

Joint Report of:	Head of Finance and Head of Housing & Partnerships
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Key Decision:	No
Report Track:	Cabinet: 20/07/17

**CABINET
20 JULY 2017
HOUSING REVENUE ACCOUNT – FINAL ACCOUNTS 2016-17**

1 Purpose of Report

- 1.1 To present to the Cabinet the final accounts position for 2016/17.

2 Recommendations

- 2.1 That the final accounts position for the year ending 31 March 2017 be noted.
- 2.2 That the financing of the capital programme as outlined in the report be approved.

3 Key Issues and Reasons for Recommendation

- 3.1 The overall revenue account position shows net expenditure reducing by £0.256 million when compared with the budget agreed by Council.
- 3.2 Income at 31 March 2017 was £20.079 million line broadly in line with the revised budget position of £20.042 million reported to Cabinet in February 2017.
- 3.3 Expenditure at 31 March 2017 was £19.928 million compared to the revised budget position of £20.147 million reported to Council in February 2017. The £0.219 million decrease in expenditure relates primarily to savings in supervision and management and repairs and maintenance.
- 3.4 The final accounts therefore show a contribution to working balances of £0.151 million compared with a planned use of £0.105 million, a reduction of £0.256 million.

- 3.5 Working balances at 31 March 2017 are now £1.780 million compared to the £1.525 million reported to Council in February 2017.
- 3.6 The report sets out the capital outturn of £8.999 million compared to a budget of £11.428 million a reduction of £2.429 million. Details of financing for the current year and resources available are also included.

4 Relationship to Corporate Priorities

- 4.1 The implementation of the 2016-17 HRA budget contributed to a number of the service aims within the Housing Portfolio section of the 2016-17 "Place" Priority Delivery Plan.

5 Report Detail

- 5.1 This report provides an analysis of the final accounts position for 2016/17. It covers the following accounts:-
- Housing Revenue Account – which bears the revenue cost of providing day-to-day services to housing tenants;
 - Housing Revenue Account Capital expenditure and how it is financed;
- 5.2 The Council's statutory Statement of Accounts has now been drafted and presented to the Grant Thornton team who will complete the financial statements audit during July and August 2017. The audited Statement of Accounts will be presented to the Audit and Governance Committee for formal approval on 19 September 2017.

Housing Revenue Account Outturn

- 5.3 The table below summarises the provisional outturn position of the Housing Revenue Account for the year compared with the budget position.

Housing Revenue Account Outturn 2016-17			
	Revised Budget	Actual Outturn	Variance
	2016-17	2016-17	2016-17
	£'000	£'000	£'000
Income			
Dwelling Rent	(19,622)	(19,658)	(36)
Non Dwelling Rent	(373)	(370)	3
Interest	(1)	-	1
Other	(11)	(16)	(5)
General Fund Contribution	(35)	(35)	-
Total Income	(20,042)	(20,079)	(37)
Expenditure			
Repairs and Maintenance	4,340	4,306	(34)
Supervision & Management			
General	3,168	3,118	(50)
Special	852	717	(135)
Total Management	4,020	3,835	(185)
Capital Financing	6,886	6,886	-
RCCO	4,901	4,901	-
Total Expenditure	20,147	19,928	(219)
Working Balance Transfer	(105)	151	256

- 5.4 The Housing Revenue Account Net Expenditure for the 2016/17 financial year was set by the Council in February 2016 at a net surplus of £0.22 million. In determining the 2017/18 Budget in February 2017 Council approved the Revised Budget deficit for 2016/17 of **£0.105 million**.
- 5.5 The table shows that net expenditure was (£0.151 million), (£0.256 million) less than anticipated.
- 5.6 The principal variations (greater than £10,000) are as follows ((+) is an unfavourable variance (-) is a favourable variance):

Repairs and Maintenance

- Level of responsive repairs £34,000 (-)

Supervision and Management General

- Staff vacancies £22,000 (-)
- Reduced publications cost £14,000 (-)
- Lower mediation costs than anticipated £11,000 (-)

Supervision and Management Special

- Reduced cost of social alarms silver service agreement £63,000 (-), arising from capital scheme for wireless alarms
- Lower decorations spend £47,000 (-)
- Lower minor works spend on sheltered schemes £35,000 (-)

5.7 As a result of the changes in income and expenditure outlined above the net deficit, which was estimated in respect of the 2016-17 HRA has reduced by £0.256 million.

5.8 This has resulted in a change to working balances, which at 31 March 2017 are now £1.780 million compared to the £1.525 million reported to Council in February 2017.

Capital Outturn

5.9 The 2016-17 HRA Capital Programme was determined by Council in February 2016 and was reviewed as part of the 2017/18 Budget in February 2017.

5.10 Details of the outturn expenditure in relation to the 2016-17 HRA capital programme is outlined in Appendix 1. This shows that total spend was £8.999 million in 2016/17 which was £2.429 million less than the revised budget set in February 2017 of £11.428 million. The reduction of £2.429 million is primarily as a result of timing delays in bringing projects to fruition.

5.11 The main items of capital slippage are;

- £1.450 million Development of Former Garage Sites
- £0.176 million Future Enhancements
- £0.161 million Provision of double glazing
- £0.141 million Resurfacing of driveways

5.12 Details of the achievements against the targets in respect of dwelling improvements which resulted from the implementation of the 2016-17 HRA capital programme are detailed below:

	Target Outputs 2016-17	Actual Outputs (31 March)	Variance
External and Environmental Works	720	710	- 10
Kitchen Improvements	70	54	- 16
Bathroom Improvements	340	310	- 30
Central Heating Improvements	300	321	21
Electrical Upgrades	600	677	77
Window Refurbishment and Double Glazing	1,178	1,146	- 32
Provision of Council Dwellings	165	125	- 40

5.13 The capital programme of £8.999 million was financed in the following way:

Capital Financing	£'000
Capital grants and contributions	699
Major Repairs Reserve	3,134
Capital receipts	622
Direct Revenue Financing	4,544
Total	8,999

5.14 After financing the HRA capital programme the HRA has £3.358 of capital resources as at 31 March 2017 to finance the programme up to 2019/20.

5.15 The uncommitted resources as at 31 March 2020 are now estimated to be £2.274 million, a £0.287 million increase on the forecast as included in the Approved Budget. This is primarily due to additional RTB sales as there were 5 sales above that forecast (£0.133 million), additional capital receipts and savings on the capital programme not required in future years.

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

The legal implications are set out throughout the report.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

There are a number of risks associated with the management of the Housing Revenue Account.

These risks are managed through a prudent approach to budgeting and regular monitoring of actual and forecast income and expenditure.

An adequate level of working balances is also maintained which comprises 10% of net operating expenditure.

6.8 **Equality & Diversity**

This report presents the outturn position in respect of the 2015-16 Housing Revenue Account budget and as such does not require an Equality Impact Assessment as this was undertaken when the agreed budget was determined.

6.9 **Best Value**

None

7 Appendices to the Report

Appendix 1: HRA Capital Outturn 2016-17

Previous Consideration

Housing Revenue Account Budgets 2016-17 to 2018-19	Cabinet	1 February 2016
Housing Revenue Account Budgets 2017-18 to 2019-20	Cabinet	19 January 2017

Background Papers

None

Housing Revenue Account Capital Programme 2016-17 Outturn

Scheme	Revised Budget £000	Outturn £000	Variance £000	Explanation
Demolition of Garages	132	55	(77)	15 units started by Mar 17, balance carried forward
Moss Road Reema Flats Development	1,638	1,533	(105)	Balance carried forward to 2017-18
Green Lane New Build	58	73	15	Residual works during 2016-17
Development of Former Garage Sites	1,840	390	(1,450)	Balance carried forward to 2017-18
Disabled Facilities Works (Council Dwellings)	519	507	(12)	Balance carried forward to 2017-18
Right to compensation (Tenants Improvements)	10	-	(10)	Budget not required
Replacement of Kitchens	343	335	(8)	Balance carried forward to 2017-18
Replacement of Bathrooms	1,158	1,133	(25)	Balance carried forward to 2017-18
Replacement of Central Heating	1,056	1,105	49	Higher than planned replacement of combi boilers
Void Properties (Decent Homes Works)	324	292	(32)	Balance carried forward to 2017-18
External and Environmental Works	1,443	1,248	(195)	Balance carried forward to 2017-18
Provision of Double Glazing	1,567	1,406	(161)	Balance carried forward to 2017-18
Replacement of Social Alarms	63	21	(42)	Balance carried forward to 2017-18
Upgrading of Electrical Systems	565	561	(4)	Additional units delivered 16-17, balance carried forward to 2017-18
Asbestos Testing and Removal	77	181	104	Reclassification of External works spend to identify asbestos element
Provision of Dropped Kerbs	68	19	(49)	Reflects tenant take up and SCC approval
Resurfacing of Driveways	141	0	(141)	Balance carried forward to 2017-18
Replacement of Housing Service Vehicles	143	140	(3)	Balance carried forward to 2017-18
Contingency for unforeseen works	107	-	(107)	Budget not required, part used to fund overspend on Central Heating
Future Enhancements	176	-	(176)	Balance carried forward to 2017-18
TOTAL	11,428	8,999	(2,429)	