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|  | <p align="center">Supplementary briefing note- Budget monitoring Q4 2023/24</p> | <p align="center">17th June 2023</p> | <p align="center">Matter for Information</p> |
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Title: Housing Revenue account position

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The variance on the Housing Revenue Account (HRA) for Q4 2023/24 was reported as £580k adverse compared to a Q3 forecast of (£44k).

This outturn amount included a substantial variance which relates to impairment of housing stock (964k) as we are required to account for impairment of assets by recognising this amount in the Income and Expenditure account for the statement of accounts. A note to advise that this is reversed out within the accounting processes was omitted.

The outturn for Q4 removing the impairment charge is (£382k) this is an improvement of (£337k) from the forecast of (£44k) in Q3, Table 1 below shows the variances between Q3 and Q4.

| | Q4 Outturn variance to Budget | Q3 Forecast variance to Budget | Movement between Q3- Q4 | Detail of variance |
|---------------------------------------|--|---|--|---|
| Salaries & other related costs | (247,550) | (106,617) | (140,933) | Due to back funded pension charges to service and unbudgeted capitalisation of salaries. |
| Other Supervision & Management costs | 28,053 | 51,744 | (23,691) | Forecast of £11K in legal fees relating to disrepair claim settled in 24/25. £2.5K additional savings from our work on resident involvement. The remainder are made up of savings in travel expenses, subscriptions and overtime which were no longer required. |
| Sheltered Schemes & Communal Services | 14,318 | (66,387) | 80,705 | Variance due to energy costs for communal areas at our estates being higher than expected. |
| Council Tax on Voids | 4,004 | 1,902 | 2,102 | |
| Debt Management Charges | (7,934) | 0 | (7,934) | Lower debt managements fees for the year. |
| Provision for Bad Debts | (50,658) | 0 | (50,658) | Due to £30K of debts written off in year and arrears not increasing by more than expected. |
| Computer Software | 10,700 | 10,608 | 92 | |

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|-------------------------------------|------------------|-----------------|------------------|---|
| Repairs & Maintenance | (121,547) | 21,500 | (143,047) | Majority of planned maintenance work to be carried out once we receive the stock condition survey. Some capitalisation of void property repair costs. £21K in additional temporary boiler hire costs for Chartwell House. |
| Recharge from General Fund | 107 | 0 | 107 | |
| Social Housing Decarbonisation Fund | 14,697 | 0 | 14,697 | Externally funded. Capital works to commence in 24/25. |
| Rental - Dwellings | (23,812) | 0 | (23,812) | Additional rental income from having fewer void properties. |
| Rental - Non-Dwellings | 22,678 | 26,807 | (4,129) | Additional income from new lease agreed for a shop. |
| Service Charges | 328 | 2,896 | (2,568) | |
| Misc Income | 6,835 | 45,056 | (38,221) | £28K grant income for SHDF Admin. £6K recharge of salaries to SHDF. Remainder is new burdens funding and reimbursement from insurance claims. |
| Interest Payable | (10,017) | (6,077) | (3,940) | |
| Interest Receivable | (22,133) | (26,000) | 3,867 | Due to higher interest rates. |
| | (381,931) | (44,568) | (337,363) | |

The impairment of £964k is shown in the Income and Expenditure account for the HRA as per accounting principles, however this is reversed out as an adjustment between accounting basis and funding base under regulations, this is shown in the movement in reserves statement.

The HRA reserve position in year was increased by £8k, from £1.419m in 2023 to £1.426m in 2024.