

Housing Revenue Account - Budget Monitoring as at 28th February 2023

	Working Budget £'000	Forecasted £'000	Feb 23 Variance for Year £'000	Notes	Dec 22 Forecasted Variance for Year £'000
Expenditure					
Repairs & Maintenance					
Responsive	2,551	3,939	1,388	Budget managers are currently predicting a £518k 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. Some repairs are significant in nature and are being assessed for potential capitalisation.	1,283
Minor Works	3,464	2,179	-1,285		-1,240
Voids	4,512	4,710	197		160
Servicing	1,934	2,036	102		164
Drains & Sewers	157	116	-41		-1
Grounds	849	815	-33		-39
Property & Strategic Projects	408	598	191		224
Unadopted Roads	118	118	0		0
Supervision & Management					
Employee	5,770	5,800	30	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 offset by in year vacancies.	256
Premises	1,358	1,341	-17	Lower than anticipated spend on water bills offset by additional energy and council tax related project costs (which will generate rental income once projects are occupied.)	26
Transport	35	118	82	Additional staff travelling as officers undertake more visits	4
Supplies	914	1,237	324	Legal costs in housing management £97k, compensation payments £100k, projects and activities £120k & other supplies and services including Office relocation costs	162
Recharges	-453	-733	-281	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.	-155
Provision for Bad Debt	594	99	-495	Write offs in year only £69k with potential further £30k and age analysis of debt reduces requirement.	-517
Capital Financing Cost	14,923	14,177	-746	Capital HRA programme is predicting a £24m 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 approximately £1m. The impact on mid-year CFR and therefore interest is significant, reducing capital charges by £746k. This does assume an interest rate of 4.01% which may change if other elements of the capital programme on Council Fund vary.	-666
Central Support Charges	1,811	1,838	27		-32
Direct Revenue Financing	10,000	10,000	0		0
Total Expenditure	48,946	48,388	-557		-372

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			Variance for Year £'000		Forecasted Variance for Year £'000
Income					
Rents	-43,608	-43,575	33	Prediction close to target for rent due and voids.	93
Service Charges	-849	-849	0		0
Supporting People	-70	-71	-1		-1
Interest on Cash Balances	-5	-368	-363	Interest rate significantly above 0.05% budgeted, assumed current year average of 1.8%	-367
Grants	-296	-296	0		0
Insurance	-221	-218	3		0
Other Income	-496	-460	35	Reduction in court costs received	-4
Total Income	-45,545	-45,837	-292		-279
Net Expenditure	3,401	2,551	-850		-651

HRA Reserve	£'000
Balance b/f 01/04/2022	21,895
Budgeted movement in year	-3,401
Variance for the year	850
Balance c/f 31/03/2023	19,344