

HOUSING REVENUE ACCOUNT PORTFOLIO

KEY ISSUES – QTR 1

The Portfolio is currently forecast to over spend by **£0.62M** at year-end, which represents a percentage over spend against the Gross Expenditure budget of **0.83%**. As this is the first reported position for the year there are no forecast variance changes to compare against a previously reported position. All forecasts are constructed from the bottom up through discussions with individual budget holders and are then adjusted to take into account the wider Portfolio view.

| | Forecast Variance £M | % |
|----------------------------------|-------------------------------------|-------------|
| Housing Revenue Account | 0.62 A | 0.83 |
| Potential Carry Forward Requests | 0.00 | |

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

| Division / Service Activity | Forecast Variance Qtr. 1 £M | Ref. |
|------------------------------------|--|-------------|
| Supervision & Management | 0.24 F | HRA 1 |
| Interest & Capital Repayments | 0.45 F | HRA 2 |
| Housing Investment | 0.13 A | HRA 3 |
| Repairs | 0.98 A | HRA 4 |
| Tenant Service Charges | 0.20 A | HRA 5 |
| Total | 0.62 A | |

The SIGNIFICANT issues for the Portfolio are:

HRA 1 – Supervision & Management (forecast favourable variance £0.24M)

There is a reduction in the required contribution to the bad debt provision.

Forecast range £0.20M favourable to £0.30M favourable

The continuing downward trend in current tenant arrears has led to a reduction of £0.30M in the required yearly contribution to the bad debt provision.

A one-off savings proposal of £0.05M, which was to be generated by the removal of the cash collection facility at a Local Housing Office, cannot now be achieved.

HRA 2 – Interest & Capital Repayments (forecast favourable variance £0.45M)

There is a reduction in the borrowing requirement for funding of capital programme.

Forecast range £0.40M favourable to £0.50M favourable

A re-evaluation of the capital programme from 2015-16 to 2016-17 has resulted in a reduction in the borrowing requirement. This short term movement in the borrowing requirement has therefore reduced the financing cost charged to revenue for 2016-17.

HRA 3 – Housing Investment (forecast adverse variance £0.13M)

Some decoration work has been brought forward.

Forecast range £0.20M adverse to £0.10M adverse

In order to maximise the efficiency of the resources used by the ECO project, it was agreed to bring forward the decorations work planned for Irving Road.

HRA 4 – Responsive Repairs (forecast adverse variance £0.98M)

Not all expected efficiencies are to be realised this year.

Forecast range £1.20M adverse to £0.80M adverse

Good progress has been made in restructuring the Housing Operations team across the four elements of trade staff and management restructuring, void efficiencies and reductions in fleet usage.

The reduced staffing structure was not fully implemented until June 2016 and currently there is a forecasted adverse variance of £0.98M. This overspend should be seen in the context of a reduction in budget of £2.75M across the Housing Operations and Repairs service since 2015/16 and management are working towards reducing this adverse variance through the year.

HRA 5 – Tenant Service Charges (forecast adverse variance £0.20M)

A revised charging proposal is not deliverable.

Forecast range £0.20M to £0.10M adverse

A budget proposal to introduce a revised charging model for Community Alarm customers will not now be implemented due to Housing Benefit restrictions and future unknown changes in Supporting People income.