

HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2022/23

The Housing Revenue Account is currently forecast to have a nil variance against the budgeted deficit for the year.

| | Budget Quarter 1 | Annual Forecast Quarter 1 | Forecast Variance Quarter 1 |
|-------------------------------------|-----------------------------|--|--|
| | £M | £M | £M |
| Expenditure | | | |
| Responsive repairs | 13.27 | 14.39 | 1.12 A |
| Cyclical maintenance | 7.36 | 7.36 | 0.00 |
| Rents payable | 0.10 | 0.20 | 0.10 A |
| Debt management | 0.08 | 0.08 | 0.00 |
| Supervision & management | 25.05 | 25.89 | 0.84 A |
| Interest & principal repayments | 5.16 | 5.16 | 0.00 |
| Depreciation | 23.76 | 21.86 | 1.90 F |
| Direct revenue financing of capital | 2.54 | 1.76 | 0.78 F |
| Total Expenditure | 77.33 | 76.71 | 0.62 F |
| Income | | | |
| Dwelling rents | (71.84) | (71.22) | 0.62 A |
| Other rents | (1.18) | (1.18) | 0.00 |
| Service charge income | (2.34) | (2.34) | 0.00 |
| Leaseholder service charges | (1.05) | (1.05) | 0.00 |
| Interest received | 0.00 | 0.00 | 0.00 |
| Total Income | (76.41) | (75.79) | 0.62 A |
| (SURPLUS)/DEFICIT | 0.92 | 0.92 | 0.00 |

NB Numbers are rounded

The SIGNIFICANT issues for the Portfolio are:

| Service Area | Forecast Variance Qtr 1 £M | Explanation |
|-------------------------------|-----------------------------------|---|
| Reactive and Cyclical repairs | 1.12 A | <p>The adverse variance of £1.12M relates to inflation on building materials of £1.54M which is impacting on the cost of repairs and is partially offset by a favourable variance on vehicle recharging of £0.42M. The current level of inflation for building materials was reported at over 12% in Q4 of 2021/22. High inflation is expected to continue into 2022/23.</p> <p>A review of Fleet costs has been undertaken to ascertain the value of charges on vehicles which have been fully paid off, to ensure capital charges are not continuing.</p> |
| Supervision & Management | 0.84 A | <p>The adverse variance on Supervision and Management relates to the forecast impact of increasing energy prices on the cost of providing communal lighting and running of lifts. The forecast also builds in an assumption of a higher than budgeted pay award due to the cost of living increases in 2022/23.</p> |
| Depreciation | 1.90 F | <p>A review of the depreciation methodology in 2021/22 has resulted in a lower assumed depreciation charge for 2022/23.</p> |
| Rental Income | 0.62 A | <p>Turnaround time of void properties have increased, as well as the number of properties being held for demolition. Remedial plans are being put in place to improve the turnaround times.</p> |
| Direct Revenue Financing | 0.78 F | <p>Efforts are being made to ensure the working balance to the HRA is maintained at £2M. The level of saving to be achieved is £0.78M, to be apportioned across relevant budget headings once identified.</p> |