

Housing Revenue Account - Budget Monitoring as at 31st December 2022

	Working Budget £'000	Forecasted £'000	Dec 22 Variance for Year £'000	Notes	Oct 22 Forecasted Variance for Year £'000
Expenditure					
Repairs & Maintenance					
Responsive	2,380	3,663	1,283	Budget managers are currently predicting a £551k overspend on revenue maintenance budget spend. However, given current inflation and the impact on construction industry capacity post-Covid and post-Brexit including significantly increasing pay, energy, fuel, and construction materials costs, there will continue to be upwards pressure on contractor rates and reduced availability as we progress through 2023 e.g. in January the Minor Works Framework Schedule of Rates was increased by 9.3% in line with CPI for the 12-month period August 2021 to July 2022. As a result, remaining within budget may require delivering less with our allocated financial resources. Budget managers will continue to respond to these fluctuations to ensure that the overall HRA expenditure remains within budget. The review of the 3-year HRA Business Plan for 2023/24 onwards has identified appropriate adjustments to future budget allocations to reflect the anticipated continuing inflation impacts.	1,011
Minor Works	3,464	2,224	-1,240		-1,395
Voids	4,523	4,683	160		-106
Servicing	1,934	2,098	164		97
Drains & Sewers	117	116	-1		5
Grounds	849	810	-39		-38
Property & Strategic Projects	423	647	224		5
Unadopted Roads	118	118	0		0
Supervision & Management					
Employee	5,947	6,204	256	Impact of pay award compared to budgeted salary costs and transfers of staff from Place & Infrastructure to Communities with establishment of a distinct Housing Property team.	345
Premises	1,358	1,384	26	Additional energy and council tax related project costs, which will generate rental income once projects are occupied.	38
Transport	35	39	4		11
Supplies	922	1,084	162	Legal costs in housing management £75k & other supplies and services including Office relocation costs	-4
Recharges	-453	-608	-155	Additional recharge income to support Affordable Homes capital programme and reduction in recharge expenditure as services/staff transfer from the Place & Infrastructure Department to Communities to become direct costs.	170
Provision for Bad Debt	594	77	-517	Write offs in year only £40k with potential further £150k and age analysis of debt reduces requirement.	0
Capital Financing Cost	14,923	14,256	-666	Capital HRA programme is predicting a £21m underspend on the revised budget of £50m. This, in conjunction with increased grant funding in 2021/22 and 2022/23 has decreased the borrowing requirement in year from £17.4m to £4.1m. The impact on mid-year CFR and therefore interest is significant, reducing capital charges by £666k. This does assume an interest rate of 4.01% which may change if other elements of the capital programme on Council Fund vary.	-591
Central Support Charges	1,811	1,779	-32		-32
Direct Revenue Financing	10,000	10,000	0		0
Total Expenditure	48,946	48,573	-372		-485

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	Working Budget £'000	Forecasted £'000	Dec 22	Notes	Oct 22
			Variance for Year £'000		Forecasted Variance for Year £'000
Income					
Rents	-43,608	-43,515	93	Prediction close to target for rent due and voids	-4
Service Charges	-849	-849	0		-0
Supporting People	-70	-71	-1		0
Interest on Cash Balances	-5	-372	-367	Interest rate significantly above 0.05% budgeted, assumed current year average of 1.8%	-174
Grants	-296	-296	0		0
Insurance	-221	-221	0		0
Other Income	-496	-500	-4		-2
Total Income	-45,545	-45,824	-279		-180
Net Expenditure	3,401	2,750	-651		-665

HRA Reserve	£'000
Balance b/f 01/04/2022	21,895
Budgeted movement in year	-3,401
Variance for the year	651
Balance c/f 31/03/2023	19,145