

Appendix A4 – Housing Revenue Account (HRA)

2020/21 – P09 Budget Monitor Report

a: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance	Of which :	
				Covid	Non Covid
P09	£0.0m	£(3.2m)	£(3.2m) underspend	£3.0m	£(6.2m)
P08	£0.0m	£(3.3m)	£(3.3m) underspend	£3.0m	£(6.3m)

Forecast Outturn Variance by month £m									
May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(0.0)	(1.0)	(0.9)	(1.6)	(3.5)	(3.6)	(3.3)	(3.2)		
	▲	▼	▲	▲	▲	▼	▼		

Revenue Position – Income and Expenditure

HRA Income and Expenditure	2020/21 - Full Year					P9 Forecast Variance			Movement vs P8: Increase/(Decrease)		
	Revised Budget £000	Forecast Outturn £000	Revised Outturn Variance £000	Previous Forecast £'000	Variance from previous forecast £'000	COVID Exp. £'000	COVID £000	Non COVID £000	COVID £000	Non COVID £000	Total Movement £000
Dwelling rents	(113,276)	(115,095)	(1,820)	(115,093)	(2)	0	0	(1,820)	0	(2)	(2)
Voids	1,200	1,150	(50)	1,149	0	0	0	(50)	0	0	0
Non-dwelling rents	(950)	(979)	(30)	(980)	1	0	0	(30)	0	1	1
Charges for services and facilities	(8,353)	(8,626)	(273)	(8,611)	(15)	0	0	(273)	0	(15)	(15)
Contributions towards expenditure	(80)	(11)	69	(11)	0	0	0	69	0	0	0
TOTAL INCOME	(121,458)	(123,562)	(2,104)	(123,546)	(17)	0	0	(2,104)	0	(18)	(18)
Repairs & Maintenance	32,513	29,938	(2,575)	30,319	(381)	0	0	(2,575)	0	(380)	(380)
Supervision & Management	31,237	30,834	(403)	30,306	528	960	960	(1,363)	0	528	528
Special Services	9,719	9,626	(93)	9,618	8	0	0	(93)	0	8	8
Rents, rates, taxes and other charges	1,189	1,202	13	1,207	(5)	0	0	13	0	(5)	(5)
Depreciation & impairment of non-current assets	28,867	28,867	0	28,867	0	0	0	0	0	0	0
Debt management	41	41	0	41	0	0	0	0	0	0	0
Movement in the allowance for bad debts	1,783	3,783	2,000	3,783	0	0	2,000	0	0	0	0
TOTAL EXPENDITURE	105,349	104,290	(1,059)	104,140	150	960	2,960	(4,019)	0	152	152
NET COST OF HRA SERVICES	(16,110)	(19,272)	(3,163)	(19,405)	133	960	2,960	(6,123)	0	133	133
Net interest payable, pension costs and other non operational charges	10,344	10,346	2	10,346	0	0	0	2	0	2	2
Capital Expenditure Funded From The HRA	5,766	5,766	0	5,766	0	0	0	0	0	0	0
SURPLUS FOR THE YEAR ON HRA SERVICES	0	(3,161)	(3,161)	(3,294)	133	960	2,960	(6,121)	0	135	135

Key Messages

HRA is a ring-fenced budget, therefore the £3.0m pressure forecast due to COVID is anticipated to be offset against an underspend of of £6.1m from delays in recruitment and the repair and maintenance programme due to COVID. The overall forecast for the HRA is an underspend of £3.2m which if materialises will be transferred to the HRA reserve at the year end.

The forecast underspend has decreased by £0.1m from P8 due to additional expenditure on response repairs and greater use of subcontractors as many staff have been absent due to Covid related issues.

There may be further underspend on the HRA as the full impact of the current COVID lockdown is realised in the remaining months of the financial year as access to homes for repairs and maintenance may be restricted.

b: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
Universal Credit (UC) and increased number of tenants in arrears following Covid 19.	UC continues to be a risk with increased monthly claimants and High level arrears cases continuing to rise as enforcement action continues to be suspended	Arrears for UC tenants will increase as well as the number of claimants	DHP applied for UC cases where applicable Use of Managed Payments All team training on UC management Weekly meeting with DWP Fortnightly UC review meetings with Team Leaders Implementation of Rent Sense – January 2021
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. Funding is yet to be identified for this work
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
Impact of Brexit	Potential disruption to supply of materials / labour	Delays to planned programme work	Reprioritise work that can be done

c: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£83.0m	£50.2m	£21.1m 42% of Budget	£43.3m 86% of budget	(£6.8m)

Gross expenditure by Programme

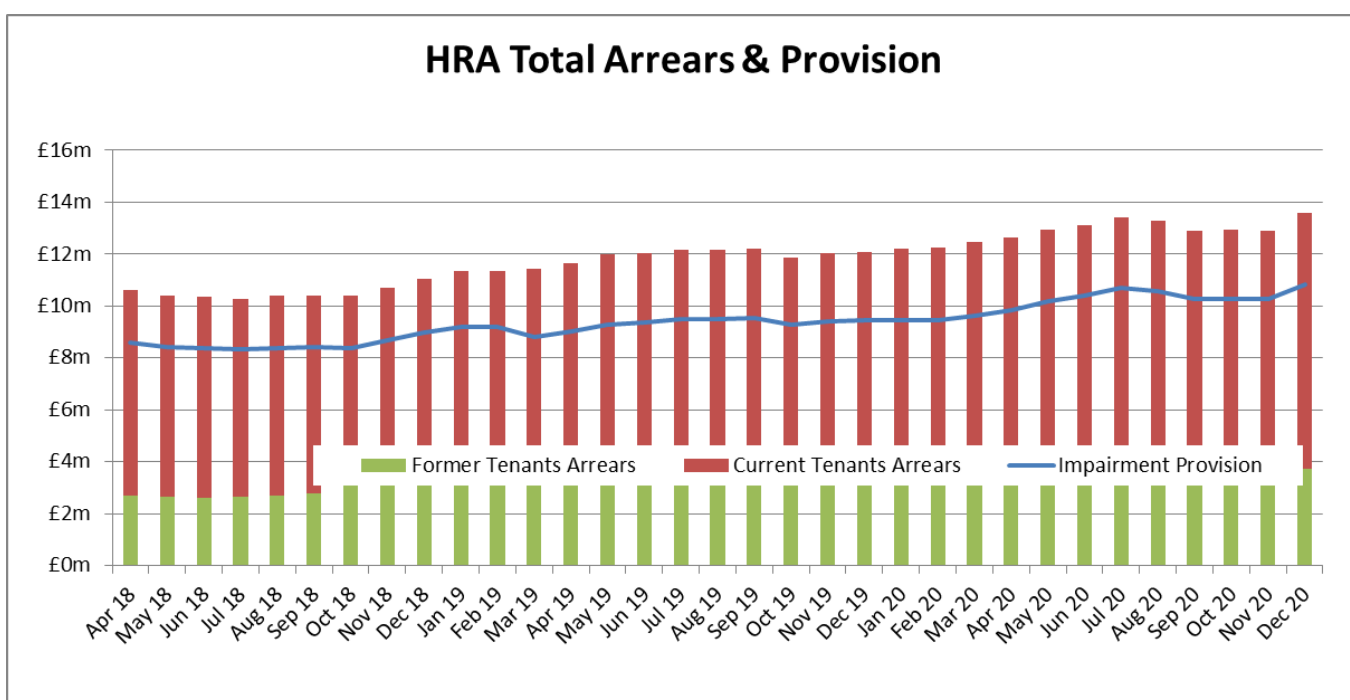
Ref	Scheme	Current Year (FY2020) - Period 9				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
Housing Revenue Account							
HRA1	Planned Programme - Major Projects	7,122	3,700	6,012	(1,111)	52%	84%
HRA2	New Build and Land Enabling	27,233	7,794	21,426	(5,806)	29%	79%
HRA3	Building Maintenance and Improvements	15,292	9,317	15,523	230	61%	102%
HRA4	HRA Infrastructure	524	297	378	(146)	57%	72%
Total Housing Revenue Account		50,171	21,108	43,338	(6,833)	42%	86%

Planned Programme – The budget has been reprofiled to £7.1m for 2020/21 due to Covid restrictions with limited access to homes for prolonged periods which has led to a reduction in planned activity for the year.

New Build and Land Enabling – forecast underspend (£5.8m) against a reprofiled budget of £27.2m. Although the budgets were reprofiled to reflect the forecast positions as at P6, there have been further delays on a couple of schemes. At Oakhanger the start on site has been delayed due to the discovery of slowworms which cannot be translocated during hibernation resulting in a further underspend of (£3.1m) forecast this year. The Brentry scheme is waiting for planning consent and a delay in procuring contractors has reduced the forecast spend this financial year by a further (£0.3m).

Building Maintenance and Improvement – The forecast overspend of £0.3m against the reprofiled budget is due to additional work on lifts in blocks now anticipated to take place during 2020/21.

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. There is also currently £1.083m of bad debt relating to leaseholders as detailed in the graph below. The P9 forecast includes an increased provision for potential increased bad debt due to Covid.

