

### Quarter Three 2023-24 HRA Forecast

1. The Housing Revenue Account (HRA) is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget. Within the HRA the Council manages 9,570 tenanted properties.
2. The 2023-24 HRA budget was approved by Council last February. It budgeted for total income of £51.5 million for the year and a net surplus of £6.6 million.

#### Revenue account monitoring at quarter three

	2023-24 Budget £000	Full year forecast £000	Variance £000
<b>Income</b>			
Dwelling rents	(48,153)	(48,626)	(473)
Non-dwelling rents	(261)	(222)	39
Charges for services and facilities	(2,583)	(2,691)	(108)
Contributions to expenditure	(479)	(574)	(95)
<b>Total income</b>	<b>(51,476)</b>	<b>(52,113)</b>	<b>(637)</b>
<b>Expenditure</b>			
Repairs and Maintenance	11,550	13,288	1,738
Supervision and Management	15,198	14,078	(1,120)
Rent, rates, taxes and other charges	535	554	19
Bad or doubtful debts	400	400	0
<b>Total expenditure</b>	<b>27,683</b>	<b>28,320</b>	<b>637</b>
<b>Net operating (surplus) / deficit</b>	<b>(23,793)</b>	<b>(23,793)</b>	<b>(0)</b>
<b>Capital charges</b>			
Debt management costs	191	191	0
Depreciation	11,787	11,787	0
Net interest payable	5,163	4,960	(203)
<b>Total capital charges</b>	<b>17,141</b>	<b>16,938</b>	<b>(203)</b>
<b>Exceptional item</b>			
PHP Ltd surplus	0	(1,873)	(1,873)
<b>Net (surplus) / deficit</b>	<b>(6,652)</b>	<b>(8,728)</b>	<b>(2,076)</b>
<b>Appropriations</b>			
Transfer to HRA reserve	6,652	8,728	2,076
<b>Total appropriations</b>	<b>6,652</b>	<b>8,728</b>	<b>2,076</b>

#### Commentary on variances

3. Dwelling rents: Total forecast rental income of £48.6m is £0.5m favourable to budget. The favourable outturn is due to lower levels of rental voids and right-to-buy sales than expected, and the additional rental income receivable from new-build properties now incorporated into the forecast.
4. Other income: The forecast outturn for all other lines of income is broadly in line with budget.
5. Repairs & maintenance: The forecast full-year outturn is £1.7m adverse variance. There was a significant overspend in 2022/23 and based on expenditure in the first nine

months of the year, we expect to experience a similar overspend in the current year. Response repairs, planned repairs, and voids are all forecast to overspend.

6. Supervision and management: Forecast costs are £1.1m lower than budget. This is primarily due to (a) higher than expected levels of staff vacancies resulting in lower staff costs; and (b) the expectation that the contingency budget will not need to be utilised.
7. Net interest payable: The £0.2m favourable forecast is due to the recent increases in interest rates. This will result in higher interest earned on cash balances. Interest paid on borrowings is unaffected as all borrowing is at fixed rates.
8. Exceptional item: The management agreement with Poole Housing Partnership Ltd was terminated on 30<sup>th</sup> June 2022. Since then, work has been undertaken to make the company dormant, ensure that all its creditors have been paid and ensure that all tax compliance requirements have been met in order that the company can be struck off from the Companies House register. This work was completed in quarter three and PHP's retained surplus of £1.9m was returned to the HRA. The formal process to have the company struck off is expected to commence later this month.
9. Net surplus: The favourable variances in rental income and supervision & management costs offset the adverse variance for repairs & maintenance so that the forecast net operating surplus is in line with budget. The favourable variance for net interest payable and the PHP exceptional item result in an overall forecast net surplus of £8.7m, being £2.1m more than budgeted.

### Capital programme

10. The HRA budget paper set out a capital programme of £46.5m for 2023/24. This includes £30.5m investment in major projects, including those delivered as part of the council newbuild housing & acquisitions strategy (CNHAS) and £16.0m in planned maintenance.

	Budget £000	Full year forecast £000	Variance £000
New-build projects	25,540	9,363	(16,177)
Other major projects (Admiral, Sterte cladding)	1,991	1,579	(412)
Purchase of existing houses	3,000	166	(2,834)
Planned maintenance	15,989	15,989	-
<b>Total capital expenditure</b>	<b>46,520</b>	<b>25,597</b>	<b>(19,423)</b>

11. New-build projects: The forecast underspend vs budget of £16.2m is due to the rescheduling of projects since the budget was finalised.
12. During quarter three the Herbert Avenue development was completed. This is a development of 24 temporary accommodation flats.
13. Purchase of existing houses: Only one property has been acquired this year. Whilst the HRA receives right-of-first-refusal to repurchase ex-local authority properties, current high borrowing costs mean that repurchases are not financially viable at present.
14. Planned maintenance programme: This covers capital maintenance such as kitchen and bathroom replacements. The current forecast is that the budget will be fully utilised during 2023/24.