

## Housing Revenue Account Outturn 2020/21

	<b>Final Budget £M</b>	<b>Outturn £M</b>	<b>Outturn Variance £M</b>
<b>Expenditure</b>			
Responsive repairs	13.27	15.29	2.03 A
Housing investment	5.19	3.80	1.39 F
Rents payable	0.10	0.15	0.05 A
Debt management	0.09	0.08	0.00 F
Supervision & management	22.52	22.86	0.34 A
Interest & principal repayments	5.09	4.78	0.32 F
Depreciation	20.47	21.55	1.08 A
Direct revenue financing of capital	8.89	7.19	1.70 F
<b>Total expenditure</b>	<b>75.61</b>	<b>75.69</b>	<b>0.09 A</b>
<b>Income</b>			
Dwelling rents	(70.24)	(70.48)	0.24 F
Other rents	(1.23)	(1.20)	0.02 A
Service charge income	(3.26)	(2.47)	0.78 A
Leaseholder service charges	(0.88)	(1.54)	0.66 F
Interest received	(0.01)	0.00	0.01 A
<b>Total income</b>	<b>(75.61)</b>	<b>(75.69)</b>	<b>0.09 F</b>
<b>(Surplus) / Deficit for the year</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Numbers are rounded

The HRA has a policy of returning to a budgeted £2M balance for the year. The impact of budget variances are offset by increasing or decreasing borrowing for capital financing accordingly.

A summary of the Portfolio business as usual outturn variance and movement since the last quarter is shown in the table below:

<b>Service Area</b>	<b>BAU Outturn Variance  £M</b>	<b>BAU Forecast Variance Qtr 3 £M</b>	<b>BAU Movement from Qtr 3 £M</b>
Responsive Repairs	2.03 A	0.90 A	1.13 A
Cyclical Maintenance	1.39 F	1.00 F	0.39 F
Supervision & Management	0.34 A	0.20 F	0.54 A
Interest & Principal Repayments	0.31 F	0.39 F	0.08 A
Depreciation	0.84 A	0.00	0.84 A

Direct Revenue Financing of Capital	1.46 F	0.00	1.46 F
Dwelling Rents	0.24 F	0.05 F	0.19 F
Service Charge Income	0.78 A	0.78 A	0.00
Leaseholder Service Charges	0.66 F	0.22 F	0.44 F
Other	0.10 F	0.00	0.10 F
<b>Total</b>	<b>0.17 F</b>	<b>0.18 F</b>	<b>0.01 A</b>

The SIGNIFICANT business as usual movements between Quarter 3 and Outturn for the Portfolio are:

<b>Service Area</b>	<b>Movement in BAU Variance between Qtr 3 and Outturn 2020/21 £M</b>	<b>Explanation:</b>
Responsive Repairs	1.13 A	There is a £1.13M adverse movement compared to the quarter 3 forecast as this forecast was based on data prior to the introduction of the quarter 4 lockdown. The trading division income was subsequently reduced due to a reduction in work also within the capital programme as a consequence of the lockdown and although materials costs were also reduced, staffing costs continued to be incurred.
Cyclical Maintenance	0.39 F	There is a £0.39M favourable variance due to reduced access to properties during the quarter 4 lockdown, combined with changed working practices due to social distancing, both of which caused a reduction in cyclical maintenance jobs.
Supervision & Management	0.54 A	There is £0.10M adverse variance due to a property maintenance compliance review and implementation as well as a £0.07M adverse variance due work carried out on a cost/benefit analysis of fixed term welfare rights advisors. There is also a £0.22M adverse variance due to additional revenue costs of the IT upgrade to Total Mobile, specifically relating to remote working software. The remaining £0.15M adverse variance relates to smaller variances with the service.

Depreciation	0.84 A	There has been a recalculation of component replacement costs as part of the regular asset revaluation requirements which has resulted in an increased depreciation charge leading to a £0.84M adverse variance. However, this charge is used for financing of the Housing capital programme which means that the requirement for direct revenue financing of capital (which is used to finance the programme in excess of the depreciation charge) is reduced.
Direct Revenue Financing of Capital	1.46 F	There is a £1.46M favourable variance due in part to the increased depreciation charge for capital financing (£0.84M – see above) and a reduction in capital spend in year leading to the remaining £0.62M favourable variance.
Dwelling Rents	0.19 F	There is a £0.19M favourable variance due to a recalculation of the implications of a 53-week rent allocation and the amortisation across multiple years.
Leaseholder Service Charges	0.44 F	There is a £0.44M favourable variance following a review of Section 20 charges implementation in the last 3 years, which has led to an increase and improvement in the collection of leaseholder contributions to works and services.

A summary of the Portfolio COVID-19 pressures outturn variance and movement since the last quarter is shown in the table below:

<b>Service Area</b>	<b>COVID-19 Pressures Outturn</b>	<b>COVID-19 Pressures Qtr 3</b>	<b>COVID-19 Pressures Movement from Qtr 3</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>
Supervision & Management	0.07 A	1.25 A	1.18 F
Dwelling Rents	0.10 A	0.04 A	0.06 A
<b>Total</b>	<b>0.17 A</b>	<b>1.29 A</b>	<b>1.12 F</b>

The SIGNIFICANT COVID-19 pressures movements between quarter 3 and Outturn for the Portfolio are:

Service Area	Movement in COVID-19 Pressures between Qtr 3 and Outturn 2020/21 £M	Explanation:
Supervision & Management	1.18 F	<p>There is a £1.18M favourable variance to the quarter 3 forecast, of which £1.24M favourable is due to a reappraisal of the bad debt provision forecasting – this is due to the furlough scheme continuing, which was previously forecast to have ceased before the end of the financial year, and so the debt position did not develop as adversely as expected. Debt has continued to rise however through the year, although this has been mainly around existing tenant rather than former tenant debt (the former is provided at 33.3%, the latter 100%) which is contrary to the debt movement in the previous financial year. The forthcoming financial year has an increased bad debt provision in anticipation of the cessation of the furlough scheme. The favourable movement is offset by £0.06M due to additional Personal Protective Equipment purchases within the service.</p>