

	Approved Budget 2009-10 £000	Forecast 2009-10 £000	Variance £000	Variance (%)	Comments
Operating expenditure :					
Employee Costs	1,926	1,952	25	1%	The overspend comprises various salary variations offset by underspends on conference & training expenditure.
Supplies & Services	448	428	-19	-4%	The overspend relates mainly to a budget underprovision of £28k relating to the printing of tenant letters. This has been offset by a recharge to the General Fund of £20k relating to management Information systems.
Utility cost (Water & Gas)	626	620	-6	-1%	The forecast outturn for Utilities have been based on a review of first quarter billing together with market intelligence regarding possible tariff fluctuations. Given the number of variables, the budget is considered volatile and will be kept under review.
Estate & Sheltered Services	1,957	2,017	60	3%	The overspend comprises : Salary overspend to cover vacant posts in Leasehold Service Team £43k; Secondment cover (for Estates Services) of £15k; Rates expenditure not provided for in budget £18k; Employee related expenditure (including training) (£8k); Equipment & Furniture (£20k); Other £12k.
Central Recharges	1,883	1,853	-30	-2%	Central recharges assumed to be in line with budget with the exception of those relating to the Graphical Repairs Ordering System amounting to £30k, which is now not expected to be implemented.
Total Operating Expenditure	6,840	6,869	30	0%	
Repairs expenditure :					
Repairs - Voids	400	660	260	65%	Assuming 354 void properties, forecast overspend against budget is unchanged from that reported at Period 05, at £260k. The variation assumes an average unit cost of £2,039 per void and capitalisation of £101k.
Repairs - Responsive	2,436	2,349	-87	-4%	The overall repairs position is expected to be partially mitigated by an underspend on responsive repairs. This underspend assumes a volume of 17,476 repairs being completed across a range of job types and priorities.

	Approved Budget 2009-10 £000	Forecast 2009-10 £000	Variance £000	Variance (%)	Comments
Repairs - Other	2,297	2,277	-21	-1%	Other variations include a forecast overspend on Cyclical Maintenance of £51k which has been offset by a forecast underspend on Salaries of £86k. The overall overspend of £153k is offset against the Contingency (see below).
Total Repairs expenditure	5,133	5,286	153	3%	
Other expenditure:					
Contingency general	670	517	-153	-23%	The Contingency budget includes £170k general contingency together with a further £500k earmarked for repairs. The general contingency is expected to be fully utilised.
Charges for Capital	6,945	6,303	-641	-9%	Variation reflects the revised level of opening debt together with the reduction in interest rates from 5.45% to 4.20%. The impact of the July Cabinet decision in relation to the capital programme and funding are included.
RCCO	0	0	0	0%	The Revenue Contribution to Capital Outlay (RCCO) has been withdrawn for 2009/10 to accommodate an increase in Contingency for repairs (see above) and a review of the Capital programme.
Bad or Doubtful Debts	250	250	0	0%	Arrears of rent and service charges have increased since the beginning of the year. Rent arrears at the end of period 5 have increased by £274k and leaseholder arrears increased by £226k which include the 9/10 estimated bills. Also assumptions around increases in the age of this debt suggest this budget may come under further pressure.
HRA Subsidy	6,214	6,800	586	9%	This variation is based on the second advance claim and the increase reflects the higher level of subsidy payable as a result of the reduction in interest rates from 5.45% to 4.20%. This will be partly offset by an underspend on capital financing cost.
Total Other expenditure	14,078	13,871	-208	-1%	
Total Expenditure	26,051	26,026	-25	0%	

	Approved Budget 2009-10 £000	Forecast 2009-10 £000	Variance £000	Variance (%)	Comments
Income					
Rent Income – Dwellings	-22,000	-21,892	108	0%	The budget assumed a void rate of 0.58%, the average voids rate is 1.046% as at period 05. A review of procedures for the turnaround and allocation of voids is being expedited with a view to managing down the average voids rate. The position will be kept under review.
Rent Income – Non Dwellings	-870	-846	24	3%	The budget for Garage income assumed a void rate of 32.26% however this is now averaging 36.10%. The increased voids rate is partly attributable to the state of repair of some garages together with lower than expected demand.
Service Charges - Tenants	-1,150	-1,138	12	1%	Service charges to Tenants have shown a reduction against budget, which is largely attributable to the increased voids rate (see above).
Service Charges - Leaseholders	-380	-380	0	0%	Service charges to Leaseholders are being reviewed by the Housing Support Team to ensure relevant expenditure is appropriately recovered from the Council's leaseholders.
Facility Charges (Water & Gas)	-487	-484	4	1%	
Interest	-17	-17	0	0%	
Other Income	-8	-17	-9	-108%	
Transfer from General Fund	-83	-83	0	0%	This relates to recharges to the General Fund in respect of shared amenities which are expected to be in line with budget.
Total Income	-24,996	-24,857	139	1%	
In Year Deficit / (Surplus)	1,056	1,170	114	11%	
BALANCE brought forward	-5,142	-5,142	0		
BALANCE carried forward	-4,087	-3,972	114		The HRA Business Plan assumed a balance of £4,764k to be carried forward into 2010/11. The latest position indicates a shortfall of £792k.

Management Action Plan

The current forecast indicates a £791,000 shortfall against the approved HRA Business Plan. Action is required to address this shortfall. Key points are as follows :

- Rent loss arising from voids needs to be minimised. The average voids rate, which is in excess of that assumed for the budget, is having a significant impact on the HRA balances, therefore initiatives for improved turnaround & allocation of voids need to be considered and implemented.
- Maximisation of income in respect of Leasehold and Tenants Service charges, and utility charges.
- Repairs expenditure projections must be formulated on realistic assumptions on future activity levels and managed to ensure minimum utilisation of the £500,000 contingency. This will allow replenishment of HRA balances and would significantly improve the overall position.
- Agreement of virements to ensure savings are allocated to the appropriate budget codes. This will allow Management to focus on the areas requiring action and ensure appropriate prioritisation of remedial actions.