

ANNEX C – Housing Revenue Account (HRA)

Table 1 - High Level Revenue Summary to Period 3 (June 2023)

Revenue Summary	Forecast Outturn P3		
	Budget	Forecast	Variance
Service	£m	£m	£m
Tenant and Leaseholder Income	(62.828)	(63.118)	(0.289)
Housing Management	1.728	1.294	(0.434)
Asset Management	16.607	16.612	0.005
Sheltered Housing	2.811	2.693	(0.118)
Housing Regeneration	1.061	1.081	0.020
Housing Systems & Strategy	4.043	4.065	0.022
Housing Operations	7.579	7.131	(0.448)
Prevention & Access	0.257	0.257	0
Housing Allocations	0.672	0.649	(0.022)
HRA Revenue Total	(28.070)	(29.335)	(1.265)
Depreciation (Major Repairs Reserve)	17.036	16.579	(0.458)
Revenue Contribution to Capital	3.175	4.898	1.723
HRA Reserves & Technical Total	20.211	21.476	1.265
HRA Total	(7.859)	(7.859)	0.000

Table 2 – High Level Variations

Service Area	HRA	Responsible Officers	Stuart Proffitt, Victoria Collins, Steve Richardson	Outturn Variance	(£1.265m)
<p>Tenant and Leasehold Income – (£0.289m) Underspend</p> <ul style="list-style-type: none"> • Social and affordable rental income is forecast to be £0.377m adverse, due to higher than anticipated voids (incl. out of management and Serpentine Court) with 291 units to date compared to a budgeted position of 248 units. Higher right to buy (RTB) stock loss with 13 units sold giving an annual projection of 49 units (budget 27 units). • Modular income is forecast to be (£0.062m) favourable due to a July handover date, the business plan was based on an October handover. • Service charges for utilities is forecast to be (£0.106m) favourable due to inflation predictions being lower than assumptions rates used when setting budget. • Service charges for caretaking and cleaning is forecast to be (£0.418m) favourable because of a change to the service delivery model used when setting the budget. The budget didn't take into account the removal of the phased capping. • Other income and debt variances have a favourable forecast of (£0.080m) due to a reduction in shared ownership bad debt (£0.058m) and building insurance (£0.056m). <p>Housing Management – (£0.434m) Underspend</p> <ul style="list-style-type: none"> • The forecast reflects an increase in interest rates on current balances, although this will not be ongoing as cash balances are utilised. <p>Sheltered Housing – (£0.118m) Underspend</p> <ul style="list-style-type: none"> • The latest inflation forecast on utilities predicts that electricity will increase by 8% from October 2023 which has resulted in a pressure of £0.036m, gas costs will increase by 6% but reduce by 12% from October 2023 which results in a favourable forecast of (£0.161m). <p>Housing Operations – (£0.448m) Underspend</p> <ul style="list-style-type: none"> • Caretaking budgets for utilities based on the latest predictions (as above) has resulted in a forecast favourable movement of (£0.307m) on gas costs. 					

- Caretaking services is forecasting an underspend of (£0.072m) mainly due to lower spend on uniform and miscellaneous spend being reduced to reflect previous years usage.
- The Housing Neighbourhood Team forecast underspend of (£0.058m) is the net result of increased spend in tenant decanting, waste management and reductions in staff costs.
- Anti-Social Behaviour team is forecasting an underspend of (£0.057m) due to a reduction in staff costs.

Depreciation (Major Repairs Reserve)

- Depreciation is forecast to be (£0.458m) favourable because some assets listed as out of management and known future demolitions have been impaired, resulting in a decrease of the stock value from which depreciation is calculated.

Reserves and Technical Adjustments – Increase in Contribution to Reserves £1.723m

- The HRA is a ring-fenced account, meaning any funds left over after financing the revenue running costs of the service, are transferred to our capital reserve and when we set the budget this was expected to be £3.175m. The effect of the budget variations (outlined above) results in an increase in the amount of funding able to be transferred to our general capital reserves by £1.723m.

Key demand budgets concerns and actions

- The Service Charge Consultation is now underway (to consider further changes ahead of the 2024/25 budget), the sixth meeting was held on 12 July, more information can be viewed here [Service Charge Consultation | Milton Keynes City Council \(milton-keynes.gov.uk\)](https://www.milton-keynes.gov.uk/service-charge-consultation)
- The HRA business plan has been updated to reflect changes in some core assumptions (namely inflation and borrowing) and on specific schemes/forecast spend. The headroom position has reduced significantly, and discussions are taking place on how to manage this.