

a: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance	Of which :	
				COVID	Non COVID
<b>P03</b>	<b>£0.0m</b>	<b>(£0.1m)</b>	<b>(£0.1m) Underspend</b>	<b>£5.0m</b>	<b>(£6.0m)</b>
<i>P02</i>	<i>£0.0m</i>	<i>£0.0m</i>	<i>£0.0m</i>	<i>£5.0m</i>	<i>(£5.0m)</i>

Forecast Outturn Variance by month £m									
May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(0.0)	(1.0)								
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Revenue Position – Income and Expenditure

	2020/21 - Full Year		
	Revised Budget £M	Revised Outturn £M	Revised Outturn Variance £M
<b>HOUSING REVENUE ACCOUNT</b>			
Income	(121.4)	(123.3)	(2.0)
Repairs & Maintenance	32.5	30.2	(2.3)
Supervision & Management	31.1	29.5	(1.7)
Special Services	9.7	9.7	0.0
Rents, rates, taxes and other charges	1.2	1.2	0.0
Depreciation, Revenue Funded Capital, Interest Payable and Bad Debt Provision	46.8	51.8	5.0
<b>Surplus / Deficit on the HRA</b>	<b>(0.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>

Key Messages

HRA is currently reporting a forecast underspend of £1.0m for 2020/21 with additional provision being made in the P3 forecast for potential increase in rent arrears due to COVID. HRA is a ring-fenced budget; any COVID pressures may be offset by in-year underspends due to delays in recruitment plans, the repair and maintenance programme and capital programme. The HRA reserve is also available which will enable the budget to be delivered with any in-year emergent pressures.

The forecast COVID impact on HRA ring fenced account is £5m in 2020/21. Since the beginning of the government’s social distancing measures, the Council had seen a marked increase in the level of rent and service charge arrears, as well as an increase in the number of claimants for Universal Credit. The % rent in arrears has been at the rate of 6.8% increase week on week.

Not included in the figures above is the impact on the Council’s new homes delivery programme. The delay in construction, the disruption of the global supply chain and the social distancing measure on site after reopening will all impact on the building speed. It is estimated that a slippage of the programme around £15m for the year is to be expected. The development of new homes can utilise Right to Buy (RTB) receipts to fund 30% of their costs so any slippage increases risk of these receipts expiring and being required to be

repaid to Government. A £15m reduction in development cost would put £4.5m of receipts at risk of having to be repaid to MHCLG if the receipts are not utilised within a certain time-frame although there may be an opportunity to increase the amount set aside for acquisitions.

For the time being no in year adjustment of spend for 2020/21 is required for HRA related budgets although this position will be monitored in the context of the issues raised above. The forecast underspend if it materialises will be transferred to the HRA reserve.

## b: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
<b>Implementation of Universal Credit (UC) and increased number of claimants following Covid</b>	UC continues to be a risk with increased monthly migrations increasing by around 200	Arrears for this group increasing-increase in claimants over 9 months from 31 March 2019 by 1400 with a £1m increase in UC arrears	New UC Team Leader role Focussed day to day case work Use of Managed Payments All team training on UC management Closer working with DWP and issue log developed
<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.	This could cost up to £25m if a complete programme is required.	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>Zero Carbon Target</b>		May be required to retro fit and ensure compliance for new builds.	City Leap may enable innovative solutions and funding to be identified.
<b>Increase in income arrears and unable to spend Right to Buy receipts within designated timeframe</b>	Impact of Covid -19 social distancing and economic disruption	Impact on the ability to development new stock and to progress the Housing Investment Programme	Monitor impact of Covid on 2020/21 budget and 30 year business plan and develop action plan for recovery including use of Rentsense to target arrears
<b>Covid Second Wave / further lockdown or access issues to properties following Covid</b>		Further delay to planned work programme	Continue to develop safe working practices maintaining social distancing, reprioritise work that can be done

## c: Capital

<b>Approved Budget</b> <b>£83m</b>	<b>Revised Budget</b> <b>£83m</b>	<b>Expenditure to Date</b> <b>£3.4m</b> 4% of Budget	<b>Forecast Outturn</b> <b>£56.5m</b> 68% of budget	<b>Outturn Variance</b> <b>(£26.5m)</b>
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Project	Project Description	Delivery RAG	Cost RAG	Current Year (2020)			
				Budget	Expenditure to Date	Forecast	Variance
£000s							
<b>Housing Services Capital - Housing Revenue Account</b>							
P13621-1002	Heating Partnerships - Installs	AMBER	RED	2,264	147	1,464	(800)
P13621-1006	Planned Programme – Kitchen Contract	RED	RED	3,804	34	550	(3,254)
P13621-1007	Planned Programmes – Rewires Contract	RED	RED	668	5	124	(544)
P13621-1012	Planned Programme - Roofs Replacement	GREEN	AMBER	1,660	48	1,910	250
P13621-1013	Planned Programmes – Windows – H&HTFs	RED	RED	1,289	5	257	(1,032)
P13621-1016	Cavity Wall & Insulation	RED	RED	165	22	58	(108)
P13621-1017	External Major Repairs to Blocks	RED	RED	1,500	(34)	616	(884)
P13621-1018	Fire Door Replacement Works	AMBER	AMBER	1,237	148	901	(336)
<b>Total for HRA1 - Planned Programme - Major Projects</b>				12,587	375	5,879	(6,708)
<b>Total for HRA2 - New Build and Land Enabling</b>				43,378	1,927	28,515	(14,864)
<b>Total for HRA3 - Building Maintenance and Improvements</b>				21,026	1,114	16,436	(4,590)
P14595-1001	New Housing Management System	GREEN	GREEN	900	3	549	(351)
P15313-1001	Sandy Park Depot Improvement Projects	RED	AMBER	5,100	0	5,100	0
<b>Total for HRA4 - HRA Infrastructure</b>				6,000	3	5,649	(351)
<b>Total Housing Services Capital - Housing Revenue Account</b>				82,991	3,419	56,478	(26,513)

## Planned Programme

Underspend of £6.7m in Major Projects is due to COVID restrictions with limited access to homes for prolonged periods. The forecast is based on starting works when working arrangements can be made safe and there is now a reduction in planned activity for the year.

## New Build and Land Enabling

Forecast underspend £14.9m: It is anticipated that the budgets for pre-emptions, Housing Festival and Right to Buy purchases will all be as per budget.

Despite the negative impact of Covid-19 on the Councils ability to achieve its Housing Delivery Targets for this year, there remains a high degree of confidence that significant progress can be made. Several schemes have progressed through the planning process, to ensure that build can be commenced at the earliest available opportunity. However, as the year progresses and the status of schemes are regularly reviewed, some have been identified as at risk.

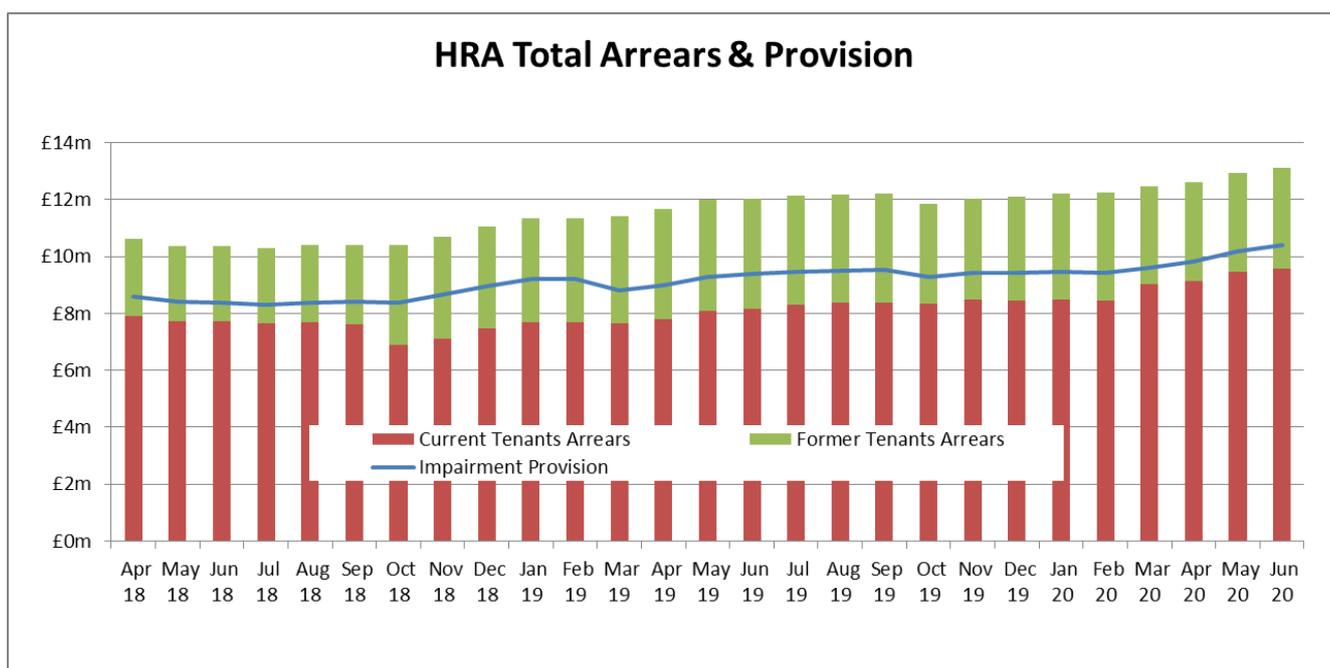
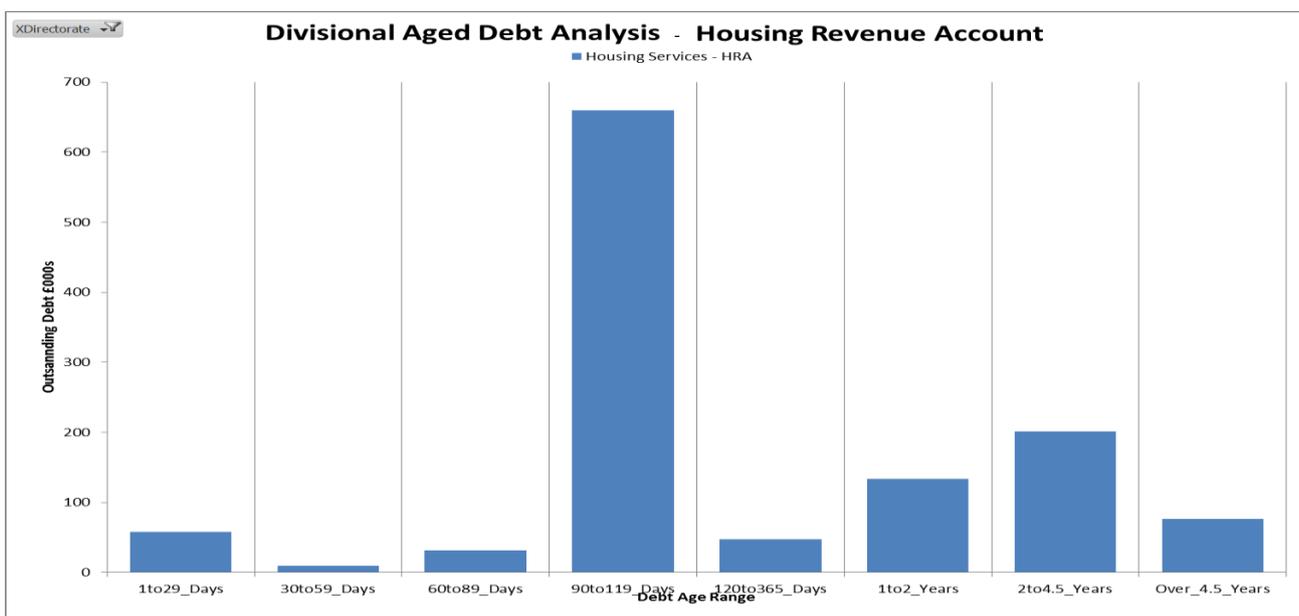
## Building Maintenance and Improvements

Forecast underspend of £4.6m: the planned work has also been affected by the pandemic, though for relets changes in standards have also impacted on the numbers and spend on kitchens, rewires and bathrooms. There is a forecast underspend on relets (£0.4m) and major adaptations of (£0.2m). There has been a delay on major refurbishments leading to a forecast underspend of (£4.0m) as tenders were not released due to the pandemic.

### HRA Infrastructure

Although the Sandy Park project is not likely to be progressed during 20/21, the budget is currently forecast to be spent as there may be opportunities to increase the number of acquisitions though this would require approval of Capital Investment Board and Cabinet.

### d: Aged Debt



Since 23rd of March, there has been a marked increase in the level of rent arrears, as well as an increase in the number of claimants for Universal Credit. The P3 forecast includes an increased provision for potential increased bad debt due to COVID.