HOUSING REVENUE ACCOUNT PORTFOLIO

KEY ISSUES – OUTTURN 2018/19

The Portfolio has neither over nor under spent at year-end**.** The Portfolio outturn variance has moved **favourably** by **£0.97M** from the position reported at Quarter 3.

Division / Service Activity	**Outturn Variance £M**	***Forecast Variance Quarter 3 £M***	***Movement £M***
Planned / Responsive repairs	2.03 A	*1.53 A*	*0.50 A*
Rental income	0.39 F	*0.23 F*	*0.16 F*
Service charge income	0.34 F	*0.20 F*	*0.14 F*
Supervision & Management	1.71 F	*0.33 A*	*2.04 F*
Financing	0.41 A	*0.46 F*	*0.87 A*
Total	**0.00**	***0.97 A***	***0.97 F***
Carried Forward	**0.00**	***0.00***	***0.00***
Net Position	**0.00**	***0.97A***	***0.97 F***

The SIGNIFICANT movements for the Portfolio are:

Service Area	Movement from Q3 2018/19	Explanation
Planned / Responsive repairs	0.50 A	The position has deteriorated since Quarter 3 due to the lack of any mitigating actions to reduce spend, leading to an outturn broadly similar to the previous financial year.
Rental income	0.16 F	Right to Buy sales continued at a rate less than forecast, plus improved performance on voids and other rents.
Service charge income	0.14 F	Right to Buy sales continued at a rate less than forecast, plus improved

		performance on voids which had a positive effect on service charges.
Supervision & Management	2.04 F	During the early part of 2018/19 it was evident that rent arrears due to Universal Credit was increasing, and therefore a materially increased provision for bad debt was implemented. However, following the implementation of Rent Sense software by the Customer Payment & Debt team, the level of arrears has started to decrease, and the level of write-offs remains at previous levels. It has therefore been determined to continue with the previous level of provision, based on debt stabilisation, resulting in a favourable movement of £1.46M since Quarter 3. Assumed procurement savings share payable to the General Fund that was allowed for in 2016/17 and 2017/18 did not materialise, so the funding was released resulting in a favourable movement of £0.31M since Quarter 3. The recharge from the Capital Assets Team was reduced by agreement as it became clear that the recharge calculation was inappropriate for the level of service delivery to the Housing Capital programme, which has led to a favourable variance of £0.32M since Quarter 3. A number of other non-material variances resulted in an adverse variance of £0.05M.
Financing	0.87 A	Due to slippages and underspends in the HRA capital programme, lower borrowing than estimated was required, resulting in favourable variances in interest payable of £0.77M and principal re-payments of £0.46M. This is a £0.77M favourable movement since Quarter 3 and is linked to the final capital outturn. Other sundry associated costs and income (including debt management costs and interest received) were £0.03M adverse. The favourable movement since Quarter 3 has led to a larger surplus than

		budgeted, resulting in more Direct Revenue Financing (and therefore lower borrowing) being utilised for the HRA capital programme – this is shown as an adverse variance of £1.61M on the HRA. This is also used to return the HRA to a net balance of £2.00M, hence the zero variance from the overall HRA budgeted position.