

## ANNEX C – HRA OUTTURN KEY VARIANCES

Table 1 - High Level Revenue Summary to March 2021 Outturn

Housing Revenue Account Revenue Summary	Outturn			Movement	
	2020/21 Budget	2020/21 Outturn	2020/21 Variance	Period 9 Forecast	Movement from Period 9
Service	£m	£m	£m	£m	£m
Service Director H+R Total	16.806	15.376	(1.430)	15.882	(0.505)
Asset Management Total	13.050	14.572	1.522	15.051	(0.478)
Sheltered Housing Total	1.513	1.367	(0.146)	1.494	(0.127)
Housing Regeneration Total	1.653	2.583	0.930	2.318	0.265
Housing Operations Total	(50.994)	(52.568)	(1.574)	(50.559)	(2.009)
Prevention + Access Total	0.189	0.179	(0.010)	0.188	(0.009)
Housing Allocations Total	0.636	0.453	(0.184)	0.530	(0.077)
Learning & Development Total	0.035	0.013	(0.022)	0.035	(0.022)
<b>HRA Total</b>	<b>(17.112)</b>	<b>(18.025)</b>	<b>(0.912)</b>	<b>(15.062)</b>	<b>(2.962)</b>
Revenue Contribution to Capital	9.853	10.765	0.912	7.793	2.972
<b>HRA Total</b>	<b>(7.259)</b>	<b>(7.259)</b>	<b>0.000</b>	<b>(7.269)</b>	<b>(0.010)</b>

**Table 2 – High Level Variations -**

Service Area	HRA	Responsible Officer	Stuart Proffitt	Outturn Variance £m	(£0.912m)
<p><b>Key Variations:</b></p> <ul style="list-style-type: none"> <li>• Following the review of the non-essential budgets and working closely with budget managers, a total of (£0.437m) was identified, with further (£0.468m) of vacancy savings post pay awards, inflation and agreed pro-rata in year budgets re-allocation for recruitment approved by CLT. There were underspends on interest payments (£1.337m), offset by fall in interest receivable of £0.550m and increased depreciation figure £0.218m.</li> <li>• The estimated financial implications of the short-term fire safety issues at Mellish Court and The Gables were not anticipated when setting the 2020/21 budget. The revenue expenditure incurred based on the decant plan has resulted in overspends of £1.3m, with further overspends on responsive repairs of £0.247m. These will be covered by any underspends elsewhere within the HRA and by a reduced contribution of HRA surpluses to the Regeneration Reserve.</li> <li>• Underspends (£0.145m) on utilities budgets under Sheltered Housing, due to a reduction in Guest Room Lettings because of Covid-19 restrictions.</li> <li>• £0.662m expenditure incurred to date in relation to winding up of YourMk, not anticipated as part of the 2020/21 budget setting process, will be offset by a decrease contribution to capital, as will the additional £0.295m incurred for non-capitalisable Development Management costs, including feasibility studies, planning fees and abortive schemes.</li> <li>• Net Additional income from full effect of acquisition of new stock in past years (and this year) adding to rental stream, offsetting rent lost from decommissioning of Buckland and rent lost from higher voids -(£0.186m), increased efficiency in tenant service charges collection (£0.286m), significant increase in Major Works income expected- (£0.930m) over income budget based on completed schemes, offset by estimated increase in tenant rents bad debt due to impact of COVID-19 and Universal Credit £0.413m. Provision for service charges was held due to historic misalignment (over/under charge) of service charge income and costs on the housing system several years ago and the risk of refunding for areas where charges exceeded costs (and under recovery on others) . Significant restructure of service charges has taken place over the last 3-4yrs transitioning HRA income towards fuller recovery of costs. With the ending of Welfare Reform &amp; Work Act 2016 measures and regulatory changes (new Rent Standard 2020), The service is to develop a longer term income &amp; service charge</li> </ul>					

policy during FY2021 to fully recover all costs over the next MTFP and this provision (£0.560m) has now been released back to HRA reserves (for capital investment or COVID-19 risk).

- Net underspends (£0.116m) on downsizing incentive under housing allocations due to COVID-19 impact and government restriction on house move during 2020/21. Changes in current staffing structure and vacant post has resulted in further pay underspends (£0.069m)

Service Area	HRA	Responsible Officer	Stuart Proffitt	Forecast Variance £m	(£2.962m)
--------------	-----	---------------------	-----------------	-------------------------	-----------

#### Key Variations (Movement in Forecast)

- The interest payments under one pool debt was significantly less than expected- (£1.337m), offset by fall in interest receivable due to low interest rates- £0.550m and increased Revenue Contribution to Capital £0.342m following provision of (£0.560m) released back to HRA reserves (for capital investment or COVID-19 risk) under Housing Operations HRA, offset by increased depreciation charges -£0.218m.
- The revenue overspends in relation to Mellish Court and The Gables based on the decant plan for the current Financial Year was less than expected due to ongoing negotiations with current tenants and leaseholders for suitable alternative accommodation- (£0.546m), offset by overspends in relation to responsive repairs- £0.067m.
- Underspends on utilities budgets (£0.127m) under Sheltered Housing, due to Reduction in Guest Room Lettings as a result of Covid-19 restrictions.
- The Development management team has incurred an additional £0.295m, which relates to non-capitalisable Development Management costs, including feasibility studies, planning fees and abortive schemes.
- Increased efficiency in tenant service charges collection (£0.186m), significant increase in Major Works income expected- (£0.829m) over income budget, based on completed schemes. In addition, tenant rents bad debts due to impact of COVID-19 and Universal Credit was (£0.445m) less than initially anticipated based on the most recent rents review, highlighting increased efficiency in rent collection. Provision for service charges was held due to historic misalignment (over/under charge) of service charge income and costs on the housing system several years ago and the risk of refunding for areas where charges exceeded costs (and under recovery on others). Significant

restructure of service charges has taken place over the last 3-4yrs transitioning HRA income towards fuller recovery of costs. With the ending of Welfare Reform & Work Act 2016 measures and regulatory changes (new Rent Standard 2020), The service is to develop a longer term income & service charge policy during FY2021 to fully recover all costs over the next MTFP and this provision (£0.560m) has now been released back to HRA reserves (for capital investment or COVID-19 risk).

- Changes in current staffing structure and vacant post has resulted in further pay underspends (£0.069m)