

Appendix A4 – Housing Revenue Account (HRA)

2021/22 – P05 Budget Monitor Report

a: Revenue Budget Monitor

| | Revised Budget | Forecast Outturn | Outturn Variance | Of which : | |
|------------|----------------|------------------|---------------------------|--------------|----------------|
| | | | | Covid-19 | Non-Covid |
| P05 | £0.0m | (£0.6m) | (£0.6m) underspend | £2.3m | (£2.9m) |
| P04 | £0.0m | £0.3m | £0.3m overspend | £2.3m | (£2.0m) |

| Forecast Outturn Variance by month £m | | | | | | | | | |
|---------------------------------------|-------|------|-------|------|-----|-----|-----|-----|-----|
| May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb |
| (1.5) | (1.5) | 0.3 | (0.6) | | | | | | |
| | | ▼ | ▲ | | | | | | |

Revenue Position – Income and Expenditure

| HRA Income and Expenditure | 2021/22 - Full Year | | | | | Current Forecast Variance P5 | | Previous Forecast Variance P4 | | Movement | |
|---|---------------------|-----------------------|----------------------------------|----------------------------|---------------------------------------|------------------------------|----------------|-------------------------------|----------------|------------|----------------|
| | Budget £000 | Current Forecast £000 | Forecasted Outturn Variance £000 | Previous Forecast P4 £'000 | Variance from previous forecast £'000 | COVID £000 | Non COVID £000 | COVID £000 | Non COVID £000 | COVID £000 | Non COVID £000 |
| Dwelling rents | (113,495) | (113,615) | (120) | (113,639) | 24 | 0 | (120) | 0 | (145) | 0 | 24 |
| Voids | 1,200 | 1,200 | 0 | 1,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-dwelling rents | (1,171) | (936) | 236 | (933) | (3) | 0 | 236 | 0 | 238 | 0 | (3) |
| Charges for services and facilities | (8,621) | (8,786) | (165) | (8,778) | (8) | 0 | (165) | 0 | (157) | 0 | (8) |
| Contributions towards expenditure | (30) | 9 | 39 | 9 | 0 | 0 | 39 | 0 | 39 | 0 | 0 |
| TOTAL INCOME | (122,117) | (122,128) | (11) | (122,142) | 14 | 0 | (11) | 0 | (25) | 0 | 14 |
| Repairs & Maintenance | 33,854 | 33,027 | (827) | 33,805 | (779) | 600 | (1,427) | 600 | (48) | 0 | (1,379) |
| Supervision & Management | 32,219 | 30,722 | (1,497) | 30,870 | (148) | 79 | (1,576) | 79 | (1,349) | 0 | (227) |
| Special Services | 9,771 | 9,960 | 189 | 9,957 | 3 | 22 | 167 | 22 | 186 | 0 | (19) |
| Rents, rates, taxes and other charges | 755 | 731 | (25) | 731 | 0 | 0 | (25) | 0 | (25) | 0 | 0 |
| Depreciation & impairment of non-current assets | 29,444 | 29,444 | 0 | 29,444 | 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 | 1,362 | 1,362 | 0 | 2,962 | (1,600) | 1,600 | (1,600) | 1,600 | (1,600) | 0 | 0 |
| Movement on Impairment provision | 421 | 2,021 | 1,600 | 421 | 1,600 | 0 | 1,600 | 0 | 1,600 | 0 | 0 |
| TOTAL EXPENDITURE | 107,867 | 107,309 | (559) | 108,232 | (923) | 2,301 | (2,860) | 2,301 | (1,235) | 0 | (1,624) |
| NET COST OF HRA SERVICES | (14,250) | (14,820) | (570) | (13,910) | (910) | 2,301 | (2,871) | 2,301 | (1,260) | 0 | (1,611) |
| Net interest payable, pension costs and other non operational charges | 11,043 | 11,043 | 0 | 11,043 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Expenditure Funded From The HRA | 3,206 | 3,204 | (2) | 3,204 | 0 | 0 | (2) | 0 | (2) | 0 | 0 |
| SURPLUS FOR THE YEAR ON HRA SERVICES | 0 | (572) | (572) | 338 | (910) | 2,301 | (2,873) | 2,301 | (1,262) | 0 | (1,611) |

Key Messages

The HRA, is a ring-fenced account within the General Fund, it cannot budget for a deficit, it is required to be self-financing over time. In each year, there will be either a net spend or a net surplus, which will either be covered off from, or carried to the HRA General Reserve.

The HRA forecast as at P05 is an underspend of (£0.6m), a movement of (£0.9m) on the reported forecast at P04 of £0.3m overspend. The underspend will be transferred to the HRA general reserve at the end of the year. The movement in forecast by service area is explained below:

| Summary by Service | | 2021/22 - Year to date | | | | | | | Previous Forecast | | |
|--|---------------------------------|------------------------|---------------------|-------------|--------------|--------------|------------------------|-------------------------|-------------------|---------------------|----------------------|
| Service | Service Description | Revised Budget | Forecast Outturn P5 | Adjustments | COVID-19 Exp | COVID-19 Inc | Covid-19 Pressures (B) | Non-Covid Pressures (C) | Outturn Variance | Forecast Outturn P4 | Movement in Forecast |
| | | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| 321 | Strategy, Planning & Governance | 17,284 | 16,800 | | | | 0 | -484 | -484 | 16,901 | -101 |
| 322 | Responsive Repairs | 28,385 | 27,382 | | 600 | | 600 | -1,603 | -1,003 | 27,998 | -615 |
| 323 | Planned Programmes | 15,006 | 15,540 | | 79 | | 79 | 454 | 533 | 15,621 | -81 |
| 324 | Estate Management | -105,326 | -106,394 | | 22 | | 22 | -1,090 | -1,068 | -106,285 | -109 |
| 326 | Estate Regeneration | 536 | 385 | | | | 0 | -150 | -150 | 389 | -3 |
| Division: Housing Services - HRA | | -44,115 | -46,287 | 0 | 701 | 0 | 701 | -2,873 | -2,172 | -45,377 | -910 |
| X10 | HRA - Funding & Expenditure | 11,465 | 13,065 | | | 1,600 | 1,600 | 0 | 1,600 | 13,065 | 0 |
| X11 | HRA - Capital Financing | 3,206 | 3,206 | | | | 0 | 0 | 0 | 3,206 | 0 |
| X12 | HRA - Year-end transactions | 29,444 | 29,444 | | | | 0 | 0 | 0 | 29,444 | 0 |
| Division: HRA Funding & Expenditure | | 44,115 | 45,715 | 0 | 0 | 1,600 | 1,600 | 0 | 1,600 | 45,715 | 0 |
| TOTAL HRA | | 0 | -572 | 0 | 701 | 1,600 | 2,301 | -2,873 | -572 | 338 | -910 |

- **321 Strategy, Planning & Governance- (£0.484m) underspend.** Main variance budget to outturn forecast at P05 is due to the following: the Moving Forward Together project is on hold therefore budget saving of (£0.250m), increase in income from overhead recharges to projects on Joinery shop (£0.120m), revised recharge to general fund (£0.101m) other minor variance (£0.013m). The movement of (£0.101m) on the previously reported figure is due to the revised recharge to general fund, outturn now based on last year actuals.
- **322 Responsive Repairs - (£1.003m) underspend.** Lower number of relets and voids therefore less repair costs of (£2.368m), offset by additional repair costs, due to use of sub-contractors of £1.107m. Leaseholder recharge income lower than expected by £0.120m. The leaseholder service is currently under review. The movement of (£0.615m) previously reported is due to a review of void repairs at P04.
- **323 Planned Programmes - £0.533m overspend.** Renewal of heat management contract was higher than expected by £0.328m, an increase in spend of £0.200m on communal amenities energy cost which was originally forecast to budget but has been changed to actuals for last year. Increase in costs of £0.060m due additional safety testing required on lifts, additional expenditure on Brislington Depot £0.062m offset by salary savings due to vacancies (£0.122m). The movement in forecast of (£0.81m) is mainly due to the reduction on the heat management contract and salary savings.
- **324 Estate Management - (£1.068m) underspend.** The main underspend is on salary savings due to vacancies of (£0.706m), additional rents largely from unsecured tenanted properties (£0.120m) and (£0.115m) additional service charges income from caretaking, inflationary increase not included in budget, (£0.084m) savings from court cost and other minor variations of (£0.043m). The movement on previously reported forecast of (£0.109m) is due increase in salary savings.
- **326, Estate Regeneration - (£0.150m) underspend,** Savings on consultancy fees of (£0.150m). An increase of (£0.003m) on previously reported forecast.

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 | BCC Climate Emergency target for all council properties to meet net zero carbon by 2030 | 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 |
| Review of Decent Homes Standard | Social Housing White Paper announced a review of the Decent Homes Standard, currently under consultation no date yet for introduction of new standard | Increased spend in the housing stock to bring up to the new minimum standard, estimated cost over 30 years £100m | Re-prioritise spend, review income and continue to find ways to delivery Services more effectively. |
| 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-19 on 2020/21 budget and 30 year business plan and develop action plan for recovery including use of Rentsense to target arrears. Recent changes to the RTB Receipts Pooling requirements will go some way to mitigating the risk of not being able to spend 1-4-1 receipts within the requisite timeframe. |
| 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 P5 £110.6m | Revised Budget £110.6m | Expenditure to Date £11.5m 10% of Budget | Forecast Outturn £87.2m 79% of Budget | Outturn Variance (£23.3m) |
| P4 £110.6m | £110.6m | £9.7m 8.8% of Budget | £87.3m 79% of budget | (£23.3m) |

| Gross expenditure by Programme | | Current Year (FY2021) - Period 5 | | | | Performance to budget | |
|--------------------------------------|---------------------------------------|----------------------------------|---------------------|---------------|-----------------|-----------------------|------------|
| | | Budget | Expenditure to Date | Forecast | Variance | Expenditure to date | Forecast |
| Ref | Scheme | £000s | | | | % | |
| Housing Revenue Account | | | | | | | |
| HRA1 | Planned Programme - Major Projects | 16,341 | 2,278 | 11,012 | (5,329) | 14% | 67% |
| HRA2 | New Build and Land Enabling | 64,765 | 4,294 | 53,410 | (11,355) | 7% | 82% |
| HRA3 | Building Maintenance and Improvements | 28,982 | 4,927 | 22,410 | (6,572) | 17% | 77% |
| HRA4 | HRA Infrastructure | 500 | 7 | 375 | (125) | 1% | 75% |
| Total Housing Revenue Account | | 110,589 | 11,506 | 87,207 | (23,382) | 10% | 79% |

An in year, overall net underspend of (£23.3m), is forecast at P05 on the 2021/22 HRA Capital Programme. This is not an underspend against total project cost, the expenditure will now be incurred in a later financial year. The underspend is due to delays in works and will be re-profiled to future years in the HRA 5 year Capital Programme. There is no movement on the previously reported underspend at P04.

The main variations in the forecast are:

- **Planned Programme** – An underspend in the year of (£5.3m) against a budget of £16.3m due to a delays in the works and start dates of contracts, key variations are on the following schemes:
 - (£2.5m) Kitchen Contract
 - (£2.5m) Retro Fit Pilot
 - (£0.5m) Major repairs to blocks
- **New Build and Land Enabling** – An underspend (£11.3m) against a budget of £64.8m. The budget has undergone significant re-profiling during the year to date as a number of schemes continue to suffer delays due to Covid-19, and other issues such as Environmental concerns. However, a number of schemes have now either achieved planning, or are close to doing so, and the procurement of development partners is in progress. This has resulted in greater confidence that these schemes will be on site this year, with the resultant increase in spend now forecast.
- **Building Maintenance and Improvement** – An underspend of (£7.0m) against a budget of £29.0m, is due largely to the potential bringing forward of Major Refurb works at Silcox Road and Northfield House, £1.1m overspend, as well as a £0.5m increase to the contingency budget for works to blocks £0.1m for works to acquired properties and £0.3m additional requirement for structural works, offset by (£0.4m) underspend against Night Storage Replacement and (£8.6m) underspend on Major Refurbishments at Walwyn Gardens, Ropewalk House, Barton Hill, Bishport 5 and Eccleston & Phoenix.