HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2023/24

The Housing Revenue Account is currently forecast to have a surplus of £0.58M, which will be used to increase the HRA working balance to £2.58M**.**

	Budget Quarter 1 £M	Annual Forecast Quarter 1 £M	Forecast Variance Quarter 1 £M
Expenditure			
Responsive repairs	15.10	15.09	0.01 F
Cyclical maintenance	6.44	6.51	0.07 A
Rents payable	0.20	0.30	0.10 A
Debt management	0.09	0.09	0.00
Supervision & management	26.16	26.67	0.51 A
Interest & principal repayments	5.71	6.71	1.00 A
Depreciation	22.07	21.50	0.57 F
Direct revenue financing of capital	4.00	1.88	2.12 F
Total Expenditure	**79.77**	**78.75**	**1.02 F**
Income			
Dwelling rents	(75.14)	(74.64)	0.50 A
Other rents	(1.24)	(1.24)	0.00
Service charge income	(2.34)	(2.34)	0.00
Leaseholder service charges	(1.05)	(1.05)	0.00
Interest received	0.00	(0.06)	0.06 F
Total Income	**(79.77)**	**(79.33)**	**0.44 A**
(SURPLUS)/DEFICIT	**0.00**	**(0.58)**	**0.58 F**

NB Numbers are rounded

The SIGNIFICANT issues for the HRA are:

Service Area	Forecast Variance Qtr 1 £M	Explanation
Supervision & Management	0.51 A	The adverse variance of £0.51M 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; and unachieved savings of £0.23M in respect of housing management restructuring. 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%.
Interest Payable	1.00 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.
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	2.12 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. This means borrowing will be needed instead to finance capital spend, which contributes to higher debt financing in the longer term than would have been the case.
Dwelling Rents	0.50 A	The adverse variance reflects continuing high levels of voids, which is expected to continue into 2023/24 and will reduce income by an anticipated £0.5M. The Capital programme is currently being reviewed with a view to reducing voids in future years.