

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P05	£137.4m	£141.0m	3.6m overspend
P02	£137.4m	£135.7m	(£1.7m) underspend

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(1.7)	(1.6)	2.7	3.6						
▲↑	▼↓	▼↓	▼↓						

Position by Division

Period 5/ Quarter 2 - Summary	Approved budget	Revised Budget	Q2/P5 Forecast	Q1/P2 variance	P3/P4 variance	Q2/P5 variance	Total variance	Total Variance %
Total Housing Revenue Account	137,365	137,365	140,949	(1,681)	4,407	858	3,584	2.6%

Key Messages:

The Housing Revenue Account at the end of period 5 is reporting an overspend of £3.6m (shown in the table below). Any instance of an overspend on the HRA will be funded by a transfer from the HRA general reserve at the end of the financial year. The overall movement from P4 of £0.9m is due to additional repair costs of £0.6m, £0.3m overspend forecast for Rents, rates, taxes, and other charges and an adjustment of £0.3m for a previous forecasting error.

The main reasons for the variance against budget are set out below:

Summary – Housing Revenue Account

HOUSING REVENUE ACCOUNT	Approved Budget £M	Current Forecast £M	Outturn Variance £M	Previous Forecast £M	Movement £M
Income	(137.5)	(136.6)	0.9	(137.5)	1.0
Repairs & Maintenance	40.0	43.2	3.1	41.4	1.8
Supervision & Management	44.8	44.5	(0.3)	44.4	0.1
Special Services	15.0	14.3	(0.7)	14.2	0.1
Rents, rates, taxes and other charges	0.6	0.9	0.3	0.9	0.0
Depreciation and bad debt provision	32.6	32.6	0.0	32.6	0.0
Total expenditure - core services	133.1	135.5	2.5	133.5	2.0
Net cost of core HRA services	(4.4)	(1.0)	3.4	(4.0)	3.0
Net interest payable, pension costs and other non operational charges	10.9	11.2	0.3	11.1	0.1
(Surplus) / Deficit for the year on HRA services	6.5	10.1	3.6	7.1	3.0
Drawn down from HRA reserves	(6.5)	(10.1)	(3.6)	(7.1)	(3.0)
Net		0.0	0.0	0.0	0.0

Income is reporting a shortfall of £0.9m at the end of P5 compared to budget. The main contributing factor to the negative variance is due to handover of certain new schemes being behind schedule because of project delays, negatively impacting the dwelling rent income forecast.

The forecast for **repairs & maintenance**, was running £3.1m behind the budget at the end of P5. The main elements are overspends in the budgets for;

- +£22k Heat Management - Slight overspend due to additional costs for monthly testing on sprinklers for AFRS,
- +£567k for additional cost of adaptation on relets,
- +£619k Fire Safety Works - Minor misc works - £90k. Croydon / Rawsley - £506k. Twinnel / Lansdown communal works - £298k. Brandon Hse / Northfield Hse - £450k,
- +£207k Response Repairs - Internal costs for salaries, fleet & materials. Significant spend on external contractors and likely to overspend due to internal vacancies, backlog from covid / 2022 & damp / mould. Joinery recharge costs have increased from budget set
- +£1,041k Relets Repairs - Showing o/spend as decision made to complete less full capital works resulting in higher revenue spend. Paying for waste tipping via ETM (£200k) but funding via reduction on external contractors. Internal costs for salaries, fleet & materials.

- +£600k - Additional costs due to high backlog of works, increased damp & mould, disrepair, delays to planned programmes, decant cases.

The **supervision and management service** are forecasting an underspend of £0.3m in P5. The main elements are underspends in the budgets for;

- -£151k Planned Programmes Overheads -
- -£174k Rapid Response Project – Lower than expected costs

Special Services are reporting a £0.7m positive variance in P5.

The main elements are underspends in the budgets for;

- -£650k Communal Amenities - Forecast based on prior year outturn. Awaiting further information from Energy Program Manager and this will continue to be monitored throughout the year.

Section B: Risks and Opportunities

Division	Risk or Opportunity	Detailed Comment	Net Risk / (Opportunity) £
HRA	Opportunity	The Energy Price Guarantee set maximum consumer prices from October 2022 to June 2023. A lower price cap from July 23 means energy prices are likely to fall for the first time in around 20 months.	(£0.5m)
HRA	Risk	CPI Inflation continues to be significantly high. As at April 2023, this was 8.7%, this means that Repairs & Maintenance costs may be slightly higher than forecasted.	£1.5m

Section C: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£141.6m	£141.6m	£21.2m 15% of Budget	£122.1m 86% of Budget	£19.4m

Gross Expenditure by Programme

Ref	Scheme	Current Year (FY2023) - Period 5				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
					£000s	%	
Housing Revenue Account							
HRA1	Planned Programme - Major Projects	69,756	10,144	57,260	(12,497)	15%	82%
HRA2	New Build and Land Enabling	70,015	11,101	63,093	(6,922)	16%	90%
HRA4	HRA Infrastructure	1,789	0	1,789	0	0%	100%
Total Housing Revenue Account		141,560	21,245	122,142	(19,418)	15%	86%

Key Messages:

There is an overall slippage of £19.4m for the Capital Works Budget of £141.6m. The year-to-date spend of £21.2m (15%) represents an average of £4.2m per month. This slippage is being shown within the Planned Programme – Major Projects, £12.50m and, New Build and Land Enabling, £6.92m.

Planned Programme

The Planned Programme slippage of £12.5m includes:

- £6.4m, Fire Alarms and Sprinklers installation.
- £1.6m, External Major Repairs Blocks.
- £1.5m, various planned programmes including windows and bathroom replacements
- £1.3m various HIP schemes.

New Build and Land Enabling

The New Build and Land Enabling programmes are showing slippage of £6.9m for the current year. There is an intention to reprofile these so that the programme balances over the years of the capital timeframe. Various slippages in the current year are partially balanced by bringing some spend from future years into the current year, including:

- New Housing Programme – Brunel Ford £4.8m (slippage).
- New Housing Programme – Inns Court Shops £1.9m (slippage).
- New Housing Programme – Hengrove Apartments £3.8m (slippage).
- New Housing Programme – Romney House £2.3m (anticipated earlier spend).
- New Housing Programme – Oakhanger £1.3m (anticipated earlier spend)

HRA Infrastructure

At the end of P5, the scheme is forecasted to spend in line with budget.