

Report of:	Head of Housing and Waste Management
Contact Officer:	Ian Tennant
Telephone No:	01543 464210
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	Cabinet: 17/07/14

CABINET
17 JULY 2014
HOUSING REVENUE ACCOUNT PROVISIONAL OUTTURN 2013-14

1 Purpose of Report

- 1.1 To report the provisional outturn for the 2013-14 Housing Revenue Account budget, as part of the performance review element of the Council's agreed financial cycle.

2 Recommendations

- 2.1 That the provisional outturn for the 2013-14 Housing Revenue Account Budget is noted.

3 Key Issues and Reasons for Recommendation

- 3.1 This report presents the provisional outturn for the 2013-14 Housing Revenue Account Budget, as set out in Appendix 1.
- 3.2 Income at 31 March 2014 was £19,975,128 compared to the revised budget position of £19,261,890 reported to Council on 13 February 2013. The £713,238 increase relates primarily to the generation of additional rent income as a result of an additional rent week during the year and lower than forecast current rent arrears.
- 3.3 Expenditure at 31 March 2014 was £19,686,178 compared to the original budget position of £19,243,230 reported to Council on 13 February 2013. The increase in expenditure relates to an increased Revenue Contribution to Capital Outlay in accordance with the revised HRA Business Plan, offset by a surplus in respect of the Housing Maintenance Trading Account and budget savings in supervision and management, the provision for bad debts and capital financing.

- 3.4 As a result of these changes, the net surplus of £18,660 (as reported to Council on 13 February 2013) has changed to a net surplus of £288,950.
- 3.5 Working balances at 31 March 2014 are now £2.795 million compared to the £1.506 million reported to Council on 13 February 2013.

4 Relationship to Corporate Priorities

- 4.1 The implementation of the 2013-14 HRA budget contributed to a number of the service aims within the Housing Portfolio section of the 2013-14 "Place" Priority Delivery Plan.

5 Report Detail

- 5.1 The 2013-14 HRA Budget was determined by Council on 13 February 2013 .
- 5.2 The accounts for 2013-14 are now closed and the informal Statement of Accounts was approved by the Head of Finance on 27th June 2014. It should, however, be noted that the accounts are subject to External Audit and may therefore be subject to change.
- 5.3 A summary of income and expenditure in relation to the original 2013-14 HRA budget (as approved by Council on 13 February 2013), and the provisional outturn for the 2013-14 HRA budget is presented as Appendix 1.
- 5.4 The changes in income and expenditure since the report to Council (on 13 February 2013) are detailed below:-

Estimated Position Reported – 13 February 2013

	£
Estimated Income	19,261,890
Estimated Expenditure	19,243,230
	<hr/>
	(i) 18,660
	<hr/>

Net Changes in Income

	£		£
(i) Dwelling Rent	721,318	(-)	
(ii) Shop and garage income	724	(-)	
(iii) Interest	601	(+)	
(iv) Other	2,897	(-)	
(v) Transfer from the General Fund	11,099	(+)	
			(ii) <u>713,239</u> (-)

Net Changes in Expenditure

	£		£
(a) Repairs and maintenance	240,641	(-)	
(b) Supervision and management (General)	234,380	(-)	
(c) Supervision and management (Special)	15,924	(-)	
(d) Provision for Bad Debts	138,615	(-)	
(e) Capital Financing	55,171	(-)	
(f) Revenue Contribution to Capital Outlay	1,127,680	(+)	
			(iii) <u>442,949</u> (+)
Estimated Provisional outturn position (July 2014) (i) + (ii) + (iii) Net Surplus			<u>270,290</u> (-)

- 5.5 The reasons for the variances are summarised in Appendix 2.
- 5.6 As a result of the changes in income and expenditure (as set out in paragraph 5.4), the net surplus in respect of the 2013-14 HRA of £18,660 (as reported to Council on 13 February 2013) has changed to a net surplus of £288,950.
- 5.7 This has resulted in a change to working balances, which at 31 March 2014 were £2.795 million, as compared to the £1.506 million reported to Council on 13 February 2013.
- 5.8 The amount of working balances exceeds the 10% minimum (£1.519) by £1.276 million). Consideration will therefore be given to the use of this surplus, as part of the review of the HRA Business Plan and the 2014-15 HRA budget process.

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 2013-14 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

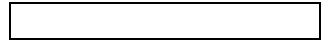
Appendix 1:	HRA Outturn 2013-14
Appendix 2:	2013-14 HRA – Income and Expenditure Variations

Previous Consideration

Housing Revenue Account Budgets 2013-14 to 2015-16	Cabinet	31 January 2013
Housing Revenue Account Budgets 2013-14 to 2016-17	Cabinet	30 January 2014

Background Papers

None



HRA OUTTURN 2013-14

	Original Budget 2013-14 £	Actual Outturn 2013-14 £	Variance 2013-14 £
Income			
Dwelling Rent	(18,789,220)	(19,510,538)	(721,318)
Non Dwelling Rent	(413,100)	(413,824)	(724)
Interest	(1,460)	(859)	601
Other	(12,420)	(15,317)	(2,897)
General Fund Cont.	(45,690)	(34,591)	11,099
Total Income	(19,261,890)	(19,975,128)	(713,238)
Expenditure			
Discretionary Housing Payment	0		0
Repairs and Maintenance	4,268,990	4,028,349	(240,641)
Supervision & Management - General	3,243,510	3,009,130	(234,380)
Supervision & Management - Special	585,260	569,336	(15,924)
Increased provision for bad debts	200,900	62,285	(138,615)
Capital Financing	6,733,920	6,678,749	(55,171)
RCCO as per Business Plan	4,210,650	5,338,330	1,127,680
Total Expenditure	19,243,230	19,686,178	442,948
(Surplus)/Deficit	(18,660)	(288,950)	(270,290)
Working Balance			
B/fwd	(1,487,047)	(2,506,220)	(1,019,173)
In Year	(18,660)	(288,950)	(270,290)
C/fwd	(1,505,707)	(2,795,170)	(1,289,463)
Minimum Working Balance	1,505,700	1,519,320	

APPENDIX 22013-14 HOUSING REVENUE ACCOUNT – INCOME AND EXPENDITURE VARIATIONS1. Increased Income

<u>Income</u>	<u>Increase</u>	<u>Reason</u>
1.1 Dwelling Rent	£721,318	Additional rent week during 2013-14 and lower than forecast rent arrears.
1.2 Non Dwelling Rent (shops and garages)	£724	Increase in income from garage rents.
1.3 Other Income	£2,897	Additional income from miscellaneous rents and licences.
	<u>£724,939</u>	

2. Decreased Income

<u>Income</u>	<u>Decrease</u>	<u>Reason</u>
2.1 Interest	£601	Marginal change in income received.
2.2 General Fund Contribution	£11,099	Reduction in resources transferred from the General Fund for strategic housing.
	<u>£11,700</u>	

3. Increased Expenditure

<u>Income</u>	<u>Increase</u>	<u>Reason</u>
3.1 Revenue Contribution to Capital Outlay	£1,127,680	Additional RCCO in accordance with the revised HRA Business Plan
	<u>£1,127,680</u>	

4. Expenditure Savings

	<u>Income</u>	<u>Decrease</u>	<u>Reason</u>
4.1 Repairs and Maintenance		£240,641	Surplus in respect of the Housing Maintenance Trading Account.
4.2 Supervision and Management (General)		£234,380	Budget savings in respect of Tenancy and Service Improvement employee costs, publications and training.
4.3 Supervision and Management (Special)		£15,924	Budget savings in respect of employees and social alarms recharge for 87 lines.
4.4 Provision for Bad Debts		£138,615	Lower than anticipated bad debts.
4.5 Capital Financing		£55,171	Reduced recharge for debt management.
		<hr/>	
		£684,731	
		<hr/>	