		Y	(36,660)	0	0	0	0	
2018/19 Savings agreed in principle		Y	0	(78,000)	(65,000)	0	0	(includes Business Review assumption of £63,000)
Unidentified Savings Target		Y	0	(81,537)	(136,938)	(212,813)	(200,000)	Future unidentified savings
			(526,810)	(223,162)	(302,000)	(200,000)	(200,000)	
(ix) GROWTH BIDS:								
2017/18 Growth bids		Y	42,500	0	0	0	0	Approved at January 2017 Council

Delivery Plan on-going	Y	(140,196)	297,713	(456,592)	(45,115)	(112,115)	This represents the growth/reductions in the delivery plan as approved
Housing Management Transformation Programme	N	500,000	500,000	500,000	0	0	Approved at January 2017 Council
Growth associated with the Major Repairs Contract	Y	0	72,000	0	0	0	Approved 22 February Executive
		402,304	869,713	43,408	(45,115)	(112,115)	
TOTAL HRA EXPENDITURE		(2,299,254)	1,651,298	7,916,724	5,382,651	3,383,195	
Use of Balances		(2,299,254)	1,651,298	7,916,724	5,382,651	3,383,195	
HRA RESERVES							
		2017/18	2018/19	2019/20	2020/21	2021/22	
Revised Balances at 31 March each Year:							
HRA Balance 1 April		(19,749,571)	(22,048,826)	(20,397,527)	(12,480,803)	(7,098,152)	
Use of balances in Year		(2,299,254)	1,651,298	7,916,724	5,382,651	3,383,195	
HRA Balance 1 March		(22,048,826)	(20,397,527)	(12,480,803)	(7,098,152)	(3,714,957)	