

Rural Stirling Housing Association Ltd
Annual Budget
2020/21
Summary Income & Expenditure Account

	Annual Budget 2019/2020 £'000	Projected Out-turn 2019/2020 £'000	Annual Budget 2020/2021 £'000	Notes
Income				
Gross Rent & Service Charges	2,670	2,683	2,765	
Less Voids & Bad Debts	(53)	(13)	(55)	
Net Rent & Service Income Receivable	2,617	2,670	2,710	
Other Housing Income	6	4	6	
Other Income	848	853	850	
Total Income	3,471	3,527	3,566	See notes on Income Detail page Pg 2
Expenditure				
Staffing Costs	(695)	(713)	(739)	
Direct Landlord Costs	(2,363)	(2,114)	(2,359)	
Direct Service Costs	(62)	(54)	(61)	
Overheads & Other	(291)	(318)	(291)	
Total Expenditure	(3,411)	(3,199)	(3,450)	See notes on Expenditure Detail Page Pg 3
Capitalised Component Replacement	576	431	366	Expenditure transferred to Balance Sheet as capital
Operating Surplus	636	759	482	
Interest Earned	2	1	2	Interest receivable of £3k has been calculated on a return of 0.25% based on monthly balances throughout the year.
Interest payable and similar charges	(442)	(365)	(403)	Interest payable is based on the bank base rate being 1.00% and the LIBOR/SONIA rate at 1.25%. TBC.
Net Interest	(440)	(364)	(401)	
Other Development Costs	(42)	(55)	0	No development related costs through I&E budgeted (loan arrangement fees in prior year).
SURPLUS FOR THE YEAR BEFORE FAIR VALUE ADJUSTMENTS	154	340	81	
Movement in FV of Financial Instruments	0	50	50	Estimated movement in value of derivative. This is a non cash movement.
SURPLUS FOR THE YEAR	154	390	131	
Transferred to Accumulated Surplus	154	390	131	

Rural Stirling Housing Association Ltd
Annual Budget
2020/21
Detailed Income Sheet

	Annual Budget 2019/2020 £'000	Projected Out-turn 2019/2020 £'000	Annual Budget 2020/2021 £'000	Notes
Net Rec'ble Rent & Service Chrgs				
Gross Rent	2,661	2,674	2,756	Rents have been increased by 2.4% as agreed at the February Board meeting. Note that no new units are expected offsite during the 2020/21 year however Doune has been included for a full year.
Less Voids	(20)	(11)	(21)	Budget has been set at 0.75% of gross Rents.
Net Rent Receivable	2,641	2,663	2,735	
Gross Services Charges	9	9	9	Service charges are in line with prior year.
Less Voids	0	0	0	Budget has been set at 0.75% of gross Service Charges.
Net Service Chrg Rec'ble	9	9	9	
Less Bad Debts	(33)	(2)	(34)	Budget has been set at 1.25% of gross rents and service charges, the same as last year. The Association usually performs within this figure however the full impact of the welfare reform changes are still unknown.
Total Net Receivable	2,617	2,670	2,710	
Other Housing Income				
Stage 3 Allowances	4	2	4	This is an estimate of the administration allowance claimable on the Stage 3 Adaptation grant awarded being 10% of claims made.
Factoring Income	2	2	2	Small number of factored properties.
Other Housing Income	6	4	6	
Other Income				
Grants Released from Deferred Income	808	808	809	Grant funding towards the build cost of homes is capitalised and released as income over the estimated useful life of the building. This is the expected grant income release for 2020/21.
Other Grant Income	0	0	0	
Income from Subsidiary	25	25	24	This relates to staff time recharged, an annual charge for overheads and also the lease payments for properties rented out on an MMR basis.
Other Income	15	20	17	This is mainly income from solar panels.
Total Other Income	848	853	850	
Total Income	3,471	3,527	3,566	

Rural Stirling Housing Association Ltd
Annual Budget
2020/21
Detailed Expenditure Sheet

	Annual Budget 2019/2020	Projected Out-turn 2019/2020	Annual Budget 2020/2021	Notes
	£'000	£'000	£'000	
Staffing & Agency Costs				
Gross Salaries	543	532	598	The agreed inflationary uplift from EVH based on CPI + 0.1% has been applied, being 1.6%. The initial costings for a proposed new staff structure have been included, although this would be pending Board approval and final confirmation of grades. A small overtime budget of £2k has been incorporated.
NI & Pension Costs	105	94	114	Employers NIC costs and Employers Pension contribution at 9%.
Salaries included in Development Spend	0	0	(23)	Clerk of Works fee covered by HAG funding - up to 1% of development cost
Staff Travel and Training	32	33	35	Mileage/travel claims for staff and training budget of £750 per head. The Staff Away Day and staff conference costs are also included here.
Other Staff & Recruitment Costs	15	54	15	Allowance for recruitment and associated costs for staff restructure. Also includes a temporary staff budget of £4k. Staff professional subscriptions and life insurance is also included.
Staffing & Agency Costs	695	713	739	
Direct Landlord Costs				
Reactive Repairs	208	228	213	Based on actual historic costs per unit plus an element for inflation and after allowing for stock additions in year.
Void Repairs	62	52	64	Budget remains prudent as these costs are out with our control.
Stage 3 Shortfall	10	0	0	This heading is to cover any funding shortfall on Stage 3 Adaptations and has been removed for the 2020/21 year.
Planned Repairs	209	141	419	This represents the proposed planned maintenance programme as prepared by the Asset Management team. Along with the usual cyclical works, the budget of £419k includes painter works of £189k and fire safety works of £120k, which are contributing to the large increase in budgeted spend.
Component Replacement	576	431	366	The majority of this relates to 75 kitchen replacements, however also includes 6 gas boiler renewals and 18 door renewals. This is capital expenditure and will be transferred into the cost of the property on the Association's balance sheet.
Depreciation	1,258	1,232	1,255	The charge of £1,255k is based on the actual depreciation charge per the 2019 annual accounts, plus an additional sum for components added in year, plus an estimated depreciation charge for the new units at Doune for a full 12 months.
Property Insurance	25	24	25	Expected insurance cost for 2020/21 based on 2019 tender results.
Other Direct Landlord Costs	15	6	17	Housing Management legal fees on recovery of rents, tenant compensation claims estimated, sundry void costs and miscellaneous estate costs.
Direct Landlord Costs	2,363	2,114	2,359	
Capitalised Component Replacement	(576)	(431)	(366)	Spend on component replacement transferred to balance sheet.
Service Costs				
Factoring Costs	1	1	1	Factoring costs incurred (title searches, fees etc.)
Services - Landscape	50	41	46	
Services - Furniture	1	1	2	
Services - Factoring	2	2	2	
Services - Other	9	9	10	These are additional services provided by the Association in addition to standard housing management services. The items covered are landscaping gardening costs, renewal of white goods and close cleaning, common electrical supplies and other services to properties.
Service Costs	63	54	61	
Overheads and Other				
Office Running Costs	36	67	31	This includes rates, heat & light, insurance and cleaning. Repairs costs are also included although are expected to be minimal due to office refurbishment. Decrease is due to temporary office accommodation in the prior year.
Communications	64	66	71	This includes costs for telephone, post and stationery, photocopier costs, scanning and cloud based storage, publications, affiliation fees and publicity and advertising.
Furniture & Equipment	38	38	47	The Association is planning to spend £47k on various forms of IT and the associated support. This includes a general software support, SDM support, MS Office, and anti-virus software. A budget of £10k has been included to take forward the SDM MyHome function.
Motor Vehicle	4	4	1	The Association is considering the removal of the Association's van. Costs have been included for Quarter 1 only. No disposal proceeds have been budgeted.
Audit & Professional Fees	84	89	81	This includes bank service charges, internal and external audit fees, legal and professional fees and consultancy fees.
Members Expenses	24	20	20	This includes Board travel and training/conference expenses, meeting expenses, Board governance and appraisal support along with the expected cost of the AGM.
Other Association Expenses	21	14	10	Sundry office expenses and tenant participation costs. Note that the Community Fund has been frozen until the following year due to budget restrictions.
Depreciation - Other Fixed Assets	20	20	30	This is the non-cash charge made in the accounts to write-off the Association's non-housing assets which have a useful life of more than one year.
Overheads and Other	291	318	291	
Total Expenditure	2,835	2,768	3,084	

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Annual Budget
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Cash Flow

	Budget £	Notes
Projected Cash Balance 1 April 2020	1,000	Estimate of opening cash position.
Cash Income & Expenditure		
Rental Income Received	2,718	
Other Income Received	47	
Cash Income	2,765	
Salaries & Other Staff Costs	(738)	
Housing Repairs & Maintenance	(696)	
Other Expenditure	(364)	
Cash Expenditure	(1,798)	
Cash Inflow from Operating Activities	967	Cash Inflow from Operating Activities: this is the cash surplus generated from the budget workings detailed on the previous pages. This is made up of the Operating Surplus for the year with all depreciation charges added back. It excludes loan repayments and any capital expenditure.
Net Interest Paid	(401)	This is the total of Interest Earned and Interest Paid - see page 1.
Inflow from Sale of Houses	0	
Cash From Trading Activities	566	Cash Inflow from Operating Activities less Net Interest Paid
Assets Acquisitions & Financing		
House Acquisitions and Improvements, net of Grants	(2,887)	The cost of all developments, component additions and shared ownership buybacks less grant funding.
Other Asset Acquisitions net of Grants	(20)	Estimated investment in IT.
Loan Financing net of Repayments	2,116	Loan drawn down less capital repayments in year
Development expenditure not capitalised	0	No such costs budgeted this year.
Acquisitions less Financing	(792)	Cash outflow from investment in development and office assets.
Net Cash Flow	(225)	Net cash outflow for the year.
Closing Cash Balance at 31 March 2021	775	Estimate of closing cash position based on draft budget.

Rural Stirling Housing Association Ltd
Annual Budget
2020/21
Balance Sheet

	Projected Balances			Notes
	31-Mar-20 £'000	31-Mar-21 £'000	Movement £'000	
FIXED ASSETS				
Housing Properties				
Historic Cost	58,998	71,951	12,953	This is the spend on development projects (Claish Farm, Balmaha, Drymen, Kippen & Croftamie) along with component additions in year.
Less: Depreciation	(15,482)	(16,737)	(1,255)	Estimated depreciation charge as detailed in the expenditure account.
Net Housing Properties	43,516	55,214	11,698	
Other Fixed Assets				
Historic Cost	1,090	1,110	20	Investment in IT.
Less: Depreciation	(147)	(177)	(30)	Estimated depreciation charge as detailed in the expenditure account.
Net Other Assets	943	933	(10)	
TOTAL NET FIXED ASSETS	44,459	56,147	11,688	
CURRENT ASSETS				
Rent Arrears				
Rent Arrears	134	134	0	Gross rent arrears estimated at 31 March 2021. Assumed no movement for this draft budget.
Less Provision for Bad & Doubtful Debts	(59)	(59)	0	
Net Arrears	75	75	0	
Development Debtors	1,618	73	(1,545)	Accrued grant income for Stage 3 Adaptations and HAG due on development projects at year end (estimated).
Other Debtors	83	83	(0)	This includes expenditure items prepaid e.g. subscriptions and affiliation fees, along with recharges debtor balance.
Cash & Bank	1,000	775	(225)	Expected cash movement in year - see cashflow workings.
TOTAL CURRENT ASSETS	2,776	1,006	(1,770)	
CURRENT LIABILITIES				
Rental Prepayments	(90)	(90)	0	Rent receipts received in advance - estimated.
Development Creditors	(205)	(205)	0	Estimate of retention payments and grant repayable.
Deferred Income & Other Creditors	(1,785)	(248)	1,537	Estimate of closing creditors including accruals.
Loan Creditors (< 12 month)	(284)	(394)	(110)	Portion of loan finance outstanding that is repayable within 1 year.
TOTAL CURRENT LIABILITIES	(2,364)	(937)	1,427	
NET CURRENT ASSETS	412	69	(343)	
LONG TERM LIABILITIES				
Loan Creditors (>12 Months)	(10,871)	(12,828)	(1,957)	Total loan finance outstanding excluding amounts due in 1 year (above). Includes any loan drawdown in year.
Deferred Grant Income	(28,323)	(37,580)	(9,257)	Grant income received to date that has not yet been released to the Income and Expenditure Account.
TOTAL LONG TERM LIABILITIES	(39,194)	(50,408)	(11,214)	
TOTAL NET ASSETS	5,677	5,808	131	
CAPITAL & RESERVES				
Share Capital	0	0	0	
Revenue Reserves				
Accumulated Surplus brought forward	5,677	5,677	0	Reserves will increase by a budgeted surplus of £131k.
Surplus for Period	0	131	131	
	5,677	5,808	131	
TOTAL CAPITAL & RESERVES	5,677	5,808	131	

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Financial Ratios / Indicators

	Annual Budget 2017/2018	Annual Budget 2018/2019	Annual Budget 2019/2020	Annual Budget 2020/2021
Interest Cover Adjusted (Indicates ability to pay loans by Cash from normal activities)	112.9%	150.7%	115.8%	140.0%
Gearing (Indicates debt as a proportion of reserves and grants)	34.2%	32.1%	28.3%	28.7%
Quick Ratio (Indicates the solvency of the Association)	1.4	1.6	1.3	1.1
Net Surplus/(Deficit) (Indicates operating performance as a % of income)	21.6%	17.0%	22.7%	20.9%
Staff Costs/Turnover (Indicates staff costs as a % of income)	27.7%	28.1%	26.1%	26.8%
Management and Maintenance Admin Costs (Per Unit)	1,538	1,574	1,567	1,640

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2020/21
Loan Covenants

	RBS	BOS	Nationwide
	31-Mar-21	31-Mar-21	31-Mar-21
Interest Cover			
Operating Surplus	482	482	482
Add: Housing Depreciation	1,255	1,255	1,255
Add: Impairment			
Less: Grant Income Amortised	(809)	(809)	(809)
Less: Capitalised Component Replacements	(366)		
Adjusted	562	928	928
Net Interest Payable	401	401	401
Actual	140%	231%	231%
Minimum Allowed	110%	110%	110%
Net Worth			
Capital & Reserves			
Housing Properties Historic Cost	71,951		
Grants			
Net Worth	71,951	N/A	N/A
Loans < 1 Year	394		
Loans > 1 Year	12,828		
Gross Borrowings	13,222	N/A	N/A
Actual	18%	N/A	N/A
Maximum Allowed	40%	N/A	N/A
Asset Cover			
Value of Security	8,625	10,265	3,372
Total Loans per Lender	4,502	7,036	1,684
Actual	192%	146%	200%
Minimum Allowed	125%	100%	110%
Debt Per Unit			
Number of Units (628)		1	
Gross Borrowings		13,222	
Less Cash Held in Bank		(775)	
Net Debt	N/A	12,447	N/A
Debt per Unit		20	
Maximum Allowed	N/A	25	N/A