

Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Summary Income & Expenditure Account

	Approved Budget 2022/2023	Projected Outturn 2022/2023	Annual Budget 2023/2024	Notes
	£'000	£'000	£'000	
Income				
Gross Rent & Service Charges	3,143	3,143	3,364	
Less Voids & Bad Debts	(70)	(70)	(67)	
Net Rent & Service Income Receivable	3,073	3,073	3,297	
Other Housing Income	7	7	7	
Other Income	1,110	1,121	1,209	
Total Income	4,190	4,201	4,513	See notes on Income Detail page. Pg 2
Expenditure				
Staffing Costs	(881)	(863)	(910)	
Direct Landlord Costs	(3,570)	(3,352)	(2,987)	
Direct Service Costs	(78)	(83)	(92)	
Overheads & Other	(334)	(327)	(330)	
Total Expenditure	(4,863)	(4,625)	(4,319)	See notes on Expenditure Detail page. Pg 3
Capitalised Component Replacement	1,341	1,190	613	Expenditure transferred to Balance Sheet as capital.
Operating Surplus	668	766	807	
Interest Earned	7	4	15	Interest receivable has been calculated on a return of 0.50% based on monthly balances throughout the year.
Interest payable and similar charges	(522)	(566)	(670)	Interest payable is now based on the bank UK BASE rate being 4.25% and the SONIA rate being 4.25% for the full duration of the year. The current Bank of England Base Rate is 4.00%. It is currently forecasted that SONIA/BASE will reach around 4.5% in mid 2023 reducing to 3.25% in 3 years time and that the BOE will be reluctant to put interest rates up vastly beyond this due to recession worries.
Other Finance Charges	(2)	(2)	(3)	Amortisation of £55k loan arrangement fee on £5.5m BOS loan, written off over the 25 year term of the loan. Plus budgeted arrangement fees of £30,000 on new finance drawn down in the year of £3m over 25 years.
Finance Costs	(517)	(564)	(658)	
Other Development Costs	0	0	0	No development related costs through I&E budgeted.
SURPLUS FOR THE YEAR BEFORE FAIR VALUE ADJUSTMENTS	151	202	149	
Movement in FV of Financial Instruments	50	50	8	Estimated movement in value of derivative. This is a non cash movement.
SURPLUS FOR THE YEAR	201	252	156	
Transferred to Accumulated Surplus	201	252	156	

Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Detailed Income Sheet

	Approved Budget 2022/2023	Projected Outturn 2022/2023	Annual Budget 2023/2024	Notes
	£'000	£'000	£'000	
Net Receivable Rent & Service Charges				
Gross Rent	3,134	3,134	3,354	Rents have been increased by 5.6%. The increase in income includes a full year for 9 units offsite at Kippen & 11 months for 4 unit at Strathblane. It excludes rents from Buchanan St (14 units) & Lampson Rd (9 units) which are both anticipated to start generating rents from 24/25.
Less Voids	(31)	(31)	(25)	Budget has been set at 0.75% of gross Rents (in line with prior year workings).
Net Rent Receivable	3,103	3,103	3,329	
Gross Services Charges	9	9	10	Service charges are in line with prior year.
Less Voids	0	0	0	Budget has been set at 0.75% of gross Service Charges (in line with prior year workings).
Net Service Chrg Receivable	9	9	10	
Less Bad Debts	(39)	(39)	(42)	Budget has been set at 1.25% of gross rents & service charges, in line with prior year assumption. The Association usually performs within this figure.
Total Net Receivable	3,073	3,073	3,297	
Other Housing Income				
Stage 3 Allowances	4	4	4	This is an estimate of the administration allowance claimable on the Stage 3 Adaptation grant awarded being 10% of claims made.
Factoring Income	3	3	3	Small number of factored properties.
Other Housing Income	7	7	7	
Other Income				
Grants Released from Deferred Income	1,026	1,038	1,123	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 2023/24. The increase on the prior year actual results is largely due to the new units.
Other Grant Income	38	38	38	Stage 3 adaptation grant income.
Income from Subsidiary	29	29	31	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	17	17	This is mainly income from solar panels.
Total Other Income	1,110	1,121	1,209	
Total Income	4,190	4,201	4,513	

Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Detailed Expenditure Sheet

	Approved Budget 2022/2023 £'000	Projected Outturn 2022/2023 £'000	Annual Budget 2023/2024 £'000	Notes
Staffing & Agency Costs				
Gross Salaries	693	683	738	5.25% EVH salary uplift agreed. New restructured Finance Services post and 1 new Housing Services post.
NI & Pension Costs	134	130	140	Employers NIC costs now back down to 13.80% and Employers Pension contribution at 9%.
Salaries included in Development Spend	(15)	(29)	(25)	Clerk of Works fee covered by HAG funding - to be monitored going forward - based on most recent expected timing of development programme. 50% of staff costs assumed.
Staff Travel and Training	33	24	25	Mileage/travel claims for staff, staff training and conference costs along with the staff away day have all been revised down in line with September 22 forecast. Clear message to all staff to scale back as much as possible.
Other Staff & Recruitment Costs	36	48	32	Allowance for one recruitment exercise. Staff professional subscriptions and life insurance is also included.
Agency - Finance Services	0	7	0	No cost expected in 23/24 as new Finance Manager should be in place.
Staffing & Agency Costs	881	863	910	
Direct Landlord Costs				
Reactive Repairs	270	270	300	Based on actual historic costs per unit plus an element for inflation and after allowing for stock additions in year. Budget was increased by a further 10% to reflect increasing costs.
Void Repairs	70	70	78	Budget remains prudent as these costs are out with our control.
Planned Repairs	242	146	180	This represents the proposed planned maintenance programme as prepared by the Asset Management team: cyclical maintenance and planned major repairs.
Stage 3 Adaptations	38	38	38	Estimate of Stage 3 adaptation works based on prior years.
Component Replacement	1,341	1,190	613	Deferred 22/23 Windows and doors are now in 23/24 and the other major component expenditure is for electrical storage heaters. Lower cycle of costs than former years.
Depreciation	1,548	1,581	1,709	The charge is based on the actual depreciation charge per the 2022 annual accounts, plus an additional sum for components added in 22/23 & 23/24, plus an estimated depreciation charge for the new units completed 22/23 & 23/24.
Property Insurance	39	39	47	Includes buildings insurance costs 22/23 uplifted by 19.4% - being the rate of increase anticipated by external brokers.
Other Direct Landlord Costs	22	18	22	Housing Management legal fees on recovery of rents, tenant compensation claims estimated, sundry void costs and miscellaneous estate costs. Reduced allowance for legal fees and compensation claims based on year to date spend.
Direct Landlord Costs	3,570	3,352	2,987	
Capitalised Component Replacement	(1,341)	(1,190)	(613)	Spend on component replacement transferred to balance sheet.
Service Costs				
Factoring Costs	1	1	1	Factoring costs incurred (title searches, fees etc.)
Services - Landscape	62	63	73	
Services - Furniture	2	1	1	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 reflects uplift in electricity supply costs along with expected inflationary increase going forward.
Services - Factoring	3	2	2	
Services - Other	10	16	16	
Service Costs	78	83	92	
Overheads and Other				
Office Running Costs	43	43	46	This includes rates, heat & light, insurance and cleaning. Repairs costs are also included. An <u>uplift</u> has been applied to rising heating costs for the office and office cleaning costs have been <u>reduced</u> based on new hybrid working model.
Communications	72	70	62	This includes costs for telephone, post and stationery, photocopier costs, scanning and cloud based storage, publications, affiliation fees and publicity and advertising.
Furniture & Equipment	83	76	84	This budget is for various forms of IT and the associated support. This includes a general software support, SDM 100% increase in costs, MS Office, and anti-virus software. It also includes a budget of £2.5k to explore the SDM MyHome function. The new HR time management system (Kelio) has been delayed into 23/24 and is now capitalised so has been removed from expenditure. Includes cost to obtain Cyber Essentials Plus of £5
Audit & Professional Fees	62	74	62	This includes bank service charges, increased internal and external audit fees, legal and professional fees and consultancy fees. No major valuations expected in 23/24.
Members Expenses	20	20	20	This includes Board travel and training/conference expenses, meeting expenses, Board governance and appraisal support, recruitment and the expected cost of the AGM.
Other Association Expenses	19	6	16	Sundry office expenses, tenant participation costs and Community Fund. Note that Tenant Participation and the Community Fund costs have been scaled back.
Depreciation - Other Fixed Assets	35	38	40	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	334	327	330	
Total Expenditure	3,522	3,435	3,706	

Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Cash Flow

	Forecast £	Notes
Projected Cash Balance 1 April 2023	3,037	Forecasted opening cash position.
Cash Income & Expenditure		
Rental Income Received	3,285	
Other Income Received	54	
Cash Income	3,339	
Salaries & Other Staff Costs	(910)	
Housing Repairs & Maintenance	(558)	
Other Expenditure	(449)	
Cash Expenditure	(1,917)	
Cash Inflow from Operating Activities	1,422	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	(661)	This is the total of Interest Earned and Interest Paid - see page 1.
Inflow from Sale of Houses	0	
Cash From Trading Activities	761	Cash Inflow from Operating Activities less Net Interest Paid
Assets Acquisitions & Financing		
House Acquisitions and Improvements, net of Grants	(2,829)	The cost of all developments, component additions and shared ownership buybacks less grant funding and sales.
Other Asset Acquisitions net of Grants	(10)	Estimated investment in IT and other office assets.
Loan Financing net of Repayments	2,454	Loan drawn down less capital repayments in year.
Development expenditure not capitalised	0	No such costs expected this year.
Movement on debtors and creditors	2	Assumed similar opening and closing position.
Acquisitions less Financing	(383)	Cash inflow from loan finance drawn, less investment in development and office assets
Net Cash Flow	377	Net cash outflow for the year.
Closing Cash Balance at 31 March 2024	3,415	Estimate of closing cash position based on revised forecast.

Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Statement of Financial Position ("the Balance Sheet")

	Projected Balances			Notes
	31-Mar-23 £'000	31-Mar-24 £'000	Movement £'000	
FIXED ASSETS				
Housing Properties				
Historic Cost	71,986	84,522	12,536	This is mainly the spend on development projects (Balmaha, Drymen, Killearn & Buchanan Crec) along with component additions in year.
Less: Depreciation	(19,754)	(21,463)	(1,709)	Estimated depreciation charge as detailed in the expenditure account.
Net Housing Properties	52,233	63,060	10,827	
Other Fixed Assets				
Historic Cost	1,110	1,120	10	Investment in IT and office equipment.
Less: Depreciation	(228)	(268)	(40)	Estimated depreciation charge as detailed in the expenditure account.
Net Other Assets	882	852	(30)	
TOTAL NET FIXED ASSETS	53,115	63,911	10,797	
CURRENT ASSETS				
Rent Arrears				
Rent Arrears	170	182	12	Gross rent arrears estimated at 31 March 2024.
Less Provision for Bad & Doubtful Debts	(82)	(82)	0	
Net Arrears	88	100	12	
Development Debtors	178	178	0	Accrued grant income for Stage 3 Adaptations and HAG due on development projects at year end (estimated).
Other Debtors	78	78	0	This includes expenditure items prepaid e.g. subscriptions and affiliation fees, along with recharges debtor balance.
Cash & Bank	3,037	3,415	378	Expected cash movement in year - see cashflow workings. This decrease reflects the investment in both the development programme and planned maintenance of existing stock. No new loan finance is required in the year.
TOTAL CURRENT ASSETS	3,382	3,771	390	
CURRENT LIABILITIES				
Rental Prepayments	(132)	(132)	0	Rent receipts received in advance - estimated.
Development Creditors	0	0	0	Estimate of grant repayable.
Deferred Income & Other Creditors	(1,065)	(1,065)	0	Estimate of closing creditors including accruals.
Loan Creditors (< 12 month)	(542)	(561)	(19)	Portion of loan finance outstanding that is repayable within 1 year.
Derivative Financial Instrument (< 12 month)	(8)	0	8	Estimated reduction in trade value of derivative on £1.5m RBS loan within 1 year.
TOTAL CURRENT LIABILITIES	(1,747)	(1,758)	(11)	
NET CURRENT ASSETS	1,635	2,013	378	
LONG TERM LIABILITIES				
Loan Creditors (>12 Months)	(14,297)	(16,735)	(2,438)	Total loan finance outstanding excluding amounts due in 1 year (above).
Derivative Financial Instrument (> 12 month)	0	0	0	Estimated reduction in trade value of derivative on £1.5m RBS loan due in more than 1 year. Ends September 2023.
Deferred Grant Income	(33,819)	(42,399)	(8,581)	Grant income received to date that has not yet been released to the Income and Expenditure Account.
TOTAL LONG TERM LIABILITIES	(48,115)	(59,134)	(11,019)	
TOTAL NET ASSETS	6,634	6,790	156	
CAPITAL & RESERVES				
Share Capital	0	0	0	
Revenue Reserves				
Accumulated Surplus brought forward	6,634	6,634	0	
Surplus for Period	0	156	156	Reserves will increase by the expected surplus per the SOCI.
	6,634	6,790	156	
TOTAL CAPITAL & RESERVES	6,634	6,790	156	

Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Financial Ratios / Indicators

	Annual Budget 2021/2022	Annual Budget 2022/2023	Revised Forecast 2022/2023	Annual Budget 2023/2024	SHR Peers* 2021/22
Interest Cover Adjusted (Based on RBS covenant definition) (Indicates ability to pay loans by Cash from normal activities)	-90.3%	-27.6%	21.8%	118.6%	688.9%
Gearing (Indicates debt as a proportion of reserves and grants)	27.6%	29.5%	27.9%	27.1%	97.8%
Quick Ratio (Indicates the solvency of the Association)	2.4	2.1	1.9	2.1	n/a
Net Surplus/(Deficit) (Indicates operating performance as a % of income)	22.1%	22.8%	25.1%	21.9%	18.3%
Staff Costs/Turnover (Indicates staff costs as a % of income)	28.4%	27.9%	27.1%	26.8%	18.1%
Management and Maintenance Admin Costs (Per Unit)	1,726	1,769	1,735	1,737	1,384
Net Debt (Per Unit)	-	17,811	17,509	18,656	12,804

*Selected Peers - Dunbritton, Hjalmland, Lochaber, Shire & West Highland Housing Association Ltd

Appendix 1
Rural Stirling Housing Association Ltd
Revised Forecast
2023/24
Loan Covenants

	RBS	BOS	Nationwide
	31-Mar-24	31-Mar-24	31-Mar-24
Interest Cover			
Operating Surplus	807	807	807
Add: Housing Depreciation	1,709	1,709	1,709
Add: Impairment			
Add: Agreed RBS addback for heating 22/23	0		
Less: Grant Income Amortised	(1,123)	(1,123)	(1,123)
Less: Capitalised Component Replacements	(613)		
Adjusted	780	1,393	1,393
Net Interest Payable	658	658	658
Actual	118%	212%	212%
Minimum Allowed	110%	110%	110%
Headroom In Surplus	56	669	669
Net Worth			
Capital & Reserves			
Housing Properties Historic Cost	84,522		
Grants			
Net Worth	84,522	N/A	N/A
Loans < 1 Year	561		
Loans > 1 Year	16,809		
Gross Borrowings	17,370	N/A	N/A
Actual	21%	N/A	N/A
Maximum Allowed	40%	N/A	N/A
Headroom In Gross Borrowings	16,439	N/A	N/A
Asset Cover			
Value of Security	11,025	10,265	3,372
Total Loans per Lender	7,072	9,029	1,269
Actual	156%	114%	266%
Minimum Allowed	125%	100%	110%
Headroom In Loans per Lender	1,748	1,236	1,796
Debt Per Unit			
Number of Units (714)		1	
Gross Borrowings		17,370	
Less Cash Held in Bank		(3,415)	
Net Debt		13,955	
Debt per Unit	N/A	20	N/A
Maximum Allowed	N/A	25	N/A
Headroom In Loans per Lender	N/A	3,895	N/A