

HOUSING REVENUE ACCOUNT QUARTERLY BUDGET MONITORING - DECEMBER

2% to 5%
Amber
>5% Red

HOUSING REVENUE ACCOUNT	FULL YEAR							Explanation of any variance that is considered to be significant and all variances greater than £100k Proposed mitigating action and dates
	Original Budget	Latest Budget	Forecast Outturn £'000	Variance (Latest Budget to Forecast Outturn)	Variance (From previous Forecast Outturn)			
	£'000	£'000	£'000	£'000	%	£'000		

DIRECTLY CONTROLLED INCOME BUDGETS

Dwelling & Non Dwelling Rents	Income	(59,427)	(59,082)	(59,386)	(304)	1	(276)	Tower Hamlets Homes continues to project income from tenant rents as higher than originally anticipated due to the return of Latham House to the Borough's ownership, and good performance in relation to the re-letting of void properties. The rental in respect of commercial properties is higher than previously estimated, following the revision of various lease agreements.
	Net Expenditure	(59,427)	(59,082)	(59,386)	(304)	1	(276)	
Tenant & Leaseholder Service Charges	Income	(16,705)	(17,050)	(16,201)	849	(5)	65	Tower Hamlets Homes has further reduced its forecast of income from estate parking enforcement. This is partly offset by a similar reduction in the contract price (see Special Services, Rents, Rates and Taxes below). Income is also lower than estimated to reflect the reduction in deep cleaning costs.
	Net Expenditure	(16,705)	(17,050)	(16,201)	849	(5)	65	

INDIRECT INCOME BUDGETS

Housing Revenue Account Subsidy	Income	(13,625)	(13,625)	(13,625)				Many of the elements of the Authority's HRA subsidy entitlement are pre-set for the financial year. However a major constituent of the grant relates to capital charges. These are subject to fluctuation in relation to any changes in interest rates.
	Net Expenditure	(13,625)	(13,625)	(13,625)				
Investment Income Received	Income	(200)	(200)	(220)	(20)		(20)	Mortgage Interest received is higher than anticipated.
	Net Expenditure	(200)	(200)	(220)	(20)	10		
General Fund Contributions	Income	(520)	(520)	(520)				
	Net Expenditure	(520)	(520)	(520)				
TOTAL INCOME	Total Income	(90,477)	(90,477)	(89,952)	525	(1)	(231)	
	Net Expenditure	(90,477)	(90,477)	(89,952)	525	(1)	(231)	

DIRECTLY CONTROLLED EXPENDITURE BUDGETS

Repairs & Maintenance	Expenditure	21,705	21,705	21,705				Tower Hamlets Homes is projecting that expenditure on Repairs and Maintenance will be in line with the budget, although it should be noted that this budget significantly overspent in the 2009-10 financial year. Various control mechanisms have been put in place by THH to control expenditure levels, and this budget is subject to on-going regular scrutiny by the THH Senior Management Team.
	Net Expenditure	21,705	21,705	21,705				

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HOUSING REVENUE ACCOUNT		Original Budget	Latest Budget	Forecast Outturn £'000	Variance (Latest Budget to Forecast Outturn)	Variance (From previous Forecast Outturn) £'000		
		£'000	£'000	£'000	£'000	%		
Supervision & Management	Expenditure	25,652	25,652	25,825	173	1	87	Tower Hamlets Homes has implemented an Action Plan which is reducing the forecast overspend that has been projected across the overall HRA. To date savings of over £300k have been achieved. These are reflected in the overall reduction in the projected overspend.
	Net Expenditure	25,652	25,652	25,825	173	1	87	
Special Services, Rent Rates & Taxes	Expenditure	13,911	13,911	13,601	(310)	(2)	(151)	The reduced expenditure is partly due to the reduction in prices in respect of the Estate Parking contract, together with lower costs associated with the deep cleaning programme. These reductions will be passed on to leaseholders and contribute towards the reduced income from leaseholder service charges (see Tenant and Leaseholder Service Charges - above). In addition a refund of various historic water charges credits has been agreed with Thames Water Utilities.
	Net Expenditure	13,911	13,911	13,601	(310)	(2)	(151)	
INDIRECT EXPENDITURE BUDGETS								
Provision for Bad & Doubtful Debts	Expenditure	900	900	585	(315)	(35)	(315)	Income collection rates during the financial years have been assessed and the improved rates have resulted in a reduction in the bad debt provision
	Net Expenditure	900	900	585	(315)	(35)	(315)	
Capital Financing Charges	Expenditure	32,605	32,605	32,605				Capital Financing Costs partially reflect the Authority's Consolidated Rate of Interest. This is currently in line with forecast but must continue to be closely monitored. Changes in interest rates will also impact upon the Council's Housing Revenue Account Subsidy entitlement.
	Net Expenditure	32,605	32,605	32,605				
TOTAL EXPENDITURE	Expenditure	94,773	94,773	94,321	(452)	(37)	(379)	
	Net Expenditure	94,773	94,773	94,321	(452)	(37)	(379)	
Total Net Expenditure		4,296	4,296	4,369	73	(37)	(610)	
Contributions from Reserves	Income	(3,000)	(3,000)	(3,000)				
	Net Expenditure	(3,000)	(3,000)	(3,000)				
TOTAL FOR HOUSING REVENUE ACCOUNT	Total Net Expenditure	1,296	1,296	1,369	73	(37)	(610)	