

Joint Report of:	Head of Finance and Head of Housing & Partnerships
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Key Decision:	No
Report Track:	Cabinet: 13/08/20

**CABINET
13 AUGUST 2020
HOUSING REVENUE ACCOUNT – FINAL ACCOUNTS 2019/20**

1 Purpose of Report

- 1.1 To present to the Cabinet the final accounts position for the Housing Revenue Account (HRA) 2019/20.

2 Recommendations

- 2.1 That the final accounts position of the HRA for the year ending 31 March 2020 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 increasing by £0.072 million when compared with the budget agreed by Council.
- 3.2 Income at 31 March, 2020 was £19.796 million, broadly in line with the revised budget position of £19.788 million reported to Cabinet in February 2020.
- 3.3 Expenditure at 31 March 2020 was £19.706 million compared to the revised budget position of £19.626 million reported to Cabinet in February 2020. The £0.080 million increase in expenditure relates primarily to savings in supervision and management, repairs and maintenance and bad debts provision offset by an additional RCCO contribution.

- 3.4 The final accounts therefore show a transfer to working balances of £0.090 million compared with a planned transfer of £0.162 million, a reduction of £0.072 million.
- 3.5 Working balances at 31 March 2020 are now £1.663 million compared to the £1.735 million reported to Cabinet in February 2020.
- 3.6 The report sets out the capital outturn of £2.678 million compared to a budget of £3.901 million a reduction of £1.223 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 2019/20 HRA budget contributed to a number of the service aims within the Housing Portfolio section of the 2019/20 Housing, Crime & Partnerships Priority Delivery Plan.

5 Report Detail

- 5.1 This report provides an analysis of the final accounts position for 2019/20. 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 Due to the COVID pandemic, the accounts deadlines have been amended to require draft accounts to be approved by the 31 August 2020 and final audited accounts to be published by the 30 November 2020. However the accounts have been prepared in advance of that timetable and have been published on the website on the 25 June 2020. The auditors are due to commence inspection on the 6 July 2020 and are planned to go to Audit and Governance Committee in early September subject to audit progression.

Housing Revenue Account Outturn

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

Housing Revenue Account Outturn 2019/20			
	Revised Budget	Actual Outturn	Variance
	2019/20	2019/20	2019/20
	£'000	£'000	£'000
Income			
Dwelling Rent	(19,391)	(19,394)	(3)
Non Dwelling Rent	(348)	(349)	(1)
Interest	(1)	(0)	1
Other	(12)	(15)	(3)
General Fund Contribution	(36)	(38)	(2)
Total Income	(19,788)	(19,796)	(8)
Expenditure			
Repairs and Maintenance	5,691	5,225	(466)
Bad Debt Provision	100	78	(22)
Supervision & Management			
General	3,611	3,470	(141)
Special	797	742	(55)
Total Management	4,408	4,212	(196)
Capital Financing	7,158	7,109	(49)
RCCO	2,269	3,082	813
Total Expenditure	19,626	19,706	80
Working Balance Transfer	162	90	(72)

- 5.4 The Housing Revenue Account Net Expenditure for the 2019/20 financial year was set by the Cabinet in February 2019 with a transfer to Working Balances of £0.063 million. In determining the 2020/21 Budget in February 2020 Council approved the Revised Budget transfer to working balances for 2019/20 of £0.162 million.
- 5.5 The table shows that net income was £0.090 million, £0.072 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

- Gas Maintenance reduced costs £289,000(-)
- Void works £136,000(-)

Bad Debts Provision

- Review of requirement £22,000 (-)

Supervision and Management General

- Staff vacancies, insurance, bank charge, RTB sales £141,000(-)

Supervision and Management Special

- Lower decorations spend £11,000(-)
- Lower minor works spend on sheltered schemes £21,000(-)
- Other underspends £23,000(-)

Capital financing

- Less Interest payable £68,000(-)
- Depreciation £19,000(+)

RCCO

- Increased transfer to reserves £812,000 (+) following calculation of minimum working balance

5.7 As a result of the changes in income and expenditure outlined above, the net surplus which was estimated in respect of the 2019/20 HRA, has reduced by £0.072 million.

5.8 This has resulted in a change to working balances, which at 31 March 2020 are now £1.663 million compared to the £1.735 million reported to Council in February 2020.

Capital Outturn

5.9 The 2019/20 HRA Capital Programme was determined by Council in February 2019 and was reviewed as part of the 2020/21 Budget in February 2020.

5.10 Details of the outturn expenditure in relation to the 2019/20 HRA capital programme is outlined in Appendix 1. This shows that total spend was £2.678 million in 2019/20 which was £1.223 million less than the revised budget set in February 2020 of £3.901 million.

5.11 The main items of capital slippage are;

- £0.193 million Central Heating Upgrades
- £0.105 million Housing Service Vehicles
- £0.549 million Hawks Green Residential
- £0.088 million Demolition of garages

5.12 Details of the achievements against the targets in respect of dwelling improvements which resulted from the implementation of the 2019/20 HRA capital programme are detailed overleaf.

	Target Outputs 2019/20	Actual Outputs (31 March)	Variance
Improvements			
External and Environmental Works	35	35	0
Kitchen Improvements	11	4	(7)
Bathroom Improvements	52	37	(15)
Central Heating Improvements	483	457	(26)
Electrical Upgrades	684	512	(172)
Window Refurbishment and Double Glazing	3	3	0
Provision of Council Dwellings	58	51	(7)

5.13 The capital programme of £2.678 million was financed in the following way.

Capital Financing	£'000
Capital grants and contributions	145
Major Repairs Reserve	1,820
Capital receipts	713
Total	2,678

5.14 After financing the HRA capital programme, the HRA has £13.113 million of capital resources as at 31 March, 2020 to finance the programme up to 2022/23.

5.15 The uncommitted resources as at 31 March, 2023 are now estimated to be £3.058 million, a £1.668 million increase on the forecast as included in the Approved Budget. This is primarily due to additional affordable housing, 1-4-1 receipts and RCCO together with resources released as part of the 2019/20 outturn.

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 2019/20 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 2019/20

Previous Consideration

Housing Revenue Account Budgets 2018-19 to 2020-21	Cabinet	7 February 2019
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Housing Revenue Account Budgets 2019/20 to 2022/23	Cabinet	30 January 2020
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Background Papers

None

Housing Revenue Account Capital Programme 2019/20 Outturn

Scheme	Revised Budget £000	Outturn £000	Variance £000	Explanation
Demolition of Garages	90	2	(88)	Delays in works, budget to slip to 2020/21
Moss Rd Estate New Build	15	4	(11)	Scheme complete
Former Garage Sites Development	177	174	(3)	Scheme complete
DFG Public Grants	200	176	(24)	Reflects activity
Kitchen Replacement	54	54	0	
Bathroom Replacement	150	130	(21)	Reflects activity, balance to slip to 2020/21
Central Heating Upgrades	960	767	(193)	Delays in works, balance to slip to 2020/21
External Envelope Works	605	520	(85)	Balance to slip to 2020/21
Provision of Double Glazing	10	6	(4)	Reflects tenant take up, balance to slip to 2020/21
New Alarms - HRA Stock	1	0	(1)	None required
Upgrading of Electrical Systems	510	435	(75)	Balance carried forward to 2020/21
Provision of Dropped Kerbs	2	2	0	
Replacement of Housing Service Vehicles	335	230	(105)	Delay in purchase, balance to slip to 2020/21
Contingency for Unforeseen Works	60	0	(60)	No spend required in 2019/20
Right to Compensation	5	0	(5)	No spend required in 2019/20
Hawks Green Residential	727	178	(549)	Scheme delayed, balance to slip to 2020/21
TOTAL	3,901	2,678	(1,223)	