

## Appendix A3 – HRA

### 2023/24 – P6 Budget Monitor Report

#### Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P06	£0.0m	£(0.8)m	£(0.8)m underspend
P05	£0.0m	£3.6m	£3.6m overspend

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(1.7)	0.1	2.7	3.6	(0.8)					
▲↑	▼↓	▼↓	▼↓	▲↑					

#### Position by Division

HOUSING REVENUE ACCOUNT SUMMARY	2023/24 - Full Year			
	Approved Budget	Revised Budget	Forecast Outturn	Outturn Variance
	£000s			£000s
<b>Housing Revenue Account</b>				
321 - Strategy, Planning & Governance	19,003	17,264	17,597	333
322 - Responsive Repairs	31,292	31,229	34,156	2,926
323 - Planned Programmes	29,897	28,087	26,970	(1,117)
324 - Estate Management	(116,265)	(112,653)	(111,830)	824
326 - Estate Regeneration	0	0	0	0
X10 - HRA - Funding & Expenditure	4,815	4,815	1,029	(3,786)
X12 - HRA - Year-end transactions	31,258	31,258	31,258	0
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>(820)</b>	<b>(820)</b>

## Key Messages:

The Housing Revenue Account at the end of Period 6 is reporting an underspend of £0.8m (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 £4.4m improvement in forecast since P5 is due to a £3.2m increase in repairs and maintenance costs, a £1.4m increase in Supervision and Management costs and offset by a £0.6m reduction in Special Services costs, a £1.3m increase in forecast Income and an increase of £7.1m in investment Interest receivable forecast for the year.

## Summary – Housing Revenue Account

HOUSING REVENUE ACCOUNT	Approved Budget £M	Current Forecast £M	Outturn Variance £M	Previous Forecast £M	Movement £M
<b>Income</b>	<b>(137.1)</b>	<b>(136.2)</b>	<b>0.9</b>	<b>(137.5)</b>	<b>1.3</b>
Repairs & Maintenance	40.6	44.7	4.1	41.5	3.2
Supervision & Management	44.8	46.2	1.4	44.8	1.4
Special Services	14.0	13.4	(0.6)	14.0	(0.6)
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
<b>Total expenditure - core services</b>	<b>132.6</b>	<b>137.8</b>	<b>5.2</b>	<b>133.8</b>	<b>4.0</b>
<b>Net cost of core HRA services</b>	<b>(4.5)</b>	<b>1.6</b>	<b>6.1</b>	<b>(3.7)</b>	<b>5.3</b>
Net interest payable, pension costs and other non-operational charges	10.9	4.0	(6.9)	11.1	(7.1)
Capital expenditure funded from revenue	0.0	0.0	0.0	0.0	0.0
<b>(Surplus) / Deficit for the year on HRA services</b>	<b>6.4</b>	<b>5.6</b>	<b>(0.8)</b>	<b>7.4</b>	<b>(1.8)</b>
<b>Drawn down from HRA reserves</b>	<b>(6.4)</b>	<b>(5.6)</b>	<b>0.8</b>	<b>(7.4)</b>	<b>1.8</b>
<b>Net</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Income** is reporting a shortfall of £0.9m at the end of P6 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 £4.1m behind the budget at the end of P6. The main elements are overspends in the budgets for;

- +£1.1m for additional cost of adaptation on relets,
- +£1.2m Response Repairs - slippage - Significant spend on external contractors, difficulty recruiting to internal vacancies and large backlog from covid / 2022 and damp / mould, causing large overspend.

Joinery recharge costs have increased from budget set. Repairs have increased almost 30% since 2020/21. Also having to fund large sums relating to decant of tenants from homes

- +£1.8m Relets Repairs - Showing overspend as completing less full capital works resulting in higher revenue spend. Increased use of external contracts to reduce backlog. Internal costs for salaries, fleet and materials.

The **supervision and management service** was running £1.4m behind the budget at the end of P6. The main elements are overspends in the budgets for;

- +£1.4m Planned Programmes Overheads - Net Expenditure -Salary forecast higher than budget. Increase in agency. End of fire alarm project at risk.

**Special Services** are reporting a £0.6m positive variance in P6.

The main elements are underspends in the budgets for;

- -£0.6m 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 forecast.	£1.5m

## Section C: Capital

<b>Approved Budget</b> <b>£141.6m</b>	<b>Revised Budget</b> <b>£121.5m</b>	<b>Expenditure to Date</b> <b>£26.7m</b> 22% of Revised Budget	<b>Forecast Outturn</b> <b>£120.0m</b> 99% of Revised Budget	<b>Outturn Variance</b> <b>£(1.5)m</b>
--	---	--	--	---

Gross Expenditure by Programme		Current Year Period 6				Performance to Budget	
Ref	Scheme	Budget	Expenditure to Date	Forecast	Variance	Expenditure to Date	Forecast
		£000s	£000s	£000s	£000s		
<b>Housing Revenue Account</b>							
HRA1	Planned Programme - Major Projects	56,571	13,271	55,082	(1,489)	23%	97%
HRA2	New Build and Land Enabling	63,093	13,399	63,093	0	21%	100%
HRA4	HRA Infrastructure	1,789	0	1,789	0	0%	100%
<b>Total Housing Revenue Account</b>		<b>121,453</b>	<b>26,670</b>	<b>119,964</b>	<b>(1,489)</b>	<b>22%</b>	<b>0%</b>

### Key Messages:

There is an overall slippage of £1.5m for the Capital Works Budget of £121.5m with a year-to-date spend of £26.7m (22%). The table above shows the slippage entirely within the Planned Programme – Major Projects with the other two programmes forecasting to budget.

### Planned Programme

The Planned Programme budget has been reprofiled so that the programme balances over the capital timeframe. The slippage for the current year of £1.5m includes:

- £0.7m for investigations into regeneration, Beaufort House HIP and Francombe, Underdown and Waring due to need for safety legislation and need for full planning app sign off
- £0.8m roofs replacement programme slowing down due weather
- £0.8m SHDF grant funded energy efficiency work to be carried out by City Leap

These are offset by a number of schemes where the spend has been brought ahead of profile including, major adaptations, £0.2m, Major block refurbishments at Walwyn Gardens, £0.1m, Ecclestone and Phoenix, £0.1m, Bishport 5, £0.1m, and Dove Street £0.2m.

### New Build and Land Enabling

The New Build and Land Enabling programme budgets have also been reprofiled so that the programme balances over the years of the capital timeframe.

### HRA Infrastructure

At the end of P6, the scheme is forecast to spend in line with budget.