

**HOUSING REVENUE ACCOUNT (HRA)****REVENUE 2019/20 Quarter 2**

|  | 2019/20<br>Full Year<br>Budget<br>£'000 | 2019/20<br>Budget to Date<br>Apr - Sep<br>£'000 | 2019/20<br>Actuals<br>Apr - Sep<br>£'000 | 2019/20<br>Variance<br>Apr - Sep<br>£'000 | 2019/20<br>Projected<br>Outturn<br>£'000 | 2019/20<br>Projected<br>Variance<br>£'000 |
|--|---|---|--|---|--|---|
| <b>INCOME</b>                              |   |   |  |   |  |   |
| Dwelling Rents                             | 22,857                                  | 11,662  | 11,745                                   | -83                                       | 22,900                                   | -43                                       |
| Non-Dwelling Rents                         | 523                                     | 440   | 450                                      | -10                                       | 523                                      | 0   |
| Tenants' Charges for Services & Facilities | 649                                     | 347   | 290                                      | 57  | 649                                      | 0   |
| Contributions towards Expenditure          | 43                                      | 9   | 12                                       | -3  | 81                                       | -38                                       |
| <b>Total Income</b>                        | <b>24,072</b>                           | <b>12,458</b>                                   | <b>12,497</b>                            | <b>-39</b>                                | <b>24,153</b>                            | <b>-81</b>                                |
| <b>EXPENDITURE</b>                         |   |   |  |   |  |   |
| Repairs & Maintenance                      | 5,523                                   | 2,761   | 2,836                                    | 75  | 5,975                                    | 452                                       |
| Supervision & Management                   | 8,660                                   | 1,746   | 1,377                                    | -369                                      | 8,388                                    | -272                                      |
| Rent, Rates, Taxes & Other Charges         | 144                                     | 72  | 51                                       | -21                                       | 147                                      | 3   |
| Provision for Bad Debts                    | 273                                     | 0   | 0  | 0   | 200                                      | -73                                       |
| Depreciation & Impairment of Fixed Assets  | 5,729                                   | 0   | 0  | 0   | 5,729                                    | 0   |
| Interest Payable & Debt Management Costs   | 4,179                                   | 0   | 0  | 0   | 4,179                                    | 0   |
| <b>Total Expenditure</b>                   | <b>24,508</b>                           | <b>4,579</b>                                    | <b>4,264</b>                             | <b>-315</b>                               | <b>24,618</b>                            | <b>110</b>                                |
| <b>Net cost of Services</b>                | <b>436</b>                              | <b>-7,879</b>                                   | <b>-8,233</b>                            | <b>-354</b>                               | <b>465</b>                               | <b>29</b>                                 |
| <b>Net Operating Expenditure</b>           | <b>436</b>                              | <b>-7,879</b>                                   | <b>-8,233</b>                            | <b>-354</b>                               | <b>465</b>                               | <b>29</b>                                 |
| Interest Receivable                        | -36                                     | 0   | 0  | 0   | -100                                     | -64                                       |
| Revenue Contribution to Capital Outlay     | 0                                       | 0   | 0  | 0   | 0  | 0   |
| Use of Balances                            | -400                                    | 0   | 0  | -400                                      | -365                                     | 35  |
| Transfer to Earmarked Reserves             | 0                                       | 0   | 0  | 0   | 0  | 0   |
| <b>(Surplus)/Deficit on Services</b>       | <b>0</b>                                | <b>-7,879</b>                                   | <b>-8,233</b>                            | <b>-754</b>                               | <b>0</b>                                 | <b>0</b>                                  |

**Financial Commentary:**

Appendix 1 details the financial position for the Housing Revenue Account (HRA) for the period April - September 2019

**The major variances are due to the following:**

## - Repairs &amp; Maintenance:

Repairs and Maintenance is over budget by £75k at quarter two and is forecast to increase to £452k over budget by the year end. Most of the variance relates to the number and value of roofing jobs and the cost of agency staff. Roofing is £123k overspent at quarter two and forecast to increase to £175k at the year end. The reason for this is due to the number of leaking roofs, it should also be noted that scaffolding costs are a large part of this spend as even minor jobs require scaffolding. Agency staff (net of savings from employee budgets) is £108k overspent at quarter two and forecast to increase to £131k overspent at the year end. The agency staff have been covering sickness, vacancies and providing capacity but since November all agency staff have been required to cover vacant posts. This level of overspend cannot be afforded and there is a need for £365k savings to avoid using balances and going below the minimum recommended level. The matter is receiving urgent attention with some planned work scheduled in 2019/20 (e.g. electrical testing) is now being scheduled into 2020/21 and limiting the spend for the rest of the financial year on responsive repairs and roofing. There is a need to bring down repairs and maintenance expenditure in future years mainly through increased productivity of the in house team and improved control of contract spend.

## - Supervision &amp; Management:

Supervision and Management is £206k under budget at quarter two and is forecast to increase to £272k under budget by the year end. At quarter two £126k of the under spend relates to employee savings by holding vacant posts pending the ongoing review of the housing function and the employee savings are forecast to increase (broadly double) to £254k under budget by the year end. Other savings as at quarter two for electricity (£16k), gas (£15k) and cleaning supplies (£23k) are predicted to be on budget by the year end meaning the majority of the year end savings in supervision and management relate to employee budgets.

Please note: For items where budgets to date show as zero this is due to these costs being allocated as part of the year end accounting processes

## HRA CAPITAL 2019/20 Quarter 2

### Strategic Purpose

#### Help Me to Find Somewhere to Live in my Locality

|                                    | 2019/20<br>Full Year<br>Budget<br>£'000 | 2019/20<br>Budget to Date<br>Apr - Sep<br>£'000 | 2019/20<br>Actuals<br>Apr - Sep<br>£'000 | 2019/20<br>Variance<br>YTD<br>£'000 |
|------------------------------------|---|---|--|-------------------------------------|
| 1-4-1 Housing Replacement          | 4,277                                   | 2,139   | 1,329                                    | -810                                |
| Catch Up Rep-Bath Replacements     | 100                                     | 50  | 36                                       | -14                                 |
| Catch Up Rep-Kitchen Upgrades      | 100                                     | 50  | 50                                       | 0                                   |
| Asbestos General                   | 1,000                                   | 500   | 110                                      | -390                                |
| Structural Repairs                 | 60                                      | 30  | 28                                       | -2                                  |
| General Roofing                    | 50                                      | 25  | 0  | -25                                 |
| Electrical Upgrades                | 400                                     | 200   | 197                                      | -3                                  |
| Upgrade Of Central Heating Systems | 400                                     | 200   | 136                                      | -64                                 |
| Window Replacements                | 100                                     | 50  | 4  | -46                                 |
| Equipment & Adaptations            | 696                                     | 348   | 244                                      | -104                                |
| External Cladding & Wall Hanging   | 0                                       | 0   | 4  | 4                                   |
| Drainage                           | 0                                       | 0   | 5  | 5                                   |
| Water Supply                       | 50                                      | 25  | 1  | -24                                 |
| Environmental Enhancements         | 375                                     | 188   | 7  | -181                                |
| Kitchen voids                      | 0                                       | 0   | 2  | 2                                   |
| FRA Works                          | 500                                     | 250   | 283                                      | 33                                  |
| Stock Condition Survey             | 150                                     | 75  | 179                                      | 104                                 |
| Fencing Renewals                   | 90                                      | 45  | 0  | -45                                 |
| Housing System                     | 537                                     | 269   | 70                                       | -199                                |
| Design & Supervision               | 350                                     | 175   | 0  | -175                                |
|                                    | <b>9,235</b>                            | <b>4,618</b>                                    | <b>2,685</b>                             | <b>-1,933</b>                       |

#### Financial Commentary:

The projects form the basis of an interim capital improvement plan pending the outcome of a comprehensive stock condition survey. The survey will be used to inform the budgets required for the 30 year business plan.

Works are also currently being undertaken on a needs only basis pending the survey outcome

1-4-1 Housing Replacement: properties built or purchased using 1-4-1 capital receipts generated from Right to Buy sales