Housing Revenue Account (HRA)

Table 1 - High Level Revenue Summary to Period 6 (September 2023)

Revenue Summary	Period 6				
	Budget	Forecast	Variance	Forecast Outturn P3	Movement from P3
Service	£m	£m	£m	£m	£m
Tenant and Leaseholder Income	(62.828)	(64.639)	(1.811)	(0.289)	(1.522)
Housing Management	1.728	1.294	(0.434)	(0.434)	0.000
Asset Management	16.607	17.087	0.480	0.005	0.475
Sheltered Housing	2.811	2.625	(0.186)	(0.118)	(0.068)
Housing Regeneration	1.061	1.091	0.030	0.020	0.010
Housing Systems & Strategy	2.713	2.703	(0.010)	0.022	(0.032)
Housing Operations	8.909	8.198	(0.711)	(0.448)	(0.263)
Prevention & Access	0.257	0.238	(0.019)	0.000	(0.019)
Housing Allocations	0.672	0.671	(0.001)	(0.022)	0.021
HRA Revenue Total	**(28.070**	**(30.732)**	**(2.662)**	**(1.265)**	**(1.397)**
Depreciation (Major Repairs Reserve)	17.036	16.579	(0.458)	(0.458)	0.000
Revenue Contribution to Capital	3.175	6.295	3.120	1.723	1.397
HRA Reserves & Technical Total	**20.211**	**22.873**	**2.662**	**1.265**	**1.397**
HRA Total	**(7.859)**	**(7.859)**	**0.000**	**0.000**	**0.000**

Table 2 – High Level Variations

Service Area	HRA	Responsible Officers	Stuart Proffitt, Victoria Collins, Steve Richardson	Outturn Variance	(£2.662m)

Tenant and Leasehold Income – (£1.811m) Underspend

- Rental income (Social, affordable, and shared ownership) is forecast to be £0.329m less than budget, due to higher than anticipated voids (including major voids classified as out of management and Serpentine Court) with 292 units to date compared to a budgeted position of 264 units. There is also anticipated to be higher right to buy (RTB) stock loss with 16 units sold giving an annual projection of 42 units, compared to a budgeted loss of 27 units.
- Pencarrow Mews modular income is forecast to be an additional (£0.059m) due to an earlier handover date than had been assumed in the business plan, this was October, but actual handover was July.
- Service charges for utilities is forecast to be (£0.130m) better due to inflation predictions being higher than assumptions on rates used when setting budget.
- Service charges for caretaking and cleaning is forecast to be (£0.419m) favourable because of ending the previously agreed capping period on service charge recovery.
- (£0.950m) increased recovery of Leasehold actual service charges, comprised of permanent (£0.500m) uplift in billing (2023-24+) and one-off (£0.450m) recovery of last years (2022-23) service costs.
- Bad debt provision is forecast to be (£0.487m) favourable. This is due to improved collection levels driven by management actions, the universal credit migration (replacing housing benefit) which has been delayed (now estimated to come into effect next year) and cost of living pressures are contained within the current projections.

Housing Management – (£0.434m) Underspend

- The forecast reflects an increase in interest rates on current balances, this is a one-off gain in the current year as cash balances are utilised.

Asset Management - £0.480m Overspend.

- Asset Management is forecasting £0.480m overspend mainly due to £0.141m in expected disrepair claims and associated legal fees. £0.250m forecast spend for market assessment, consultation and preparatory activities in relation to housing services recommissioning due to complete on April 2024. £0.058m in decant costs which are incurred when we move a tenant out to carry out works on the property (separate to the Neighbourhood team decant costs below in Housing Operations) and £0.020m for electricity costs for void properties.

Sheltered Housing – (£0.186m) Underspend

- Permanent savings (£0.083m) on staffing position no longer required. 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).

Housing Operations – (£0.711m) Underspend

- Caretaking budgets for utilities is based on the latest predictions (as above), resulting in a favourable forecast of (£0.307m) on gas costs, (£0.039m) underspend on salaries due to vacancies and the termination of agency in September. There is also (£0.054m) forecast underspend in waste collection and uniform costs to reflect low spend in current year and the existence of unused stock from last year.
- Cleaning services is forecasting an underspend of (£0.062m). This is due to a (£0.043m) underspend on salaries offset by increased agency costs, (£0.010m) underspend on cleaning supplies due to unused stock from bulk purchase last year and (£0.009m) underspend on internally traded expenditure.
- The Housing Neighbourhood Team is forecasting an underspend of (£0.030m). This is due to £0.078m overspend on tenant decant costs and waste management, offset by (£0.107m) underspend in salaries due to a number of housing officer staff vacancies.
- Anti-Social Behaviour team is forecasting an underspend of (£0.067m) due to (£0.053m) underspend from staff vacancies and (£0.010m) underspend on external communication.
- Resident Involvement is forecasting net (£0.019m) underspend in grants to resident associations and internal printing. This area will be reviewed when the new Housing Services Manager is in post.
- Tenancy sustainment is forecasting £0.012m overspend in salary costs. This area, along with Resident Involvement will be reviewed.
- Income and Recovery Team is forecast to be (£0.209m) favourable. This is because the Tenant Welfare Fund is forecast to have a permanent savings (£0.250m) due to low uptake of the service and signposting to other support. There is also a net £0.055m overspend in court costs and salary costs which is offset with (£0.015m) underspend in bank charges. The underspend in bank charges is savings from not sending out swipe cards. It is expected that the overspend in court costs will be offset by recharges to tenants, but this is currently being reviewed.

Reserves and Technical Adjustments – Increase in Contribution to Reserves £2.662m

- 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.
- 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 £3.120m.

Key demand budgets concerns and actions

- The Service Charge Consultation is now underway (to consider further changes ahead of the 2024/25 budget), the eighth meeting was held on 13 September, more information can be viewed here Service Charge Consultation | Milton Keynes City Council (milton-keynes.gov.uk)
- 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.