

## **HOUSING REVENUE ACCOUNT**

### **KEY ISSUES – QTR 1**

The Housing Revenue Account (HRA) is currently forecast to over spend by **£0.95M** at year-end, which represents a percentage over spend against budget of **1.2%**. The forecast is constructed from the bottom up through discussions with individual budget holders and is then adjusted to take into account the wider Portfolio view.

**Table H1 Housing Revenue Account Forecast Outturn**

	<b>£M</b>	<b>%</b>
<b>Housing Revenue Account</b>	<b>0.95 A</b>	<b>1.2</b>
Potential Carry Forward Requests	0.00	

A summary of Portfolio forecast variances are shown in the table below:

**Table H2 Housing Revenue Account Significant Variances**

Division / Service Activity	<b>Forecast Variance Month 3 £M</b>	<b>Ref.</b>
Responsive Repairs	0.65 A	HRA 1
Dwelling Rents / Voids	0.63 A	HRA2
Leaseholder Service Charges	0.65 F	HRA3
Supervision & Management – Housing Management	0.30 A	HRA4
Other	0.02 A	
	<b>0.95 A</b>	

The **SIGNIFICANT** issues for the Portfolio are:

#### **HRA1 – Responsive Repairs (forecast adverse variance £0.65M)**

There is an ongoing review of the Housing Operations Division.

**Forecast range £0.70M adverse to £0.10M adverse**

During the 2015/16 estimates process there was a move towards transforming and modernising the future structure of the Housing Operations Division, identifying the structure of the teams and the value of work that would be available. As a result, it was not possible to provide a detailed estimate for Responsive Repairs and a figure of £11.00M was used which was based largely on the previous year's outturn.

Since then more detailed estimates have been available, resulting in an increase in the forecast expenditure. It is envisaged that a restructure of the repairs team in 2015/16, and the ongoing implementation of mobile working, will deliver part-year savings and reduce or eliminate the forecast overspend.

### **HRA2 – Dwelling Rents / Voids (forecast adverse variance £0.63M)**

**There will be a shortfall in rental income.**

**Forecast range £0.70M adverse to £0.50M adverse**

As part of the estimate process, certain assumptions were made as to the size of the housing stock. A larger number of right-to-buy sales than estimated were made during the last few months of 2014/15, which has led to a reduced income from dwelling rents.

In addition, dwelling and hostel voids are higher than estimated – the recruitment of an Empty Properties Manager will improve the void turnaround time and thus lower the rental income loss.

### **HRA3 – Leaseholder Service Charges (forecast favourable variance £0.65M)**

**There has been an increase in Repair & Maintenance work to leaseholder properties.**

**Forecast range £0.50M favourable to £0.70M favourable**

The 2014/15 overspend on repairs continues to include repairs carried out to leasehold properties and these repairs are being charged on to the leaseholders as per the conditions of the lease.

### **HRA4 – Supervision and Management – Housing Management (forecast adverse variance £0.3M)**

**A number of smaller variances contribute to this figure.**

**Forecast range £0.30M adverse to £0.10M adverse**

There has been an increase in the premium for buildings insurance, which will be charged to the leaseholders (see HRA3). In addition there are unbudgeted redundancy / pension release, as well as costs associated with the implementation of the Living Wage for SCC, which is being backdated to April 2013.