

HOUSING REVENUE ACCOUNT PORTFOLIO

KEY REVENUE ISSUES – QUARTER 2

The Portfolio is currently forecast to over spend by **£0.73M** at year-end, which represents a percentage over spend against budget of **1.0%**. 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	%	Movement from Quarter 1 £M	%
Housing Revenue Account	0.73 A	1.0	0.11 A	0.2
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 2 £M	Forecast Variance Qtr 1 £M	Movement £M	Ref.
Supervision & Management	0.13 F	0.24 F	0.11 A	HRA 1
Interest & Capital Repayments	0.45 F	0.45 F	0.00	HRA 2
Housing Investment	0.13 A	0.13 A	0.00	HRA 3
Repairs	0.98 A	0.98 A	0.00	HRA 4
Tenant Service Charges	0.20 A	0.20 A	0.00	HRA 5
	0.73 A	0.62 A	0.11 A	

The CORPORATE issues for the Portfolio are:

HRA 1 – Supervision & Management (£0.13M favourable, £0.11 adverse movement since quarter 1)

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

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.

There are employee-related pressures of £0.11M, as the lack of the usual staff turnover means that the vacancy factor in a number of areas will not be met, plus the mandatory pension auto-enrolment scheme that was introduced in June 2016, has led to increased employers contributions.

HRA 2 – Interest & Capital Repayments (£0.45M favourable, no movement)

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

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 (£0.13M adverse, no movement)

Some decoration work has been brought forward.

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 (£0.98M adverse, no movement)

Not all expected efficiencies are to be realised this year.

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. Management are working towards reducing this adverse variance through the year.

HRA 5 – Tenant Service Charges (£0.20M adverse, no movement)

A revised charging proposal is not deliverable.

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.