

## HOUSING REVENUE ACCOUNT FORECAST OUTTURN POSITION FOR 2021/22

The Housing Revenue Account is currently forecast to have a surplus of **£0.92M** for business as usual (BAU) activities, which represents a percentage variance against budget of 1.2%. There has been no change to the overall Portfolio forecast variance from the position reported at quarter 2.

In addition, the surplus on the COVID-19 pandemic budget reported at Q2 has now been factored in to the BAU forecast, which represents an adverse movement from the position reported at quarter 2.

	<b>Budget Qtr 3</b>	<b>BAU Annual Forecast Qtr 3</b>	<b>BAU Forecast Variance Qtr 3</b>	<b>BAU Forecast Variance Qtr 2</b>	<b>BAU Variance Movement from Qtr 2</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Expenditure</b>					
Responsive repairs	12.15	12.15	0.00	0.69 F	0.69 A
Cyclical maintenance	4.97	4.57	0.40 F	0.40 F	0.00
Rents payable	0.10	0.10	0.00	0.00	0.00
Debt management	0.09	0.09	0.00	0.00	0.00
Supervision & management	24.94	23.47	1.48 F	0.05 F	1.43 F
Interest & principal repayments	8.83	8.44	0.38 F	0.00	0.38 F
Depreciation	20.92	21.55	0.63 A	0.00	0.63 A
Direct revenue financing of capital	3.88	4.36	0.49 A	0.00	0.49 A
<b>Total Expenditure</b>	<b>75.87</b>	<b>74.73</b>	<b>1.14 F</b>	<b>1.14 F</b>	<b>0.00</b>
<b>Income</b>					
Dwelling rents	(71.38)	(71.15)	0.22 A	0.22 A	0.00
Other rents	(1.20)	(1.20)	0.00	0.00	0.00
Service charge income	(2.34)	(2.34)	0.00	0.00	0.00
Leaseholder service charges	(0.95)	(0.95)	0.00	0.00	0.00
Interest received	(0.01)	(0.01)	0.00	0.00	0.00
<b>Total Income</b>	<b>(75.87)</b>	<b>(75.65)</b>	<b>0.22 A</b>	<b>0.22 A</b>	<b>0.00</b>
<b>(SURPLUS)/DEFICIT</b>	<b>0.00</b>	<b>(0.92)</b>	<b>0.92 F</b>	<b>0.92 F</b>	<b>0.00</b>

NB Numbers are rounded

**The SIGNIFICANT business as usual movements between quarter 2 and quarter 3 for the Portfolio are:**

Service Area	Movement in BAU Forecast Variance Between Qtr 3 and Qtr 2 £M	Explanation:
Responsive repairs	0.69 A	A review of the corporate overhead calculation and increased levels of activity in the second half of the year have resulted in an increase in forecast spend.
Supervision & Management	1.43 F	The favourable movement from Quarter 2 relates to a review of bad debt provision. The budgeted contribution had been increased to mitigate the risk of increasing arrears as a result of the pandemic. However, the arrears have remained relatively stable and a reduced provision is therefore required. It is not possible to assess the level of arrears arising from BAU or COVID directly, and therefore has been reported under BAU.
Interest & Principal Repayments	0.38 F	The favourable movement is due to a lower than budgeted capital spend in 2020/21 and 2021/22, reducing borrowing costs by £0.92M. This has been partially offset by refinancing costs of £0.54M, which will have a beneficial effect on the longer term HRA business plan.
Depreciation	0.63 A	The final depreciation calculation for 2020/21, signed off within the Statutory Accounts, was higher than that budgeted for in 2021/22. This is due to increasing materials costs impacting on the valuation calculation.
Direct Revenue Financing of Capital	0.49 A	The budget setting process for 2022/23 proposes the use of £0.92M surplus from 2021/22. In order to maintain the working balance, the Direct Revenue Financing of Capital is adjusted.

A summary of the Portfolio COVID-19 forecast variance and movement since quarter 2 is shown in the table below:

Service Area	COVID Forecast Variance	COVID Forecast Variance	COVID Variance Movement from Qtr 2
	Qtr 3 £M	Qtr 2 £M	Qtr 2 £M
Supervision & Management	0.00	0.57 F	0.57 A
<b>Total</b>	<b>0.00</b>	<b>0.57 F</b>	<b>0.57 A</b>

The **SIGNIFICANT** Covid related movements between quarter 2 and quarter 3 for the Portfolio are:

Service Area	Movement in BAU Forecast Variance Between Qtr 3 and Qtr 2 £M	Explanation:
Supervision & Management	0.57 A	This has now been built into BAU forecasting and is shown as an overall favourable movement as outlined above.