

APPENDIX 2 : HOUSING REVENUE ACCOUNT**BUDGET REVENUE MONITORING REPORT – QUARTER 2****Table 1.1: Variance Analysis by Departmental Division**

Departmental Division	Revised Budget	Variance Quarter 2	Variance Quarter 1	Explanation
	£000s	£000s	£000s	
Finance and Resources	5,681	196	10	<p>Explanation of Variance This variance is principally due to an increase in corporate SLA charges of £187k following a review and re-apportionment of all SLA charges across the council, with a salaries over-spend pending a restructure of £112k being offset by various other savings of (£103k).</p> <p>Explanation of Movement As above.</p>
Housing Management	13,363	189	(42)	<p>Explanation of Variance There are overspends on: decant and management transfers of £119k; removal, storage and compensation costs of £156k; utilities costs of £300k coupled with under-achieved income of £127k from parking fines and transformational programme charges of £200k. These are offset by vacancies in the concierge and specialist teams of (£318k), legal charges of (£262k), and other minor under-spends of (£133k).</p> <p>Explanation of Movement The (£42k) under-spend related to a combination of pressures and savings for which a budget adjustment was made to eliminate the variance; the additional £189k movement is explained above.</p>
Commissioning and Quality Assurance	1,596	(120)	0	<p>Explanation of Variance This relates to net under-spends on a variety of staffing and running costs variances of £82k and (£202k) respectively. The (£202k) includes activities and events (£64k), reduced recruitment activity (£26k), staff training (£56k), stationery, publications and printing (£56k).</p> <p>Explanation of Movement As above.</p>

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Property Services	2,044	114	615	<p>Explanation of Variance Overspends of £76k on salaries and of £50k on transport costs are offset by minor under-spends (£12k).</p> <p>Explanation of Movement A deficit on capitalisation of £242k, an increase in employers pension contributions £111k, staffing costs of £162k and an outstanding tribunal claim of £100k were all identified as budget pressures for which a budget was provided following the identification of matching savings. The subsequent movement of £114k is explained above.</p>
Housing Repairs	13,408	(414)	(445)	<p>Explanation of Variance The current forecast allows for unexpected BPM costs from 2010/11 of £144k offset by additional capitalisation of (£554k) and a net under-spend of (£4k) on detailed budgets.</p>
Housing Income	(67,933)	(56)	(253)	<p>Explanation of Variance The variance is comprised of a (£465k) favourable variance on dwelling rental income, a shortfall on Sheltered Housing income of £366k due to the introduction of the Enhanced Housing Management Charge, a reduction in Use & Occupation charges of £150k, a favourable variance on commercial rents of (£117k), and £10k of other small variances.</p> <p>Explanation of Movement This relates to a reduction in income expectations on dwelling rents of £65k, Sheltered Housing of £39k, Use & Occupation charges of £135k, multiple minor budgets of £108k offset by improvements in commercial rent of (£150k).</p>
Housing Options	666	(33)	(18)	
Adult Social Care	48	(10)	0	
Housing Strategy	462	49	(40)	
Regeneration	512	(6)	(61)	
Safer Neighbourhoods	774	15	(75)	

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Central & Support Services	3,562	579	(118)	<p>Explanation of Variance The water rates income forecast comprises an overspend on bills paid of £150k and an under-receipt of income of £152k. Additionally, corporate SLA charges are forecast to be overspent by £134k after a recalculation across the Council and a combination of overspends on minor budgets leaves a £143k variance.</p> <p>Explanation of Movement The water rates forecast has deteriorated by £525k following an improvement in the forecasting methodology, the corporate SLA charges of £134k are new, and the miscellaneous overspends have increased by £38k.</p>
Housing Subsidy	(10,375)	386	0	<p>Explanation of Variance This relates to an increase in the maintenance allowance (£171k) and MRA (£75k) by £13 and £6 per dwelling respectively as advised in the final subsidy determination for 2011/12. Additionally, the CRI (the Council's Consolidated Rate of Interest) has been adjusted downwards to 5.34% from the budgeted figure of 5.48% - this determines the interest due on the Council's HRA borrowings which is reimbursed via subsidy and has reduced by £632k. Note this variance is offset by a favourable variance on housing capital shown below</p> <p>Explanation of Movement As above.</p>
Housing Capital	36,100	(669)	316	<p>Explanation of Variance The latest forecast is comprised of (£15k) Supporting People income on Park Court properties now handed back to NHHG, (£589k) under-spend on interest on borrowings following a reduction in the CRI from 5.46% (budgeted) to 5.34%. The latest forecast for interest receivable on HRA balances shows a (£65k) favourable variance based on an assumed 1% interest rate.</p> <p>Explanation of Movement The £316k related to the Council's liability to Notting Hill Housing Trust under the surpluses, deficits and management agreement. This was identified as a budget pressure for which a budget was provided following the identification of matching savings elsewhere within the HRA. The subsequent movement of (£669k) is explained above.</p>
HRA Outturn	(92)	220	(111)	