

<b>Report of:</b>	<b>Head of Housing &amp; Waste Management and Deputy Managing Director</b>
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<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Cabinet: 21/07/16</b>

**CABINET**  
**21 JULY 2016**  
**HOUSING REVENUE ACCOUNT – FINAL ACCOUNTS 2015-16**

**1 Purpose of Report**

- 1.1 To present to the Cabinet the final accounts position for 2015/16.

**2 Recommendations**

- 2.1 That the final accounts position for the year ending 31 March 2016 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 £105,000 when compared with the budget agreed by Council.
- 3.2 Income at 31 March 2016 was £20.184 million exactly in line with the revised budget position of £20.184 million reported to Cabinet in February 2016.
- 3.3 Expenditure at 31 March 2016 was £22.181 million compared to the revised budget position of £22.286 million reported to Council in February 2016. The £0.105 million decrease in expenditure relates primarily to savings in supervision and management and capital financing, offset by additional costs in relation to repairs and maintenance.

- 3.4 The final accounts therefore show a use of working balances of £1,997,000 compared with a planned use of £2,102,000, a reduction of £105,000.
- 3.5 Working balances at 31 March 2016 are now £1.629 million compared to the £1.524 million reported to Council in February 2016.
- 3.6 The report sets out the capital outturn of £12.922 million compared to a budget of £13.334 million a reduction of £0.412 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 2015-16 HRA budget contributed to a number of the service aims within the Housing Portfolio section of the 2015-16 "Place" Priority Delivery Plan.

#### **5 Report Detail**

- 5.1 This report provides an analysis of the final accounts position for 2015/16. 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 2016. The audited Statement of Accounts will be presented to the Audit and Governance Committee for formal approval on 27 September 2016.

##### **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.

<b>Housing Revenue Account Outturn 2015-16</b>				
		<b>Revised Budget</b>	<b>Actual Outturn</b>	<b>Variance</b>
		<b>2015-16</b>	<b>2015-16</b>	<b>2015-16</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
Dwelling Rent		(19,743)	(19,743)	-
Non Dwelling Rent		(387)	(383)	4
Interest		(1)	(1)	-
Other		(16)	(23)	(7)
General Fund Contribution		(37)	(34)	3
<b>Total Income</b>		<b>(20,184)</b>	<b>(20,184)</b>	<b>-</b>
<b>Expenditure</b>				
Discretionary Housing Payment		50	-	(50)
Repairs and Maintenance		4,216	4,312	96
Supervision & Management				
General		3,253	3,207	(46)
Special		945	723	(222)
Total Management		4,198	3,930	(268)
Capital Financing		6,828	6,945	117
RCCO		6,994	6,994	-
<b>Total Expenditure</b>		<b>22,286</b>	<b>22,181</b>	<b>- 105</b>
<b>Working Balance Transfer</b>		<b>(2,102)</b>	<b>(1,997)</b>	<b>105</b>

- 5.4 The Housing Revenue Account Net Expenditure 2015/16 financial year was set by the Council in February 2015 at a net deficit of **£2.302 million. The deficit primarily related to the application of £2.302 million of working balances , the excess balances above the 10% minimum requirement as determined in the HRA Business Plan, as a Revenue Contribution to Capital outlay in the year.** In determining the 2016/17 Budget in February 2016 Council approved the Revised Budget for 2015/16 of **£2.102 million.**
- 5.5 The table shows that net expenditure was £1.997 million, £105,000 less than anticipated.
- 5.6 The principal variations (greater than £10,000) are as follows ((+) is an unfavourable variance (-) is a favourable variance):

#### **Discretionary Housing Payments**

- No contribution required £50,000 (-)

#### **Repairs and Maintenance**

- Increased level of responsive repairs £96,000 (+)

### **Supervision and Management General**

- Additional management fee for Right to Buy sales £25,000 (-)
- Reduced publications cost £19,000 (-)

### **Supervision and Management Special**

- Additional service charge income sheltered £39,000 (-)
- Reduced cost of social alarms silver service agreement £46,000 (-), owing to capital scheme of wireless alarms
- Staffing vacancies £69,000 (-)
- Lower decorations spend £29,000 (-)
- Lower minor works spend on sheltered schemes £21,000 (-)

### **Capital Financing**

- Reduced interest payments £176,000 (-)
- Provision for repayment of borrowing £214,000 (+)
- Non Dwelling impairment £83,000 (+)

5.7 As a result of the changes in income and expenditure outlined above the net deficit, which was estimated in respect of the 2015-16 HRA has reduced by £105,000.

5.8 This has resulted in a change to working balances, which at 31 March 2016 were £1.629 million, compared to the £1.525 million reported to Council in February 2016.

### **Capital Outturn**

5.9 The 2015-16 HRA Capital Programme was determined by Council in February 2016 and was reviewed as part of the 2016/17 Budget in February 2016

5.10 Details of the outturn expenditure in relation to the 2015-16 HRA capital programme is outlined in Appendix 1. This shows that total spend was £12.922 million in 2015/16 which was £0.412 million less than the revised budget set in February 2016 of £13.336 million (as adjusted for £22,000 additional provision for replacement of vehicles). The reduction of £0.414 million is primarily as a result of timing delays in bringing projects to fruition.

5.11 The main items of capital slippage are;

- £113,000 Replacement of Social Alarms
- £68,000 Provision of dropped kerbs
- £119,000 Replacement of housing service vehicles

5.12 There were also a number of schemes where expenditure was brought forward from 2016-17, these are;

- £327,000 Moss Road Reema Flats Development
- £202,000 Green Lane New Build
- £29,000 Kitchen Replacement

5.13 Details of the achievements against the targets in respect of dwelling improvements which resulted from the implementation of the 2015-16 HRA capital programme are detailed below:

	<b>Target Outputs 2015-16</b>	<b>Actual Outputs (31 March)</b>	<b>Variance</b>
External and Environmental Works	950	950	-
Kitchen Improvements	70	75	5
Bathroom Improvements	340	351	11
Central Heating Improvements	305	311	6
Electrical Upgrades	610	704	94
Window Refurbishment and Double Glazing	1,130	1,201	71
Provision of Council Dwellings	26	22	- 4

5.14 The capital programme of £12.922 million was financed in the following way:

<b>Capital Financing</b>	<b>£'000</b>
Capital grants and contributions	298
Major Repairs Reserve	2,723
Capital receipts	840
Direct Revenue Financing	8,801
Unfinanced (Borrowing)	260
<b>Total</b>	<b>12,922</b>

5.15 After financing the HRA capital programme the HRA has £3.333 of capital resources as at 31 March 2016 to finance the programme up to 2018/19.

5.16 The uncommitted resources as at 31 March 2019 are now estimated to be £2.531 million, a £1.271 million increase on the forecast as included in the Approved Budget. This is primarily due to additional RTB sales as there were 23 sales above that forecast (£0.345 million), additional capital receipts from sale of land (£0.108 million) 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 2015-16

## Previous Consideration

Housing Revenue Account  
Budgets 2015-16 to 2017-18

Cabinet

29 January 2015

Housing Revenue Account  
Budgets 2016-17 to 2018-19

Cabinet

1 February 2016

**Background Papers**

None.

ITEM NO. 9.



**Housing Revenue Account Capital Programme 2015-16 Outturn**

<b>Scheme</b>	<b>Revised Budget £000</b>	<b>Outturn £000</b>	<b>Variance £000</b>	<b>Explanation</b>
Demolition of Garages	-	24	24	Planned spend brought forward from 2016-17
Redev of PRC Dwell-Reema Flats Moss Estate	2	2	0	
Moss Road Reema Flats Development	2,091	2,418	327	Additional works achieved on site during 2015-16
Green Lane New Build	2,040	2,242	202	Additional works achieved on site during 2015-16
Development of Former Garage Sites	50	57	7	
Repurchase of vacant former Council Dwellings	198	37	(161)	Reduced cost of dwelling purchases during 2015-16
Right to Buy Social Mobility Scheme	-	-	0	
Disabled Facilities Works (Council Dwellings)	547	537	(10)	Reflects activity
Replacement of Kitchens	367	396	29	Planned spend brought forward from 2016-17, additional units delivered
Replacement of Bathrooms	1,315	1,220	(95)	Budget savings as a result of tenant refusals.
Replacement of Central Heating	1,050	1,048	(2)	
Void Properties (Decent Homes Works)	512	593	81	Additional void dwellings required decent homes standard during 2015-16
External and Environmental Works	1,514	1,432	(82)	Balance carried forward to 2016-17, completion of properties in line with targets
Provision of Double Glazing	1,526	1,526	0	
Replacement of Social Alarms	162	49	(113)	Balance of budget carried forward to 2016-17
Replacement of Fire Alarms (Sheltered)	101	83	(18)	Scheme complete
Upgrading of Electrical Systems	608	606	(2)	
Asbestos Testing and Removal	110	137	27	Increased activity
Provision of Dropped Kerbs	114	46	(68)	Reflects tenant take up and SCC approval
Replacement of Housing Management IT System	596	258	(338)	System now implemented, reflects lower capital cost
Resurfacing of Driveways	-	3	3	
Replacement of Housing Service Vehicles	327	208	(119)	Delay in receiving the replacement vehicles
Contingency for unforeseen works	106	-	(106)	Budget not required
<b>TOTAL</b>	<b>13,336</b>	<b>12,922</b>	<b>(414)</b>	