

Rural Stirling Housing Association Ltd
Annual Budget
2021/22
Summary Income & Expenditure Account

	Annual Budget 2020/2021 £'000	Projected Out-turn 2020/2021 £'000	Annual Budget 2021/2022 £'000	Notes
Income				
Gross Rent & Service Charges	2,765	2,765	2,927	
Less Voids & Bad Debts	(55)	(83)	(65)	
Net Rent & Service Income Receivable	2,710	2,682	2,862	
Other Housing Income	6	4	7	
Other Income	850	919	1,098	
Total Income	3,566	3,605	3,967	See notes on Income Detail page Pg 2
Expenditure				
Staffing Costs	(739)	(747)	(829)	
Direct Landlord Costs	(2,359)	(2,293)	(3,553)	
Direct Service Costs	(61)	(61)	(70)	
Overheads & Other	(291)	(289)	(341)	
Total Expenditure	(3,450)	(3,390)	(4,793)	See notes on Expenditure Detail Page Pg 3
Capitalised Component Replacement	366	425	1,328	Expenditure transferred to Balance Sheet as capital
Operating Surplus	482	640	502	
Interest Earned	2	1	2	Interest receivable of £1k has been calculated on a return of 0.10% based on monthly balances throughout the year.
Interest payable and similar charges	(403)	(338)	(384)	Interest payable is based on the bank base rate being 1.00% and the LIBOR/SONIA rate at 1.25%. Prudent assumption for the purposes of this draft budget. Interest rates are currently lower than this.
Other Finance Charges	0	(2)	(2)	Amortisation of £55k loan arrangement fee on £5.5m BOS loan, written off over the 25 year term of the loan.
Net Interest	(401)	(339)	(384)	
Other Development Costs	0	0	0	No development related costs through I&E budgeted (loan arrangement fees in prior year).
SURPLUS FOR THE YEAR BEFORE FAIR VALUE ADJUSTMENTS	81	301	118	
Movement in FV of Financial Instruments	50	50	50	Estimated movement in value of derivative. This is a non cash movement.
SURPLUS FOR THE YEAR	131	351	168	
Transferred to Accumulated Surplus	131	351	168	

Rural Stirling Housing Association Ltd
Annual Budget
2021/22
Detailed Income Sheet

	Annual Budget 2020/2021 £'000	Projected Out-turn 2020/2021 £'000	Annual Budget 2021/2022 £'000	Notes
Net Rec'ble Rent & Service Chrgs				
Gross Rent	2,756	2,756	2,918	Rents have not been increased - a rent freeze has been agreed. The increase in income reflects the expected units offsite at Clais Farm. Note this is less than the previous draft of the budget due to delay of handover dates.
Less Voids	(21)	(28)	(29)	Budget has been set at 1% of gross Rents (in line with revised forecast assumptions (September 2020)).
Net Rent Receivable	2,735	2,728	2,889	
Gross Services Charges	9	9	9	Service charges are in line with prior year.
Less Voids	0	0	0	Budget has been set at 1% of gross Service Charges (in line with revised forecast assumptions (September 2020)).
Net Service Chrg Rec'ble	9	9	9	
Less Bad Debts	(34)	(55)	(36)	Budget has been set at 2% of gross rents and service charges, in line with the revised forecast assumptions. The Association usually performs within this figure however the full impact COVID-19 is still unkown.
Total Net Receivable	2,710	2,682	2,862	
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	3	Small number of factored properties.
Other Housing Income	6	4	7	
Other Income				
Grants Released from Deferred Income	809	831	1,015	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 2021/22. The increase is due to the new units at Clais. These required above benchmark grant funding and the release amount has been adjusted to reflect this.
Other Grant Income	0	44	38	Stage 3 Grant Income
Income from Subsidiary	24	25	28	This relates to staff time recharged, an annual charge for overheads and also the lease payments for properties rented out on an MMR basis. Increase reflects 1 further SO buyback for MMR.
Other Income	17	19	17	This is mainly income from solar panels.
Total Other Income	850	919	1,098	
Total Income	3,566	3,605	3,967	

Rural Stirling Housing Association Ltd
Annual Budget
2021/22
Detailed Expenditure Sheet

	Annual Budget 2020/2021 £'000	Projected Out-turn 2020/2021 £'000	Annual Budget 2021/2022 £'000	Notes
Staffing & Agency Costs				
Gross Salaries	598	537	652	Pay deal agreed with EVH: October CPI + 0.1% = 0.8%. The costings reflect the new staff structure. The small overtime budget has been removed this year.
NI & Pension Costs	114	102	120	Employers NIC costs and Employers Pension contribution at 9%.
Salaries included in Development Spend	(23)	0	(24)	Clerk of Works fee covered by HAG funding - up to 1% of development cost
Staff Travel and Training	35	19	39	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	89	42	Allowance for one recruitment exercise. Also includes a temporary staff budget of £30k. The majority of which is to cover the interim Asset & Development Manager role. Staff professional subscriptions and life insurance is also included.
Staffing & Agency Costs	739	747	829	
Direct Landlord Costs				
Reactive Repairs	213	213	244	Based on actual historic costs per unit plus an element for inflation and after allowing for stock additions in year. Additional uplift of 10% added to reflect increasing costs over the last few years.
Void Repairs	64	49	68	Budget remains prudent as these costs are out with our control.
Planned Repairs	419	315	378	This represents the proposed planned maintenance programme as prepared by the Asset Management team. Along with the usual cyclical works, the budget of £340k includes painter works of £169k and fire safety works of £53k. Expected cost of Stage 3 Adaptations also included.
Component Replacement	366	425	1,328	The majority of this relates to 81 new electric heating systems, however also includes 20 hot water storage tank renewals and 4 ASHP renewals along with 18 kitchen renewals (10 of which are estimated to be carried forward from the prior year - these might be removed from final draft if completed). This is capital expenditure and will be transferred into the cost of the property on the Association's balance sheet.
Depreciation	1,255	1,250	1,492	The charge of £1,492k is based on the actual depreciation charge per the 2020 annual accounts, plus an additional sum for components added in year, plus an estimated depreciation charge for the new units at Claish Farm. Note that the charge for Claish has been uplifted to reflect the higher unit costs for this development.
Property Insurance	25	24	27	Actual insurance cost for 2021/22 as quote has been received.
Other Direct Landlord Costs	17	17	16	Housing Management legal fees on recovery of rents, tenant compensation claims estimated, sundry void costs and miscellaneous estate costs.
Direct Landlord Costs	2,359	2,293	3,553	
Capitalised Component Replacement	(366)	(425)	(1,328)	Spend on component replacement transferred to balance sheet.
Service Costs				
Factoring Costs	1	1	1	Factoring costs incurred (title searches, fees etc.)
Services - Landscape	46	47	55	
Services - Furniture	2	1	2	
Services - Factoring	2	2	2	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. Increase in landscaping cost reflects new units at Claish.
Services - Other	10	10	10	
Service Costs	61	61	70	
Overheads and Other				
Office Running Costs	31	36	36	This includes rates, heat & light, insurance and cleaning. Repairs costs are also included.
Communications	71	60	69	This includes costs for telephone, post and stationery, photocopier costs, scanning and cloud based storage, publications, affiliation fees and publicity and advertising. An estimated uplift to better the phone system for home/remote working has been included.
Furniture & Equipment	47	55	71	The Association is planning to spend £71k 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 £5k has been included to take forward the SDM MyHome function. SDM software costs are increasing due to the additional licences required to accommodate the uplift in staff numbers.
Motor Vehicle	1	3	0	Costs have been removed. The van will be sold prior to 31 March 2021.
Audit & Professional Fees	81	84	90	This includes bank service charges, internal and external audit fees, legal and professional fees and consultancy fees.
Members Expenses	20	10	31	This includes Board travel and training/conference expenses, meeting expenses, Board governance and appraisal support, independent 3 yearly self assessment, and the expected cost of the AGM (reduced as assumed will be virtual).
Other Association Expenses	10	6	9	Sundry office expenses and tenant participation costs. Note that the Community Fund has been frozen again until the following year due to budget restrictions.
Depreciation - Other Fixed Assets	30	35	35	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	289	341	
Total Expenditure	3,084	2,965	3,465	

Rural Stirling Housing Association Ltd
Annual Budget
2021/22
Cash Flow

	Budget £	Notes
Projected Cash Balance 1 April 2021	1,240	Estimate of opening cash position.
Cash Income & Expenditure		
Rental Income Received	2,869	
Other Income Received	52	
Cash Income	2,921	
Salaries & Other Staff Costs	(829)	
Housing Repairs & Maintenance	(652)	
Other Expenditure	(421)	
Cash Expenditure	(1,902)	
Cash Inflow from Operating Activities	1,019	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	(382)	This is the total of Interest Earned and Interest Paid - see page 1.
Inflow from Sale of Houses	0	
Cash From Trading Activities	637	Cash Inflow from Operating Activities less Net Interest Paid
Assets Acquisitions & Financing		
House Acquisitions and Improvements, net of Grants	(3,418)	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	4,832	Loan drawn down less capital repayments in year
Development expenditure not capitalised	0	No such costs budgeted this year.
Acquisitions less Financing	1,395	Cash inflow from loan finance drawn, less investment in development and office assets
Net Cash Flow	2,032	Net cash outflow for the year.
Closing Cash Balance at 31 March 2022	3,272	Estimate of closing cash position based on draft budget.

Rural Stirling Housing Association Ltd
Annual Budget
2021/22
Balance Sheet

	Projected Balances			Notes
	31-Mar-21	31-Mar-22	Movement	
	£'000	£'000	£'000	
FIXED ASSETS				
Housing Properties				
Historic Cost	63,807	74,960	11,153	This is the spend on development projects (Clash Farm, Balmaha, Drymen, Kippen, Killlearn, Croftamie and Tyndrum) along with component additions in year.
Less: Depreciation	(16,974)	(18,466)	(1,492)	Estimated depreciation charge as detailed in the expenditure account.
Net Housing Properties	46,833	56,494	9,661	
Other Fixed Assets				
Historic Cost	1,115	1,135	20	Investment in IT.
Less: Depreciation	(183)	(218)	(35)	Estimated depreciation charge as detailed in the expenditure account.
Net Other Assets	932	917	(15)	
TOTAL NET FIXED ASSETS	47,765	57,411	9,646	
CURRENT ASSETS				
Rent Arrears				
Rent Arrears	146	146	0	Gross rent arrears estimated at 31 March 2022.
Less Provision for Bad & Doubtful Debts	(65)	(65)	0	
Net Arrears	81	81	0	
Development Debtors	400	201	(200)	Accrued grant income for Stage 3 Adaptations and HAG due on development projects at year end (estimated).
Other Debtors	84	84	(1)	This includes expenditure items prepaid e.g. subscriptions and affiliation fees, along with recharges debtor balance.
Cash & Bank	1,240	3,272	2,032	Expected cash movement in year - see cashflow workings. This increase reflects the final drawdown on the BOS £5.5m loan facility, which is expected to be drawn by 31 March 2022 as the development period overdraft converts to term loan from 1st April 2022. The balance also includes £558k of HAG funding received in advance for the Drymen development. This will be paid out over Q1 of the 2022/23 year. The remaining balance will be used to fund the development programme.
TOTAL CURRENT ASSETS	1,805	3,638	1,833	
CURRENT LIABILITIES				
Rental Prepayments	(100)	(100)	0	Rent receipts received in advance - estimated.
Development Creditors	(185)	0	185	Estimate of grant repayable.
Deferred Income & Other Creditors	(1,191)	(991)	200	Estimate of closing creditors including accruals.
Loan Creditors (< 12 month)	(425)	(425)	0	Portion of loan finance outstanding that is repayable within 1 year.
TOTAL CURRENT LIABILITIES	(1,901)	(1,516)	385	
NET CURRENT ASSETS	(96)	2,121	2,218	
LONG TERM LIABILITIES				
Loan Creditors (>12 Months)	(10,144)	(15,112)	(4,968)	Total loan finance outstanding excluding amounts due in 1 year (above). Includes any loan drawdown in year.
Deferred Grant Income	(31,462)	(38,189)	(6,728)	Grant income received to date that has not yet been released to the Income and Expenditure Account.
TOTAL LONG TERM LIABILITIES	(41,606)	(53,302)	(11,696)	
TOTAL NET ASSETS	6,063	6,231	168	
CAPITAL & RESERVES				
Share Capital	0	0	0	
Revenue Reserves				
Accumulated Surplus brought forward	6,063	6,063	0	Reserves will increase by a budgeted surplus of £168k.
Surplus for Period	0	168	168	
	6,063	6,231	168	
TOTAL CAPITAL & RESERVES	6,063	6,231	168	

Rural Stirling Housing Association Ltd
Annual Budget
2021/22
Financial Ratios / Indicators

	Annual Budget 2018/2019	Annual Budget 2019/2020	Annual Budget 2020/2021	Annual Budget 2021/2022
Interest Cover Adjusted (Indicates ability to pay loans by Cash from normal activities)	150.7%	115.8%	140.0%	-90.3%
Gearing (Indicates debt as a proportion of reserves and grants)	32.1%	28.3%	28.7%	27.6%
Quick Ratio (Indicates the solvency of the Association)	1.6	1.3	1.1	2.4
Net Surplus/(Deficit) (Indicates operating performance as a % of income)	17.0%	22.7%	20.9%	21.9%
Staff Costs/Turnover (Indicates staff costs as a % of income)	28.1%	26.1%	26.8%	28.1%
Management and Maintenance Admin Costs (Per Unit)	1,574	1,567	1,640	1,726