

Housing Revenue Account - Budget Monitoring as at 31st December 2022

| | Working Budget £'000 | Forecasted £'000 | Dec 22 Variance for Year £'000 | Notes | Oct 22 Forecasted Variance for Year £'000 |
|-------------------------------------|----------------------------|---------------------|--|---|---|
| Expenditure | | | | | |
| Repairs & Maintenance | | | | | |
| Responsive | 2,380 | 3,663 | 1,283 | Budget managers are currently predicting a £551k overspend on revenue maintenance budget spend. However, given current inflation and the impact on construction industry capacity post-Covid and post-Brexit including significantly increasing pay, energy, fuel, and construction materials costs, there will continue to be upwards pressure on contractor rates and reduced availability as we progress through 2023 e.g. in January the Minor Works Framework Schedule of Rates was increased by 9.3% in line with CPI for the 12-month period August 2021 to July 2022. As a result, remaining within budget may require delivering less with our allocated financial resources. Budget managers will continue to respond to these fluctuations to ensure that the overall HRA expenditure remains within budget. The review of the 3-year HRA Business Plan for 2023/24 onwards has identified appropriate adjustments to future budget allocations to reflect the anticipated continuing inflation impacts. | 1,011 |
| Minor Works | 3,464 | 2,224 | -1,240 | | -1,395 |
| Voids | 4,523 | 4,683 | 160 | | -106 |
| Servicing | 1,934 | 2,098 | 164 | | 97 |
| Drains & Sewers | 117 | 116 | -1 | | 5 |
| Grounds | 849 | 810 | -39 | | -38 |
| Property & Strategic Projects | 423 | 647 | 224 | | 5 |
| Unadopted Roads | 118 | 118 | 0 | | 0 |
| | | | | | |
| Supervision & Management | | | | | |
| Employee | 5,947 | 6,204 | 256 | Impact of pay award compared to budgeted salary costs and transfers of staff from Place & Infrastructure to Communities with establishment of a distinct Housing Property team. | 345 |
| Premises | 1,358 | 1,384 | 26 | Additional energy and council tax related project costs, which will generate rental income once projects are occupied. | 38 |
| Transport | 35 | 39 | 4 | | 11 |
| Supplies | 922 | 1,084 | 162 | Legal costs in housing management £75k & other supplies and services including Office relocation costs | -4 |
| Recharges | -453 | -608 | -155 | Additional recharge income to support Affordable Homes capital programme and reduction in recharge expenditure as services/staff transfer from the Place & Infrastructure Department to Communities to become direct costs. | 170 |
| Provision for Bad Debt | 594 | 77 | -517 | Write offs in year only £40k with potential further £150k and age analysis of debt reduces requirement. | 0 |
| Capital Financing Cost | 14,923 | 14,256 | -666 | Capital HRA programme is predicting a £21m underspend on the revised budget of £50m. This, in conjunction with increased grant funding in 2021/22 and 2022/23 has decreased the borrowing requirement in year from £17.4m to £4.1m. The impact on mid-year CFR and therefore interest is significant, reducing capital charges by £666k. This does assume an interest rate of 4.01% which may change if other elements of the capital programme on Council Fund vary. | -591 |
| Central Support Charges | 1,811 | 1,779 | -32 | | -32 |
| Direct Revenue Financing | 10,000 | 10,000 | 0 | | 0 |
| | | | | | |
| Total Expenditure | 48,946 | 48,573 | -372 | | -485 |

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| | Working Budget £'000 | Forecasted £'000 | Dec 22 | Notes | Oct 22 |
|---------------------------|-------------------------|---------------------|----------------------------|--|---------------------------------------|
| | | | Variance for Year £'000 | | Forecasted Variance for Year £'000 |
| Income | | | | | |
| Rents | -43,608 | -43,515 | 93 | Prediction close to target for rent due and voids | -4 |
| Service Charges | -849 | -849 | 0 | | -0 |
| Supporting People | -70 | -71 | -1 | | 0 |
| Interest on Cash Balances | -5 | -372 | -367 | Interest rate significantly above 0.05% budgeted, assumed current year average of 1.8% | -174 |
| Grants | -296 | -296 | 0 | | 0 |
| Insurance | -221 | -221 | 0 | | 0 |
| Other Income | -496 | -500 | -4 | | -2 |
| | | | | | |
| Total Income | -45,545 | -45,824 | -279 | | -180 |
| | | | | | |
| Net Expenditure | 3,401 | 2,750 | -651 | | -665 |

| HRA Reserve | £'000 |
|---------------------------|---------------|
| Balance b/f 01/04/2022 | 21,895 |
| Budgeted movement in year | -3,401 |
| Variance for the year | 651 |
| Balance c/f 31/03/2023 | 19,145 |