

HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2023/24

The Housing Revenue Account is currently forecast to have a surplus of £0.59M, which will be used to increase the HRA working balance to £2.59M.

	Budget Quarter 3 £M	Annual Forecast Quarter 3 £M	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement from Quarter 2 £M
Expenditure					
Responsive repairs	15.10	15.12	0.02 A	0.01 F	0.03 A
Cyclical maintenance	6.44	6.48	0.04 A	0.07 A	0.03 F
Rents payable	0.20	0.45	0.25 A	0.25 A	0.00
Debt management	0.09	0.09	0.00	0.00	0.00
Supervision & management	26.16	26.92	0.76 A	0.81 A	0.05 F
Interest & principal repayments	5.71	6.46	0.75 A	1.00 A	0.25 F
Depreciation	22.07	21.50	0.57 F	0.57 F	0.00
Direct revenue financing of capital	4.00	2.18	1.82 F	2.12 F	0.30 A
Total Expenditure	79.77	79.20	0.58 F	0.58 F	0.00
Income					
Dwelling rents	(75.14)	(74.94)	0.20 A	0.20 A	0.00
Other rents	(1.24)	(1.20)	0.04 A	0.04 A	0.00
Service charge income	(2.34)	(2.52)	0.18 F	0.18 F	0.00
Leaseholder service charges	(1.05)	(1.05)	0.00	0.00	0.00
Interest received	0.00	(0.08)	0.08 F	0.08 F	0.00
Total Income	(79.77)	(79.78)	0.01 F	0.01 F	0.00
(SURPLUS)/DEFICIT	0.00	(0.59)	0.59 F	0.59 F	0.00

NB Numbers are rounded

The **SIGNIFICANT** issues for the HRA are:

Service Area	Forecast Variance Qtr 3 £M	Explanation
Supervision & Management	0.76 A	The adverse variance of £0.76M includes an anticipated increase in bad debt provision contribution of £0.10M due to continuing high levels of arrears; £0.18M disrepair claims costs over and above the existing budget; an increase of £0.05M on waste disposal costs as a result of new Persistent Organic Pollutants legislation;

		ongoing net operating loss of £0.07M at the Potters Court cafe; unachieved savings of £0.23M in respect of housing management restructuring, and £0.30M of voluntary redundancy costs. These pressures are partially offset by a favourable cost control variance of £0.12M resulting from a reduction in Employer's pension contributions from 18.2% to 16.8%, and reduced financing costs expected on vans of £0.05M. The favourable movement of £0.05M since quarter 2 relates to the reduction expected on financing costs for vans.
Rents Payable	0.25 A	The adverse variance relates to council tax charges on empty properties, which has exceeded budget due to continuing high levels of voids.
Interest & Principal repayments	0.75 A	The adverse variance reflects the estimated impact of interest base rate increases, and a borrowing decision in February 2023 to fix borrowing at a favourable rate which increases short term borrowing costs but creates a larger saving to the HRA over the longer term. The favourable movement in forecast of £0.25M relates to a slight softening in borrowing costs resulting from the Bank of England's decision to hold rate increases during November and December 2023.
Depreciation	0.57 F	The depreciation charge for 2022/23 was based on a lower stock valuation than anticipated, this has a knock on effect on the depreciation calculation for 2023/24, generating a favourable variance of £0.57M. Due to the scale of the depreciation charge, small % variances can have a large financial impact and therefore any favourable variance on depreciation will be taken to increase the working balance.
Direct Revenue Financing of Capital	1.82 F	The net pressures recorded above, allowing for an increase in working balance, have been offset by a reduction in the Direct Revenue Financing of Capital line. The adverse movement of £0.3M since Quarter 3 is offset by favourable movements across the HRA.