

Appendix H – Business Case / Financial Analysis - Savings

Introduction

This appendix details the process for identifying and tracking the delivery of both savings and efficiency opportunities within the HRA and proposes a list of savings and efficiencies to be delivered in 25/26.

Background

1. It is a legal requirement for BCC to prepare a balanced Housing Revenue Account budget each year. The ability to produce a balance budget for 25/26 is dependent on the delivering £8m in revenue savings. The historic existence of significant financial reserves in the HRA has not required a focus on expenditure and the need for annual efficiencies. This has now changed with a forecast of £36m of reserves being used during 2024/25 and the need to identify £8m of revenue efficiencies during 2025/26 and £10m in 2026/27. Furthermore, given the future 'Headwinds' facing the HRA (E.g. limited increase in rent, additional legislation compliance requirements, increasing demand, etc), there will be a need for the HRA to increase its efficiency.

2025/26 Efficiency Register

2. HSLT and HRA Saving Review Group have reviewed the revenue efficiency and savings opportunities listed in Table 1 below. The identified £8m will be sufficient to balance the HRA budget for 25/26, with any further savings requirements being addressed using the proposed process below.

Table 1. 2025/26 Efficiency & Saving Register

Saving	Budget £'000	Saving £'000
Prioritise critical works at the end of a tenancy to shorten relet times	£12,423	£1,863
Reduce the use of agency staff (non-Repair & Maintenance)	£2,640	£1,782
We are committed to moving to a five-year programme of electrical re-inspections. This transition will now happen at a reduced pace over three years whilst still meeting our statutory requirements	£3,543	£706
Removal of non-critical back-office vacant posts from the establishment	£14,500	£363
Review of expenditure on the materials needed for works to increase the efficiency of procurement and reduce spend	£16,382	£350
The Housing Revenue Account has been subsidising the Local Crisis Prevention Fund which supports people in financial crisis. This subsidy from the Housing Revenue Account will be withdrawn and the scheme will continue operating under the remaining funding to support residents	£350	£350
Introduce drone surveys to reduce the need for scaffolding when investigating roofing issues and introduce specialist contract support to reduce general contractor costs for scaffolding	£16,382	£346
Introduce better budget controls for discretionary spend to ensure efficient management of budgets and reduce spend	£4,000	£320

Saving	Budget £'000	Saving £'000
Develop a planned programme of works for the external upkeep of homes and buildings, reducing the need for costly reactive works	£16,382	£300
Council non-stock assets are currently inspected on a one-year cycle. This will be reduced to a two-year cycle	£589	£295
Develop a planned programme of works for the internal upkeep of homes and buildings, reducing the need for costly reactive works	£16,382	£250
Enable more robust and timely insurance claim progression to ensure that the service is claiming back on insurance claims when needed	£16,382	£200
Invest in our vehicle fleet to increase Clean Air Zone compliance and review contract management on existing fleet contracts for efficiency	£2,200	£171
We have increased proactive engagement with residents who have debts. This has reduced costs related to court action and debt recovery	£370	£150
Review of contracting arrangements to enable improved drainage management and ensure that contracts are managed efficiently	£16,382	£120
The cost of electrical maintenance in communal areas and generator sites is now being funded through revenue	£783	£108
Manage agency staff and vacancies more effectively to reduce dependence on agency staff	£8,119	£100
Other savings	£7,661	£262

Efficiency & Saving Process

3. The identification and implementation of efficiency & savings opportunities needs to become Business-As-Usual (BAU) within the HRA to enable value for money to be delivered going forward. It is likely the efficiency delivery will be uncertain at the start of the process, and this will need to be mitigated with a large number of opportunities being identified to fill the 'Efficiency and Saving Funnel'. To commence this transition to BAU, the following approach will be implemented during 2025/26:
 - a. Heads of Service are required to annually identify efficiency opportunities that equate to 5% of their annual budget. The identifying Head of Service will become the sponsor for the efficiency opportunity.
 - b. Periodic communications to the wider HRA employees requesting further efficiency opportunities.
 - c. A Senior Asset Manager role in Asset Management will be used to scope and monitor the opportunities identified by the Heads of Service and others. They will work with Finance to assess the opportunity using the Service Value Framework and then monitor the delivery of the opportunities.
 - d. The Efficiency Register will be used to record all the opportunities identified. R1 and R2 forms will be generated for the opportunities with a delivery probability greater than 40%.

- e. An HRA Saving Review Group will be setup and meet periodically to review the proposed R1 and R2 forms. This is the same approach being used by the General Fund. The group will be made up of a mixture of internal and external HRA representatives. The administration of the Group will be delivered by the Senior Asset Manager role.
- f. The Efficiency Register is reported on monthly as part of the Financial Reporting. This will include updates on the confidence of the opportunity being delivered.

Risks

- 4. The risks and associated mitigation measures for the efficiency/savings management are listed in Table 2 below. These risks will be managed by the Senior Asset Manager role in Asset Management as part of the Efficiency & Saving Register management.

Table 2. Risk Register for the efficiency/savings management.

Risk/Issue	Mitigation
Insufficient efficiency opportunities are identified and realised to meet the balanced budget target.	Everyone in the HRA should be encouraged to propose recommendations for generating efficiencies. This will ensure sufficient opportunities enter the 'funnel' and increase probability of the savings being delivered.
The occurrence of un-intended financial & non-financial consequences from implementing the efficiency initiative.	The Service Value Framework will be used to assess the impact of each efficiency opportunity, and it will be assessed by a Saving Review panel. This will increase the probability of identifying all the consequences associated with the opportunity.