

a: Revenue Budget Monitor

| | Revised Budget | Forecast Outturn | Outturn Variance | Of which : Covid | Non Covid |
|------------|----------------|------------------|---------------------------|------------------|----------------|
| P05 | £(0.0m) | £(1.6m) | £(1.6m) underspend | £3.0m | £(4.6m) |
| P03 | £0.0m | £(1.0m) | £(1.0m) underspend | £5.0m | £(6.0m) |

| Forecast Outturn Variance by month £m | | | | | | | | | |
|---------------------------------------|-------|-------|-------|------|-----|-----|-----|-----|-----|
| May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb |
| (0.0) | (1.0) | (0.9) | (1.6) | | | | | | |
| | ▲ | ▼ | ▲ | | | | | | |

Report:

Revenue Position – Income and Expenditure

| HRA Income and Expenditure | 2020/21 - Full Year | | | | | 2020/21 - Full Year | | | | |
|---|----------------------|------------------------|-----------------------------------|-------------------------|---------------------------------------|---------------------|-----------------------|---------------------------|-------------------------|----------------------------------|
| | Revised Budget £'000 | Current Forecast £'000 | Variance budget to forecast £'000 | Previous Forecast £'000 | Variance from previous forecast £'000 | COVID Exp. £'000 | COVID Lost Inc. £'000 | NON COVID Pressures £'000 | Previous Forecast £'000 | Previous Forecast Movement £'000 |
| Dwelling rents | (113,276) | (113,723) | (448) | (115,437) | 1,714 | 0 | 0 | (448) | 0 | 0 |
| Voids | 1,200 | 1,522 | 322 | 1,611 | (88) | 0 | 0 | 322 | 0 | 0 |
| Non-dwelling rents | (950) | (834) | 116 | (951) | 117 | 0 | 0 | 116 | 0 | 0 |
| Charges for services and facilities | (8,303) | (8,586) | (282) | (8,622) | 37 | 0 | 0 | (282) | 0 | 0 |
| Contributions towards expenditure | (80) | (25) | 55 | (25) | 1 | 0 | 0 | 55 | 0 | 0 |
| TOTAL INCOME | (121,408) | (121,645) | (236) | (123,425) | 1,780 | 0 | 0 | (236) | 0 | 0 |
| Repairs & Maintenance | 32,513 | 30,187 | (2,326) | 30,250 | (63) | 0 | 0 | (2,326) | 0 | 0 |
| Supervision & Management | 31,187 | 30,169 | (1,018) | 30,119 | 50 | 960 | 0 | (1,978) | 941 | 19 |
| Special Services | 9,719 | 9,650 | (69) | 9,675 | (24) | 0 | 0 | (69) | 0 | 0 |
| Rents, rates, taxes and other charges | 1,189 | 1,250 | 61 | 1,231 | 19 | 0 | 0 | 61 | 0 | 0 |
| Depreciation & impairment of non-current assets | 28,867 | 28,867 | 0 | 28,867 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt management | 41 | 41 | 0 | 41 | 0 | 0 | 0 | 0 | 0 | 0 |
| Movement in the allowance for bad debts | 1,783 | 3,783 | 2,000 | 6,283 | (2,500) | 0 | 2,000 | 0 | 4,088 | (2,088) |
| TOTAL EXPENDITURE | 105,299 | 103,947 | (1,352) | 106,465 | (2,518) | 960 | 2,000 | (4,312) | 5,029 | (2,069) |
| NET COST OF HRA SERVICES | (16,110) | (17,698) | (1,588) | (16,960) | (738) | 960 | 2,000 | (4,548) | 5,029 | (2,069) |
| Net interest payable, pension costs and other non operational charges | 10,344 | 10,342 | (2) | 10,344 | (2) | 0 | 0 | (2) | 0 | 0 |
| Capital Expenditure Funded From The HRA | 5,766 | 5,766 | 0 | 5,766 | 0 | 0 | 0 | 0 | 0 | 0 |
| SURPLUS FOR THE YEAR ON HRA SERVICES | 0 | (1,590) | (1,590) | (850) | (740) | 960 | 2,000 | (4,550) | 5,029 | (2,069) |

Key Messages

HRA is currently reporting a forecast underspend of £1.6m for 2020/21 this includes the additional provision made for potential increase in rent arrears due to COVID.

The initial projection for arrears directly attributable to Covid-19, has been reduced at P5, based on the latest set of figures on the actual arrears from the Housing Rent system. This reduction has been partially offset by a corresponding decrease on the rental income projection due to revised forecasting.

HRA is a ring-fenced budget, therefore the forecast £3.0m of COVID pressures will be managed within the ring-fence. The latest forecast shows that the full £3.0m pressure is anticipated to be offset against the

forecast in-year savings of £4.6m mainly due to underspends from delay in recruitment plans, the repair and maintenance programme and capital programme, thereby leaving a forecast net saving of £1.6m. The HRA reserve is also available which will enable the budget to be delivered with any in-year emergent pressures.

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 |
|---|--|---|--|
| Implementation of Universal Credit (UC) and increased number of claimants following Covid | 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 |
| 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. | 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. |
| Zero Carbon Target | | May be required to retro fit and ensure compliance for new builds. | City Leap may enable innovative solutions and funding to be identified. |
| Increase in income arrears and unable to spend Right to Buy receipts within designated timeframe | 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 |
| Covid Second Wave / further lockdown or access issues to properties following Covid | | Further delay to planned work programme | Continue to develop safe working practices maintaining social distancing, reprioritise work that can be done |

c: Capital

| | | | | |
|---------------------------------------|--------------------------------------|--|---|--|
| Approved Budget £83M | Revised Budget £83M | Expenditure to Date £6.5M 8% of Budget | Forecast Outturn £51.1M 62% of budget | Outturn Variance (£31.9M) |
|---------------------------------------|--------------------------------------|--|---|--|

Gross expenditure by Programme

| Ref | Scheme | Description |
|-----|--------|---|
| | | '+ for description >>> |

Housing Revenue Account

| Ref | Scheme | Description |
|------|---------------------------------------|--|
| HRA1 | Planned Programme - Major Projects | Programme includes major refurbishments and external improvements to existing assets. |
| HRA2 | New Build and Land Enabling | Planned programme to deliver new housing stock. |
| HRA3 | Building Maintenance and Improvements | Planned and cyclical repairs and maintenance including accessible improvements to existing assets. |
| HRA4 | HRA Infrastructure | NA |

Total Housing Revenue Account

Current Year (FY2020)

| Budget | Budget Manager Forecast | Variance based on budget manager forecast | |
|--------|-------------------------|---|---|
| £000s | £000s | £000s | % |

| | | | |
|---------------|---------------|-----------------|-------------|
| 12,587 | 6,375 | (6,212) | -49% |
| 43,378 | 28,677 | (14,702) | -34% |
| 21,026 | 15,443 | (5,583) | -27% |
| 6,000 | 599 | (5,401) | -90% |
| 82,991 | 51,093 | (31,898) | -38% |

Planned Programme – Major Projects the underspend of £6.2m 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.

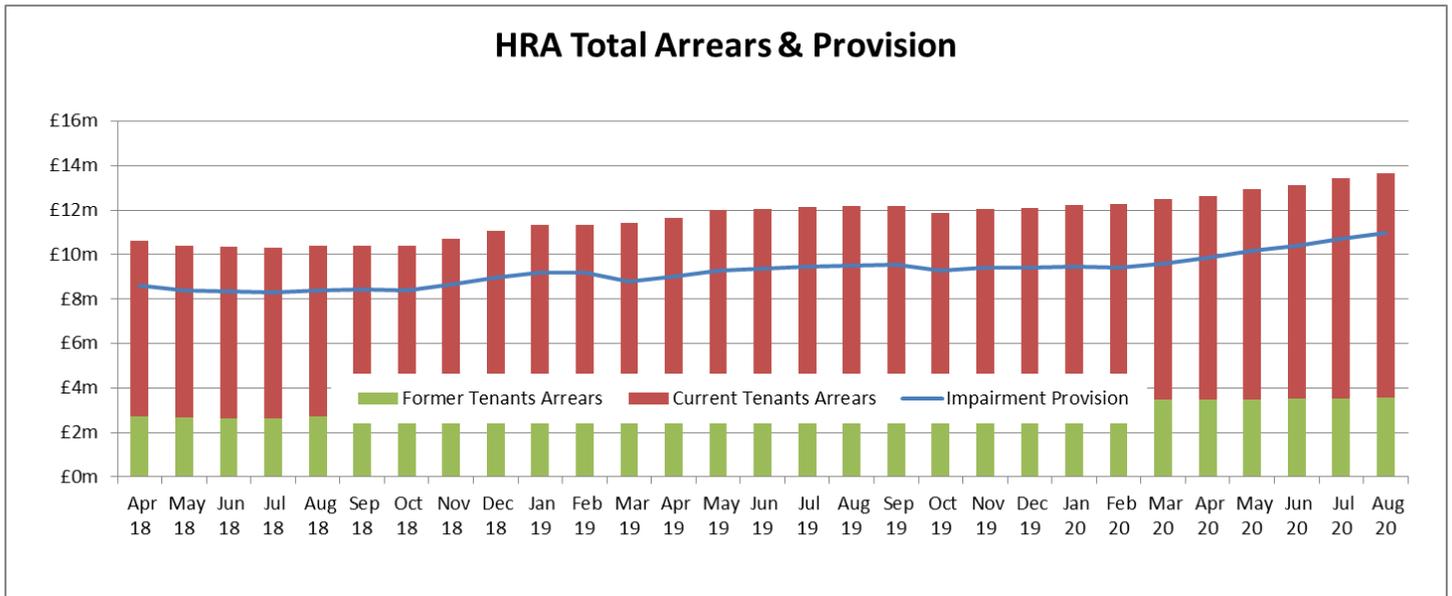
New Build and Land Enabling – forecast underspend (£14.7m). It is anticipated that the budgets for pre-emptions, Housing Festival will all be as per budget.

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 (£5.6m). The planned work has also been affected by Covid, though for relets changes in standards have also impacted on the numbers and spend on kitchens, rewires and bathrooms. (£4.6m) of the underspend has been due to delays on major refurbishment as tenders were not released due to Covid.

HRA Infrastructure – although the Sandy Park project is not likely to be progressed during 20/21 due to Covid.

d: Aged Debt



Since lockdown on the 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 P5 forecast includes an increased provision for potential increased bad debt due to COVID.