

HOUSING REVENUE ACCOUNT

KEY ISSUES – QUARTER 3

The Housing Revenue Account (HRA) is currently forecast to over spend by **£0.22M** at year-end, which represents a percentage over spend against budget of **0.3%**. The portfolio variance has moved favourably by **£0.11M** from the position reported at Quarter 2. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

	Forecast Variance £M	%	Movement from Quarter 2 £M	%
Housing Revenue Account	0.22 A	0.3	0.11 F	0.1
Potential Carry Forward Requests	0.00		0.00	

A summary of the monthly movements in the Portfolio forecast variance, are shown in the table below:

Division / Service Activity	Forecast Variance Quarter 3 £M	Forecast Variance Quarter 2 £M	Movement £M	Ref.
Responsive Repairs	0.65 A	0.65 A	0.00	HRA 1
Dwelling rents	0.58 A	0.63 A	0.05 F	HRA 2
Leaseholder income	0.46 F	0.65 F	0.19 A	HRA 3
Supervision & Management	0.19 A	0.30 A	0.11 F	HRA 4
Interest Repayments	0.54 F	0.60 F	0.06 A	HRA 5
Rents / rates payable	0.20 F	0.00	0.20 F	HRA 6
Total	0.22 A	0.33 A	0.11 F	

The SIGNIFICANT issues for the Portfolio are:

HRA 1 – Responsive Repairs (£0.65M adverse, no movement)

There is an ongoing review of the Housing Operations Division.

Forecast range £0.70M adverse to £0.10M adverse

As previously reported, there is an adverse variance on Responsive Repairs of £0.65M.

It is envisaged that a restructure of the repairs team in 2015/16, and the ongoing implementation of mobile working, will deliver part-year savings and reduce the forecast overspend. However, the current forecast is unchanged from Quarter 2.

HRA 2 – Dwelling Rents / Voids (£0.58M adverse, £0.05M favourable movement)

There will be a shortfall in rental income.

Forecast range £0.70M adverse to £0.50M adverse

As part of the estimate process, certain assumptions were made as to the size of the housing stock. A larger number of right-to-buy sales than estimated were made during the last few months of 2014/15, which has led to a reduced income from dwelling rents of £0.44M. This is unchanged from Quarter 2.

In addition, dwelling and hostel voids are higher than estimated, which has led to a reduced income of £0.14M. The recently recruited Empty Properties Manager will aim to continue to improve the void turnaround time and thus lower the rental income loss from void properties. There is already a favourable movement of £0.05M from Quarter 2.

HRA 3 – Leaseholder Service Charges (£0.46M favourable, £0.19M adverse movement)

There has been an increase in Repair & Maintenance work to leaseholder properties.

Forecast range £0.30M favourable to £0.50M favourable

As previously reported, there is a forecast additional income from charges to leaseholders. A quarterly review revealed that the charges for major works (revenue) were lower than anticipated since Quarter 2, due to a reduced level of repair works for storm / water damage. The forecast has, therefore, been reduced by £0.19M.

HRA 4 – Supervision and Management (£0.19M adverse, £0.11M favourable movement)

A number of minor variances contribute to this figure.

Forecast range £0.40M adverse to £0.10M adverse

As previously reported, there are unbudgeted redundancy / pension release costs (£0.08M), costs associated with the implementation of the Living Wage for SCC, which is being backdated to April 2013 (£0.17M) and larger than budgeted disrepair claims (£0.06M). These are now offset by savings of £0.11M mainly as a result of revised forecasts following a review of utility costs to sheltered accommodation properties.

HRA 5 – Interest & Capital Repayments (£0.54M favourable, £0.06M adverse movement)

There is a reduced borrowing requirement for the capital programme.

Forecast range £0.50M favourable to £0.60M favourable

As previously reported, a re-evaluation of the capital programme has resulted in the reduction in the borrowing requirement, and thus reduced the financing cost charged to revenue. An adverse re-alignment of capital repayments and a further favourable movement in the financing costs has resulted in a net adverse movement of £0.06M from Quarter 2.

HRA 6 – Rents / Rates payable (£0.20M favourable, £0.20M favourable movement)

There is a reduction in council tax payable on empty properties.

Forecast range £0.15M favourable to £0.25M favourable

Following an investigation into council tax payable on empty properties set aside for regeneration, an exemption from council tax was agreed, resulting in a large prior-year credit being received and a reduction in the forecast for current year costs. A favourable variance of £0.20M is reported for the first time`.