

Appendix A5

Bristol City Council - HRA

2018/19 – Budget Monitor Report

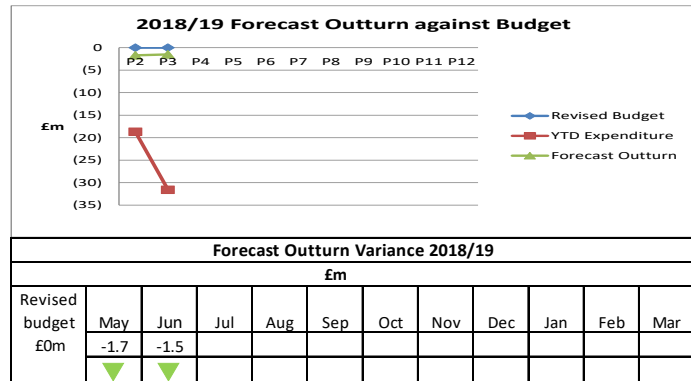
P3

a: 2018/19 Summary Headlines

	Revised Budget	Forecast Outturn	Outturn Variance
P2	£0m	£(1.8m)	£(1.8m)
P3	£0m	£(1.5m)	£(1.5m)

b: Budget Monitor

1. Overall Position and Movement



2. Revenue Position

Revenue position by category	2018/19 Revised Budget £m	Forecast Outturn @ P3 £m	Forecast Variance @ P2 £m
Income	(119.910)	(119.574)	0.060
Repairs & Maintenance	32.092	31.754	(0.256)
Supervision & Management	27.250	26.624	(0.804)
Special Services (Rechargeable)	8.555	7.873	(0.674)
Rents, Rates, etc	1.874	1.864	(0.098)
Capital Funded from Revenue, Interest and Depn	50.138	49.980	-
(Surplus)/Deficit on the HRA	(0.001)	(1.479)	(1.772)

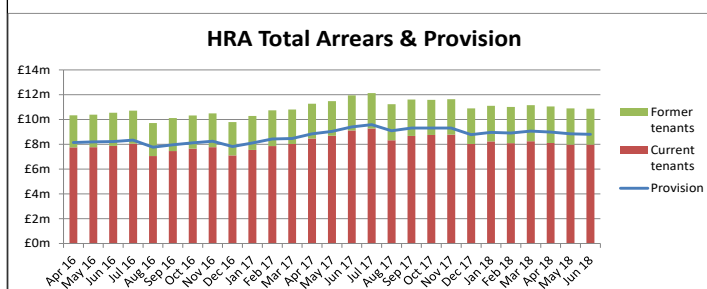
4. Key Messages

Overall a forecast surplus of £1.5m forecast at P3 a slight reduction of £0.3m compared to P2, explanation of key variances is as follows:

- Repairs & Maintenance – lower forecast spend on mechanical and electrical maintenance as a result of benefits of new contract being realised (£473k) offset by an increased forecast spend on stair lift repairs (£181k)
- Supervision and Management - There are a number of vacancies across the HRA that are proving difficult to fill, the current forecast reflects a similar level of vacancies to remain for the whole of year.
- Special Services – There are a number of rechargeable services including district heating and communal amenities that are forecasting an underspend at this point in the year. There is a review of service charges underway that may lead to a reduction in charges to tenants; once the review has been completed any adjustments to income will be made.

There is an action plan in place that has reviewed all aspects associated with the reported HRA surplus for 2017/18 to ensure that there is no repetition of the large unforeseen movements.

3. Debt Position



c: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
Implementation of Universal Credit	Changes to rent policy and welfare benefit reform reducing income, Universal credit full service roll out from June and September 2018, to estimated 1500 tenants.	Estimated impact on rent arrears of between £32k to £200k	Universal Credit response plan including raising awareness of change for tenants, developing assessment of readiness and identification of tenants needing support to get ready or make transition. Income Collection Policy being reviewed to promote rent first approach which will reset rent payment culture for tenants, staff and partnership agencies. Joint cross service steering group for continuing development and delivery of corporate UC response action plan.
Impact of Grenfell enquiry outcomes	Additional works as a result of Grenfell enquiry outcomes, or the outcomes of independent fire safety checks on clad blocks; public /political pressure to install sprinklers.	Lack of ability to deliver planned services, requirement to cut spending plans / reduce services, impact on New Build programmes	Need to retain flexibility in capital programme to meet outcomes of Grenfell enquiry that does not result in disruption to the rest of the programme.
Repayment of Right to Buy Receipts	Lack of any forward plan to use RTB receipts	Loss of funding to support capital investment in new stock	Develop a forward programme to utilise RTB receipts thereby reducing the amount to be repaid. This responsibility is shared with the Housing Delivery Team as they are responsible for new build. There is a remaining requirement for the Strategic Director for Communities to be informed about spend and to support the planning of the spend.

d: Capital

		Current Year (2018)				Performance to budget	
Gross expenditure by *Programme & Scheme		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
* Programmes may cross division. The data below relates to the named division only		£000s				%	
13612	Capital - Professional Charges - Planned	752	0	752	0	0%	100%
13613	Capital - Professional Charges - SP&G	841	0	841	0	0%	100%
13614	Capital - Capitalised Works	3,754	(223)	3,647	(107)	-6%	97%
13615	Capital - Disabled Adaptations	1,854	374	1,854	0	20%	100%
13616	Capital - Investment In Blocks - Planned	9,645	396	8,972	(673)	4%	93%
13618	Capital - Miscellaneous Schemes	236	16	206	(30)	7%	87%
13619	Capital - Neighbourhood Investment Projects	600	(100)	600	0	-17%	100%
13620	Capital - New Build / Land Enabling Works	15,925	1,832	15,875	(50)	12%	100%
13621	Capital - Planned Programme	13,449	1,279	11,180	(2,268)	10%	83%
14595	Capital: New Housing Management System	0	0	0	0		
HRA1	Housing Revenue Account (HRA)	47,056	3,575	43,928	(3,128)	8%	93%

Key Messages

- Blocks: £0.7m forecast underspend due to: Communal Rewire budget £500k set aside for possible additional emergency lighting works as part of our contingency planning post Grenfell- not yet clear we will need to spend this. Also £1m repairs to cladding set aside, and most -£650k- may not be needed until next year after we know the results of the independent checks; also major works to blocks projects - some carried forward from last year due contractors and winter causing delays resulting in overspend offset by some delayed starts leading to less budget required this year. Delays due to lengthy approval / tendering difficulty, lengthy approvals process, and staff issues.
- Planned Programme- forecast underspend by £2.2m due to: one large external maintenance project now subject to option appraisal and poss start next year (Vincent close) £960k; there are reduced programme numbers needed for kitchen installs £604k and heating installs £900k, in addition the new heating contract is costing 10% less whereas 10% increase in costs was budgeted hence there is a saving. This is offset by an increase in rewires needed of £246k.

e: Key Activity Data

The content of this section is being developed. The HRA only recently rejoined the Housemark benchmarking club and will be undertaking a benchmarking on 2017/18 outturn expenditure and activity. Once the information becomes available from the benchmarking work this will be included in future reports.

The table overleaf sets out the current and projected position with respect to Right to Buy Receipts. At the end of last financial year the closing balance was £22.8m after repaying £3m and using £3.6m to fund expenditure. It is estimated that a further £13m of new receipts will be generated in year where it is anticipated that use £4.7m to fund expenditure on that basis it is not expected that we will need to repay anything to MHCLG. For 2019/20 onwards financial modelling suggests that there is a significant risk that without increasing expenditure a large amount of RTB receipts will be repaid. Plans are being developed to increase expenditure to utilise RTB receipts and minimise any repayment. At the same time there is a current consultation from MHCLG on the use of RTB receipts which gives some hope that reforms to the system will allow increased levels of retention.

Right to Buy Receipts Summary Position

Financial Year	Opening Balance £	New Receipts £	Used to fund expenditure £	Repaid to Gov £	Closing Balance £	Interest to Gov £
2012/13	-	2,081,735	-	-	2,081,735	-
2013/14	2,081,735	3,324,196	24,503	-	5,381,428	-
2014/15	5,381,428	6,591,859	131,919	-	11,841,368	-
2015/16	11,841,368	4,583,585	1,615,246	310,067	14,499,640	44,549
2016/17	14,499,640	8,067,841	2,704,835	619,361	19,243,285	88,147
2017/18	19,243,285	10,171,204	3,628,940	2,962,919	22,822,630	415,290
2018/19	22,822,630	13,147,897	4,710,000	-	31,260,528	-
2019/20	31,260,528	10,888,121	3,630,000	4,311,426	34,207,223	608,507
2020/21	34,207,223	11,713,322	2,940,000	7,231,204	35,749,341	1,038,448
2021/22	35,749,341	12,543,074	2,880,000	10,267,897	35,144,518	1,475,234
2022/23	35,144,518	13,399,083	3,060,000	7,828,121	37,655,480	1,124,701

The position for 2018/19 onwards is based on current modelled assumptions to new receipts and expenditure