

## HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2021/22

The Housing Revenue Account currently has a forecast surplus of **£1.11M** for business as usual (BAU) activities, which represents a percentage variance against budget of **1.5%**.

In addition, there is a £0.57M surplus relating to the COVID-19 pandemic.

	<b>Budget Quarter 1</b>	<b>BAU* Annual Forecast Quarter 1</b>	<b>BAU* Forecast Variance Quarter 1</b>	<b>COVID Forecast Variance Quarter 1</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Expenditure</b>				
Responsive repairs	12.15	11.84	0.31 F	0.00
Cyclical maintenance	5.37	4.57	0.80 F	0.00
Rents payable	0.10	0.10	0.00	0.00
Debt management	0.09	0.09	0.00	0.00
Supervision & management	24.54	24.54	0.00	0.57 F
Interest & principal repayments	8.83	8.83	0.00	0.00
Depreciation	20.92	20.92	0.00	0.00
Direct revenue financing of capital	3.88	3.88	0.00	0.00
<b>Total Expenditure</b>	<b>75.87</b>	<b>74.76</b>	<b>1.11 F</b>	<b>0.57 F</b>
<b>Income</b>				
Dwelling rents	71.38	71.38	0.00	0.00
Other rents	1.20	1.20	0.00	0.00
Service charge income	2.34	2.34	0.00	0.00
Leaseholder service charges	0.95	0.95	0.00	0.00
Interest received	0.01	0.01	0.00	0.00
<b>Total Income</b>	<b>75.87</b>	<b>75.87</b>	<b>0.00</b>	<b>0.00</b>
<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>(1.11)</b>	<b>1.11 F</b>	<b>0.57 F</b>

NB Numbers are rounded

\*Business as usual

**The SIGNIFICANT business as usual issues for the Portfolio are:**

Service Area	BAU Forecast Variance Qtr 1 £M	Explanation
Responsive Repairs	0.31 F	There is a £0.31M favourable variance forecast for increased income to the trading divisions (Capital Works and Safety Services), based on income data for April and May and extrapolated over the year. This is due to additional work generated through the Southampton First initiative.
Cyclical Maintenance	0.80 F	There is a £0.80M favourable variance forecast due to continuing restrictions with property access and variations in working practices due to COVID-19. A compliance review has been undertaken which has led to a restructure to ensure future full delivery of the cyclical maintenance programme.

**The SIGNIFICANT COVID-19 issues for the Portfolio.**

Service Area	COVID Forecast Variance Qtr 1 £M	Explanation
Supervision & Management	0.57 F	There is a £0.57M favourable variance forecast because during the business planning process for 2021/22 an assumption was made that bad debt provision would increase significantly during 2021/22 as, at that time, the furlough scheme was expected to end prior to 1st April 2021. However, the scheme continued through Quarter 1 of 2021/22, which has meant that arrears have not increased to the extent assumed. This, combined with stabilising former tenant debt, has meant that the calculated bad debt provision has reduced and therefore has led to a favourable variance forecast of £0.57M.