

**Appendix A5**  
**Bristol City Council - HRA**  
**2018/19 – Budget Monitor Report**

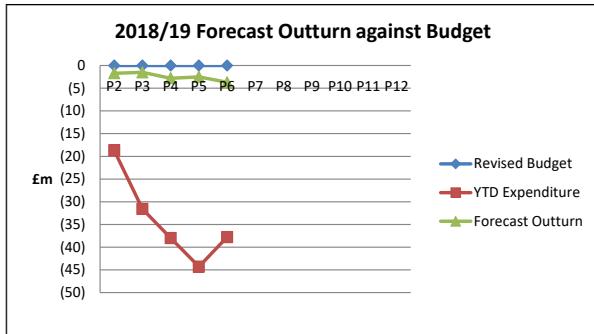
P6

**a: 2018/19 Summary Headlines**

Revised Budget	Forecast Outturn	Outturn Variance
P5 £0m	(£2.5m)	(£2.5m)
<b>P6 £0m</b>	<b>(£3.7m)</b>	<b>(£3.7m)</b>

**b: Budget Monitor**

1. Overall Position and Movement

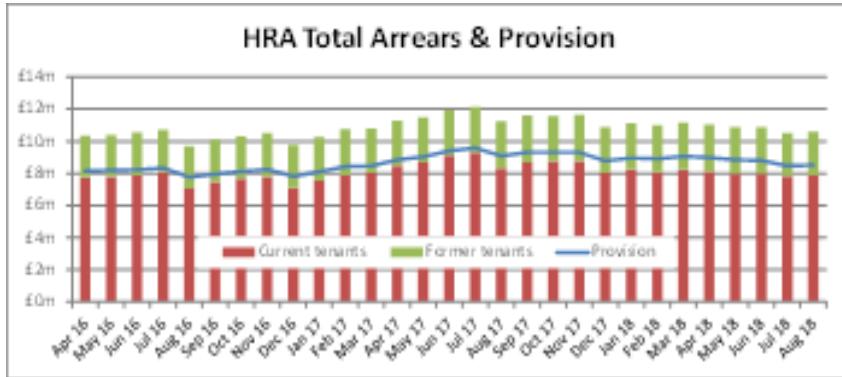


2. Revenue Position

Revenue position by category	2018/19 Revised Budget £m	Forecast Outturn @ P6 £m	Forecast Variance @ P5 £m	Forecast Movement P5 to P6 £m
Income	-120.025	-121.024	-119.672	-1.352
Repairs & Maintenance	32.092	30.557	30.600	-0.043
Supervision & Management	27.408	26.916	26.895	0.021
Special Services (Rechargeable)	8.555	8.051	7.887	0.164
Rents, Rates, etc	1.874	1.868	1.864	0.004
Capital Funded from Revenue, Interest and Depn	49.980	49.980	49.980	0.000
(Surplus)/Deficit on the HRA	-0.116	-3.652	-2.446	-1.206

Forecast Outturn Variance 2018/19											
Revised budget £0m	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	(1.7)	(1.5)	(2.8)	(2.5)	(3.7)						
	▼	▲	▼	▲	▼						

3. Debt Position



Arrears to the end of August remain at c£10.6m with a provision of £8.5m to account for any doubtful debt.

4. Key Messages

Overall a forecast surplus of £3.7m forecast at P6 a decrease of £0.3m compared to P5 explanation of key variances is as follows:

- Income – Forecast increase of £1.4m. Comprises an increase in rental income of £1.7m where the forecast to date was based on 26,282 properties where the year to date average is 26,563 properties offset by an increase in loss of income from voids of £0.3m
- 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. At P6 there is a small increase in forecast costs. There is a review of service charges underway that may lead to a revision 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.

## c: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
<b>Implementation of Universal Credit</b>	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.
<b>Impact of Grenfell enquiry outcomes</b>	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.
<b>Repayment of Right to Buy Receipts</b>	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

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
<b>£47.0m</b>	<b>£47.0m</b>	<b>£12.1m</b>	<b>£39.2m</b>	<b>(£8.9m)</b>
		26% of budget 30% of forecast	83% of budget	

	Gross expenditure by *Programme & Scheme	Current Year (2018 )				Performance to budget
		Budget	Expenditure to Date	Forecast	Variance	
		£000s			%	
13612	Capital - Professional Charges - Planned	752	0	752	0	100%
13613	Capital - Professional Charges - SP&G	841	0	801	(39)	0% 95%
13614	Capital - Capitalised Works	3,754	635	3,833	79	17% 102%
13615	Capital - Disabled Adaptations	1,854	887	2,164	310	48% 117%
13616	Capital - Investment In Blocks - Planned	9,645	1,209	7,529	(2,116)	13% 78%
13618	Capital - Miscellaneous Schemes	236	25	206	(30)	11% 87%
13619	Capital - Neighbourhood Investment Projects	600	107	600	0	18% 100%
13620	Capital - New Build / Land Enabling Works	15,925	5,238	12,175	(3,750)	33% 76%
13621	Capital - Planned Programme	13,449	4,032	10,065	(3,384)	30% 75%
14595	Capital: New Housing Management System	0	0	1,100	1,100	
HRA1	Housing Revenue Account (HRA)	47,056	12,133	39,226	(7,830)	26% 83%

## Key Messages

The reasons for the current capital underspend are detailed below. Overall, the service will be taking a more strategic approach going forward. Savills have been commissioned to give advice on the investment programme and business plan allowances for investment to enable better budget setting. This will take place over the coming weeks and will impact next year's budget setting process.

The main reasons for the forecast variances at P6 are due to:

- Adaptations £0.3m forecast overspend, this is a demand led area. A policy review is underway for this service.
- Blocks - £2.1m 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 required for this year. £1m set aside for repairs to cladding, where £650K may not be needed until next year after the results of the independent checks are known.
- Major block Refurbishment projects - some carried forward from last year due to contractors' performance and winter causing delays in last year's programme resulting in overspend this year. These additional costs have been offset by some delayed starts leading to less budget required this year, contractor delays in signing contracts and performance bond issues. Delays have been incurred due to tendering difficulties, lengthy approvals process, and staff issues. We have applied the experience at Spencer and Norton (now started on site) to forecast spend on Polden and Gaywood projects now out to tender / going out to tender. We will use the recent experience gained when setting future budgets.
- Planned Programmes - £3.8m forecast underspend due to (a) £1.5m underspend relating to Kitchen installs - change in contractor who will now only be providing a lower number of kitchen replacements before contract ends and new contractor takes over (current contractor supply chain leaving), plus there may be mobilisation issues. There is a reduced need for replacement kitchens / reduced number due and so this enables us to realise savings. (b) There is £0.9m underspend in heating installs - new contract is now at a lower price than envisaged when setting the budget, fewer numbers are expected to be completed, with hard to access properties causing some delays. (c) External maintenance £960k underspend: one large external maintenance project subject to option appraisal and will now start next year (Vincent Close);
- New Build (£3.4m) forecast underspend due to unforeseen environmental issues on the Alderman Moores site.