

Section A: Revenue Budget Monitor

	Revised Budget	Forecast Outturn	Outturn Variance
P08	£137.4m	£137.1m	(£0.2m) underspend
<i>P07</i>	<i>£137.4m</i>	<i>£136.5m</i>	<i>(£0.8m) underspend</i>

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
(1.7)	0.1	2.7	3.6	(0.8)	(0.8)	(0.2)			
▲↑	▼↓	▼↓	▼↓	▲↑		▼↓			

Position by Division

Quarter 3 / Period 8 - Summary	Approved budget	Revised Budget	Q3/P8 Forecast	Total Variance YTD Q3/P8	Total Variance %
	£000s	£000s	£000s	£000s	
Total Housing Revenue Account	137,365	137,365	137,125	(240)	-0.2%

Key Messages:

The Housing Revenue Account at the end of Period 8 is reporting an underspend of £0.2m (details 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. There is an overall adverse movement of £0.6m from P7. This is due to costs of Barton House evacuation of £2.7m, increase in impairment provision of £0.3m, which were offset by reduction of £2.4m in forecasted repair costs.

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	(137.2)	(136.9)	0.3	(137.3)	0.5
Repairs & Maintenance	39.8	44.2	4.5	42.3	2.0
Supervision & Management	45.1	46.5	1.4	46.8	(0.4)
Special Services	15.2	14.6	(0.6)	14.2	0.5

Rents, rates, taxes and other charges	0.1	0.1	0.0	0.1	0.0
Depreciation and bad debt provision	32.6	33.8	1.2	33.5	0.3
Total expenditure - core services	132.8	139.3	6.5	136.9	2.4
Net cost of core HRA services	(4.4)	2.3	6.8	(0.4)	2.7
Net interest payable, pension costs and other non operational charges	10.9	4.0	(7.0)	3.9	0.1
Capital expenditure funded from revenue	0.0	0.0	0.0	0.0	0.0
(Surplus) / Deficit for the year on HRA services	6.5	6.3	(0.2)	3.5	2.8
Drawn down from HRA reserves	(6.5)	(6.3)	0.2	(3.5)	(2.8)
Net		0.0	0.0	0.0	0.0

Income is reporting a shortfall of £0.3m at the end of P8 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 £4.5m behind the budget at the end of P8. The main elements of the overspend consists of the following:

- +£0.3m for additional cost of adaptation on relets,
- +£1.3m Response Repairs (10099) - slippage - Significant spend on external contractors, difficulty recruiting to internal vacancies and large backlog from COVID / 2022 & damp / mould, causing large overspend. Joinery recharge costs have increased from budget set. Repairs have increased almost 30% since 2020/21.
- +£0.2m Relets Repairs - Showing overspend as completing less full capital works resulting in higher revenue spend.
- +£2.7m Barton House - evacuation of Barton House and related costs.

The **supervision and management service** was running £1.4m behind the budget at the end of P8. The main elements are overspending in the budgets for;

- +£1.4m Planned Programmes Overheads – Delay in fire alarm project and other capital projects has resulted in additional overhead costs.

Special Services are reporting a £0.6m positive variance in P8.

The main elements are underspends in the budgets for;

- -£0.6m Communal Amenities – Lower than expected energy costs. Energy forecast 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
£108.5m	£108.5m	£40.6m 37% of Budget	£104.7m 96% of Budget	£3.8m

Gross Expenditure by Programme

Ref	Scheme	Current Year (FY2023) - Period 8				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
£000s						%	
Housing Revenue Account							
HRA1	Planned Programme - Major Projects	50,213	21,096	50,561	347	42%	101%
HRA2	New Build and Land Enabling	56,465	19,433	52,316	(4,149)	34%	93%
HRA4	HRA Infrastructure	1,789	110	1,789	0	6%	100%
Total Housing Revenue Account		108,467	40,639	104,665	(3,802)	37%	96%

Key Messages:

There is an overall slippage of £3.8m for the Capital Works Budget of £108.5m with a year-to-date spend of £40.6m (37%). The table above shows a slippage of £0.3m within Planned Programme and £4.1m within New Build and Land Enabling with the HRA Infrastructure Programme forecasting to budget.

Planned Programme

The Planned Programme is reporting overall acceleration and is overbudget in the current year by £0.3m. The budget will, nevertheless, be balanced by reductions in expenditure in future years to keep within the overall envelope. However, the overall position also includes a number of projects reporting slippages. The projects that are over budget include:

- £0.77m for Major Refurbishments including £0.7m for Bishport 5 where the works have been accelerated.
- £0.23m Planned Programme – the Kitchen contract has been accelerated and is over budget by £0.53m as is the Rewires contract, £0.1m, but this is offset by slippages in Bathroom replacement £0.36m.
- £0.24m HIP with Dove Street blocks accounting of £0.33m offset by £0.1m slippage at Yeaman & Broughton.
- £0.28m for External Major Repairs to Blocks
- £0.2m for Adaptations including £0.15m for major adaptations.

The offsetting projects with slippages include:

- £0.98m for Energy efficiencies

- £0.43m that includes £0.18m for Estate Management –Safety and CCTV and £0.25m for damp and mould Stock Condition Surveys.

New Build and Land Enabling

The New Build and Land Enabling Programme is reporting a slippage for the current year of £4.1m and includes:

- £0.45m for New Housing Provision that has yet to be allocated across projects.
- £1.1m for New Housing Provision: Brentry, project is on site but slippage due to delays related to construction of retaining wall.
- £1.0m for New Housing Provision: Romney Avenue, scheme was under construction slippage due to developer going into administration.
- £1.6m for AHDP – EDAROTH. The Council has a development agreement but slippage due to delays in programme.

HRA Infrastructure

At the end of P8, the scheme is forecasted to spend in line with budget.