




# Tenant's Scrutiny Panel

## Mid Year Finance Review 2022/23




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## Mid Year Review

- Budget for the year 2022/23 was Approved by the Management Committee on the 30 March 2022. The budget sets out the plan of income & expenditure for the year.
- Expenditure is planned around the Approved Programme – Option 1 for this current year
- On completion of the Management Accounts for the period ended 30/9/2022, a review of the actual income and expenditure for the period against budget was undertaken see where we are in terms of the budget.



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## Income

- Net Income for the year was Budgeted at £6.209m for the year and with Voids lower than predicted at the half way point this is increased to £6.305m to the end of the year.
- In addition we have the Warm Welcome funding of £20k although the expenditure is reflected elsewhere in the accounts with the net effect of this being nil



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## Operating Costs

- This includes all of the day to day costs including the Staff Costs and Administration, running costs of the office and other costs not attributable to property such as Repairs and Maintenance.
- Expenditure is running largely in line with the projections at £1.018m compared to the budget of £1.093m and will remain close to the budget until the end of the year



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## Reactive Maintenance

- This is running over budget in part due to the slow pace of Planned Maintenance but it is offset by the underspends to date on the Programme which have occurred for a variety of reasons.



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## Investment Plan

- Approved Plan – Option 1 is underspent £52.3k at the end of September (Budget £1.268m) we are hoping to make up some of this shortfall by the end of the year but it we will finish the year underspent on this programme as we have done in the previous 3 years.
- In addition there is a budget of £895k for replacing 'components', Bathrooms, Kitchens, roofs etc which will be capitalised and the net effect of this is nil in the accounts



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# The numbers

Paragon Housing Association Revised Budget 2022/23					
Turnover	Original 2022/23	Q2 Actual	Q3/4	Mid Year Changes	Revised 2022/23
	£	£	£		£
Rental Income Gross	6,386,818	3,186,237	3,193,409		6,379,646
Income - Lockups	57,484	27,808	28,742		56,550
	<u>6,444,302</u>	<u>3,214,045</u>	<u>3,222,151</u>	0	<u>6,436,196</u>
Less Voids & Bad Debts	-319,024	-66,491	-159,512		-226,003
Other Income	84,368	53,111	42,184	20,000	115,295
Total Revenue Funds	<u>6,209,645</u>	<u>3,200,665</u>	<u>3,104,823</u>	<u>20,000</u>	<u>6,325,488</u>
Operating Costs	2,187,100	1,018,047	1,093,550	20,000	2,131,597
Reactive maintenance	1,004,526	643,196	502,263		1,145,459
Planned maintenance programme	1,268,000	52,269	634,000		686,269
Special services	225,160	75,517	112,580		188,097
Depreciation	830,000	415,000	415,000		830,000
Finance costs	657,523	361,137	328,761		689,898
Total Expenditure	<u>6,172,310</u>	<u>2,565,165</u>	<u>3,086,155</u>	<u>20,000</u>	<u>5,671,320</u>
Projected Surplus	<u>37,335</u>	<u>635,500</u>	<u>18,668</u>	<u>0</u>	<u>654,168</u>



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# Other Options

- Why can't we do the work on the other Options?
- The Banks won't let us!
- We have to remain compliant with Covenants attached to the loans we have which restricts what we can spend and when



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## What can we do?

- Speak nicely to the banks
- Provide supporting figures and plans for what can be done if they relax the terms
- Look at re-financing to get better terms from the banks



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## Conclusion

We will probably have a Surplus at the year end but be behind on the programme unless we can get the banks on board.

Early indications are that they will look favourably on our proposals.....as long as the price is not too high



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- Any Questions

