

## Housing Revenue Account Outturn 2022/23

	<b>Final Budget £M</b>	<b>Outturn £M</b>	<b>Outturn Variance £M</b>
<b>Expenditure</b>			
Responsive repairs	13.27	15.67	2.40 A
Cyclical repairs	7.36	5.91	1.45 F
Rents payable	0.10	0.44	0.34 A
Debt management	0.08	0.58	0.50 A
Supervision & management	25.05	25.60	0.54 A
Interest & principal repayments	5.16	5.12	0.04 F
Depreciation	23.76	20.86	2.90 F
Direct revenue financing of capital	2.54	1.81	0.73 F
<b>Total expenditure</b>	<b>77.33</b>	<b>75.99</b>	<b>1.34 F</b>
<b>Income</b>			
Dwelling rents	(71.84)	(70.56)	1.28 A
Other rents	(1.18)	(1.14)	0.04 A
Service charge income	(2.34)	(2.31)	0.02 A
Leaseholder service charges	(1.05)	(0.99)	0.06 A
Interest received	0.00	(0.06)	0.06 F
<b>Total income</b>	<b>(76.41)</b>	<b>(75.07)</b>	<b>1.34 A</b>
<b>(Surplus) / Deficit for the year</b>	<b>0.92</b>	<b>0.92</b>	<b>0.00</b>

Numbers are rounded

There was a planned deficit of £0.92M for 2022/23 to be met from a carry forward of a planned surplus in 2021/22, such that by the end of 2022/23 the HRA balance has returned to £2M.

The significant variations for the Portfolio are:

<b>Service Area</b>	<b>Outturn Variance £M</b>	<b>Explanation:</b>
Responsive and cyclical repairs	0.96 A	The adverse variance of £0.96M relates to inflation on building materials and labour costs, and increased levels of reactive maintenance totalling £2.63M, this is partially offset by favourable variances on vehicle recharging of £0.42M and increased recharge rates for Housing Operations of £0.3M following agreement to increase recharge rates. The current level of inflation for building materials was reported at over 12% in Q4 of 2021/22 and high inflation continued into 2022/23.

		Increased reactive maintenance costs were offset by a subsequent reduction in cyclical maintenance work costs of £0.95M. The business plan for 2023/24 reflected an inflationary increase for reactive maintenance, and further review of capital programming will take place in 2023/24.
Rents payable	0.34 A	The adverse variance relates to increased levels of council tax chargeable on void properties. The high level of voids drove a significant increase in cost, which is assumed to continue in the 2023/24 business plan.
Supervision & Management	1.05 A	The adverse variance of £1.05M is due to the increased cost of energy in relation to communal lighting, lifts and other services, and the pay award being higher than assumed, which generated an adverse variance of 0.39M. In addition, the restaurants at Erskine Court and Potters Court are running at a loss of £0.08M, and increasing arrears due to the cost of living increased the bad debt provision contribution by £0.2M. These pressures are offset by a review of Fleet cost, following which a cost reduction of £0.08M has been achieved, and a decision to remove the optional Renewable Energy Guarantee of Origin (REGO) levy from the council-wide electricity bills which resulted in a saving of £0.04M, a more assertive charging policy for major repairs contributions (MRC) generated additional income of £0.08M, and increased disrepair claims of £0.08M. In addition, one-off costs in respect of fire safety of £0.5M were incurred during 2022/23.
Depreciation	2.90 F	The depreciation calculation shows a favourable variance of £2.9M. The methodology for calculating the charge was revised in 2021/22 to take into account land elements of buildings within the valuation. This resulted in a lower calculation in 2021/22 and a similar methodology applied in 2022/23 resulted in a £1.9M reduction. The depreciation charge is further reduced by £1M as a result of a downward valuation of dwelling stock.
Direct Revenue funding of Capital	0.73 F	The annual contribution to the capital programme was reduced by £0.73M in order to maintain the minimum working balance of £2M.
Rent & Service charges	1.39 A	The adverse variance on rental income relates to the current high level of voids, which is subsequently impacting through lost rental income. Continuing high voids is recognised in the MTFs review and work is ongoing to identify investment required to reduce void losses in the long term.