COMMENTARY ON HOUSING REVENUE ACCOUNT VARIANCES

The balance carried forward as at 31 March 2019 into the 2018/19 financial year is £12,327,737. This is £637,101 higher than the probable outturn reported to GAC on 25 February 2019.

The major components of this difference are:

Dwelling Rents	(157,861)
Tenants' Charges for Services and Facilities	(297,030)
Leaseholders' Charges for Services and Facilities	(178,634)
General management	159,008
Responsive Repairs	(182,782)
Depreciation on dwellings/Contribution to MRR	401,377
Revenue Contribution to Capital	(154,082)

INCOME

Dwelling Rents
The 2018/19 financial year was the third of four years in which the HRA is required to offer a 1% reduction in its rents therefore the budget has been set conservatively. The variance was 0.0082% compared to the total budget. The reasons for this variance include new properties coming on-stream which have higher than average HRA rents, low void percentages, and the continuing policy to charge the full formula rent when a property is re-let.

Tenants' Charges for Services and Facilities
The new housing management property based service charge of £277,000 had not been built into the estimated income projection resulting in an underestimate of income.

Leaseholders' Charges for Services and Facilities
These fees are higher this year, as a system issue had meant some sub accounts balances had not been recognised as income in previous years despite being charged to tenants. This year includes a correction which shows income as higher than 'normal' levels.

EXPENDITURE

General Management
Most areas that make up General Management have very small over and under spends except for Support Services which is overspent on projected outturn by £167,000. The majority of this is made up of the recharge from the General Fund which was projected to be £850,000 but the actual was

£1,012,000. The charge captures the HRA element of several support functions and relates to actual activity levels so can vary from year to year. The main increases were in increased corporate IT spending, an Increased Financial Services charge and a higher spend proportion of customer services work relating to housing.

Responsive Repairs

This budget is underspent by £183,000, compared to £165,000 in the previous year. According to the programme manager this is a result of continuous improvement through our capital programme that is leading to less repairs being required to our stock. The properties are in a good condition and minimal repairs are being reported. We also had less adverse weather this year that has resulted in less spend in that area.

Depreciation on dwellings/Contribution to Major Repairs Reserve and Revenue Contribution to Capital

The total change in these items is an increased spend of £247,000 compared to projection. This mainly reflects the HRA 70% funding of the additional £765,000 one for one new build expenditure spend of £535,000. The total figure is reduced due to underspending on other general housing schemes totalling £272,000.