

## **Housing Revenue Account (HRA)**

At the end of Period 6 the HRA is projecting a deficit of **£45k**.

### **Key variances - Income**

**£2.3m** of additional rental income is projected from dwellings and miscellaneous properties. This additional income is as a result of void levels being lower than budgeted and the decline in Right to Buy (RTB) sales. Of the increased income it is projected that **£1.8m** will be paid over to the ALMOs as additional void incentive payments.

Housing Subsidy payments have been reduced by **£1m** to reflect a reduction in interest rates. This will be offset by a reduction in capital charges to the HRA.

### **Key Variances - Expenditure**

There are projected savings of **£276k** on salaries and wages, primarily due to posts being held vacant and a number of additional officers taking early retirement at the end of March 2010.

There is a projected overspend of **£1,055k** on supplies and services. The key reasons for this are as follows: -

- (a) an increase in pass through costs in relation to the Swarcliffe PFI scheme (**£210k**). These costs will be primarily funded from the PFI Sinking Fund.
- (b) CCTV and Community Centre costs being identified as more appropriate to charge to the HRA (**£500k**)
- (c) additional costs in relation to the Lifetime Homes PFI (**£269k**)

Payments to the ALMOs are projected to increase by **£1.8m** due to the ALMOs receiving incentive payments as a result of void levels being 1.1% less than budgeted.

At Quarter 2 a review of the contribution to the bad debt provision indicated a need to increase the provision by **£49k**. This is as a result of an increase in Former Tenant and leaseholder arrears.