

Public Document Pack

Written response from the Group Manager for Financial Services to questions raised by Members in relation to Financial Monitoring and the draft HRA Budget at the Homes PDG meeting on 19 January 2021.

Dear Members

Please find below my responses to your questions arising during the Homes PDG Meeting 19 January:

Agenda Item 8 – Financial Monitoring

Question – Why is there a £54k overspend in Property Services?

Answer – See table below

EXPLANATION	VARIANCE (£)
Reduction in rental income on Fore Street flats due to postponed Tiverton Regeneration Project	22,000
Market Walk rates & service charges for void units	15,000
Phoenix House air conditioning works to be funded by EMR	13,600
Vacant savings in Caretaking offset by redundancy costs (fully funded by salary savings within Customer Services)	3,600
	54,200

Agenda Item 10 – 2021/22 Draft HRA Budget

Question 1 – What is Rents Written Off in the 2021/22 Budget as a percentage of current outstanding debt?

Answer – Rent Write Offs in draft budget 2021/22 as a % of total outstanding debt (at 17 January 2021) = 10.1%.

Question 2 – What is Rents Written Off Recovered in the 2021/22 Budget as a percentage of current outstanding debt?

Answer – Rent Write Offs Recovered in draft budget 2021/22 as a % of total outstanding debt (at 17 January 2021) = 0.3%.

Question 3 – What proportion of the reduction in budgeted non dwelling rents relates to garages?

Answer – As below

SHO04 Non-dwelling Rent Income	£
Budget 2020/21	595,720.00
Budget 2021/22	559,830.00
	-35,890.00

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Reduction in relation to garages	33,880.00	94.4%
Reduction not in relation to garages	2,010.00	5.6%
		100.0%

Question 4 – Why is there a reduction in Interest Payable of £88,750?

Answer – This relates to PWLB borrowing taken out by the HRA to purchase it's housing stock. Much like a domestic mortgage repayment schedule, the same amount is paid by the Council each year. Each year, the principal amount has reduced and so the interest charged is a smaller amount, with the principal repaid increasing to make up the difference. The table below shows how this applies to next year's budget.

	2020/21		2021/22
	Budget £	Movement £	Budget £
2020/21			
Finance Lease Interest Charges	4,220	3,450	7,670
PWLB interest	1,064,600	(90,030)	974,570
GF interest	46,360	(2,170)	44,190
	1,115,180	(88,750)	1,026,430

I hope this answers your questions. If you would like any further information, please let me know.

Ian Chilver
Group Manager for Financial Services