

## Appendix A4 – Housing Revenue Account (HRA)

## 2021/22 – P06 Budget Monitor Report

### a: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance	Of which :	
<b>P06</b>	<b>£0.0m</b>	<b>(£1.0m)</b>	<b>(£1.0m) underspend</b>	<b>Covid-19</b>	<b>Non-Covid</b>
<b>P05</b>	<b>£0.0m</b>	<b>£(£0.6m)</b>	<b>£(£0.6m) underspend</b>	<b>£2.3m</b>	<b>(£3.3m)</b>
				<b>£2.3m</b>	<b>(£2.9m)</b>

Forecast Outturn Variance by month £m									
May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(1.5)	(1.5)	0.3	(0.6)	(1.0)					
		▼	▲	▲					

### Revenue Position – Income and Expenditure

HRA Income and Expenditure	2021/22 - Full Year					Current Forecast Variance		Previous Forecast Variance		Movement	
	Budget £000	Current Forecast £000	Forecasted Outturn Variance £000	Previous Forecast £'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)	(121)	(113,615)	(0)	0	(121)	0	(120)	0	(0)
Voids	1,200	1,200	0	1,200	0	0	0	0	0	0	0
Non-dwelling rents	(1,171)	(932)	239	(936)	4	0	239	0	236	0	4
Charges for services and facilities	(8,621)	(8,806)	(185)	(8,786)	(20)	0	(185)	0	(165)	0	(20)
Contributions towards expenditure	(30)	9	39	9	0	0	39	0	39	0	0
<b>TOTAL INCOME</b>	<b>(122,117)</b>	<b>(122,145)</b>	<b>(28)</b>	<b>(122,128)</b>	<b>(17)</b>	<b>0</b>	<b>(28)</b>	<b>0</b>	<b>(11)</b>	<b>0</b>	<b>(17)</b>
Repairs & Maintenance	33,854	33,033	(821)	33,026	7	600	(1,421)	600	(1,427)	0	6
Supervision & Management	32,219	30,326	(1,893)	30,722	(397)	79	(1,972)	79	(1,576)	0	(397)
Special Services	9,771	9,991	220	9,960	31	22	198	22	167	0	31
Rents, rates, taxes and other charges	755	703	(52)	731	(28)	0	(52)	0	(25)	0	(28)
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	1,362	0	1,600	(1,600)	1,600	(1,600)	0	0
Movement on Impairment provision	421	2,021	1,600	2,021	0	0	1,600	0	1,600	0	0
<b>TOTAL EXPENDITURE</b>	<b>107,867</b>	<b>106,921</b>	<b>(946)</b>	<b>107,308</b>	<b>(386)</b>	<b>2,301</b>	<b>(3,247)</b>	<b>2,301</b>	<b>(2,860)</b>	<b>0</b>	<b>(387)</b>
<b>NET COST OF HRA SERVICES</b>	<b>(14,250)</b>	<b>(15,224)</b>	<b>(974)</b>	<b>(14,821)</b>	<b>(403)</b>	<b>2,301</b>	<b>(3,275)</b>	<b>2,301</b>	<b>(2,871)</b>	<b>0</b>	<b>(404)</b>
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
<b>SURPLUS FOR THE YEAR ON HRA SERVICES</b>	<b>0</b>	<b>(976)</b>	<b>(976)</b>	<b>(573)</b>	<b>(403)</b>	<b>2,301</b>	<b>(3,277)</b>	<b>2,301</b>	<b>(2,873)</b>	<b>0</b>	<b>(404)</b>

### 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 P06 is an underspend of (£1.0m), a movement of (£0.4m) on the reported forecast at P05 of (£0.6m) underspend. 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:

HOUSING REVENUE ACCOUNT SUMMARY	2021/22 - Full Year			
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance
	£000s		£000s	
321 - Strategy, Planning & Governance	17,284	17,284	16,804	(480)
322 - Responsive Repairs	28,385	28,385	27,225	(1,160)
323 - Planned Programmes	15,006	15,006	15,496	490
324 - Estate Management	(105,326)	(105,326)	(106,629)	(1,303)
326 - Estate Regeneration	536	536	413	(123)
<b>32 - Housing Services - HRA</b>	<b>(44,115)</b>	<b>(44,115)</b>	<b>(46,691)</b>	<b>(2,576)</b>
X10 - HRA - Funding & Expenditure	11,465	11,465	13,065	1,600
X11 - HRA - Capital Financing	3,206	3,206	3,206	0
X12 - HRA - Year-end transactions	29,444	29,444	29,444	0
<b>X1 - HRA Funding &amp; Expenditure</b>	<b>44,115</b>	<b>44,115</b>	<b>45,715</b>	<b>1,600</b>
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>(976)</b>	<b>(976)</b>

Variance Analysis				
COVID-19 Exp	COVID-19 Inc	Gross COVID Impact	Covid Service Grants/Income	Non-COVID
£000s		£000s		
		0		(480)
600		600		(1,760)
79		79		411
22		22		(1,325)
		0		(123)
<b>701</b>	<b>0</b>	<b>701</b>	<b>0</b>	<b>(3,277)</b>
	1,600	1,600		0
		0		0
		0		0
<b>0</b>	<b>1,600</b>	<b>1,600</b>	<b>0</b>	<b>0</b>
<b>701</b>	<b>1,600</b>	<b>2,301</b>	<b>0</b>	<b>(3,277)</b>

- **321 Strategy, Planning & Governance- (£0.480m) underspend.** Main reasons for variance are; 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 (£0.09m). There is no significant movement on the previously reported figure.
- **322 Responsive Repairs - (£1.160m) underspend.** Lower number of relets and voids therefore less repair costs of (£2.326m), salary savings (£0.394m) offset by additional repair costs, due to use of sub-contractors of £1.084m, £0.234m legal costs and cost of hand held devices not included in budget, £0.092m PPE equipment and Leaseholder recharge income lower than expected by £0.150m. The leaseholder service is currently under review. The movement of (£0.157m) on the previously reported variance of (£1.003m) is mainly attributable to a reduced salary forecast due to recruitment difficulties and legal costs and cost of hand held devices.
- **323 Planned Programmes - £0.490m overspend.** Renewal of heat management contract was higher than expected by £0.328m, an increase in spend of £0.209m on communal amenities energy cost which was originally forecast to budget but has been changed to actuals for last year. Increase in costs of £0.061m due additional safety testing required on lifts, additional expenditure on Brislington Depot £0.062m offset by salary savings due to vacancies (£0.170m). The movement in forecast of (£0.44m) is mainly due to the reduction of communal maintenance and painting – low rise which was reviewed and adjusted based on current plan.
- **324 Estate Management - (£1.303m) underspend.** The main underspends are; salary savings due to vacancies of (£0.809m), additional rents largely from unsecured tenanted properties (£0.121m) and (£0.135m) additional service charges income from caretaking due to inflationary increase not included in budget, (£0.200m) savings from court cost, (£0.040m) reduction in forecast for council tax voids and other minor variations of (£0.002m). The movement of (£0.235m) on previously reported forecast is mainly due to further increases in salary savings, court cost savings.
- **326, Estate Regeneration - (£0.123m) underspend,** mainly due to savings on consultancy fees of (£0.123m). A decrease of (£0.027m) on previously reported forecast.

## b: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
<b>Universal Credit (UC) and increased number of tenants in arrears following Covid-19.</b>	UC continues to be a risk with increased monthly claimants and high level arrears cases due to the end of furlough and the withdrawal of UC uplift.	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
<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>	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
<b>Review of Decent Homes Standard</b>	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.
<b>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 develop new stock and to progress the Housing Investment Programme	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.
<b>Impact of Brexit</b>	Potential disruption to supply of materials / labour	Delays to planned programme work	Reprioritise work that can be done

## c: Capital

<b>Approved Budget P6 £110.6m</b>	<b>Revised Budget £87.2m</b>	<b>Expenditure to Date £14.8m 17% of Budget</b>	<b>Forecast Outturn £78.4m 90% of Budget</b>	<b>Outturn Variance (£8.8m)</b>
<b>P5 £110.6m</b>	<b>£110.6m</b>	<b>£11.5m 10% of Budget</b>	<b>£87.2m 79% of budget</b>	<b>(£23.3m)</b>

### Gross expenditure by Programme

Ref	Scheme	Current Year (FY2021) - Period 6				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
£000s						%	
HRA1	Planned Programme - Major Projects	11,012	2,703	10,308	(704)	25%	94%
HRA2	New Build and Land Enabling	53,410	5,605	44,931	(8,479)	10%	84%
HRA3	Building Maintenance and Improvements	22,410	6,476	23,088	679	29%	103%
HRA4	HRA Infrastructure	375	8	120	(255)	2%	32%
<b>Total Housing Revenue Account</b>		<b>87,207</b>	<b>14,792</b>	<b>78,447</b>	<b>(8,760)</b>	<b>17%</b>	<b>90%</b>

The budget has been reset to the reported forecast at P5. An in year, overall net underspend of (£8.76m), is forecast at P06 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 main variations in the forecast are:

- **New Build and Land Enabling** – An underspend (£8.5m) against a budget of £53.4m. The budget continues to be re-profiled, as the year progresses. There are delays on a number of developments due to external factors including changes to material and labour supply and implications on legal contracts being signed with the contractors which is delaying start on sites, until the new year. A number of schemes which are under construction have suffered delays for highways and other issues which has meant a reduction in spend in the current financial year. The majority of material and labour supply issues are a knock on effect from Covid 19 which has affected the construction industry and it's supply chain on a national scale.