

Joint Report of:	Head of Finance and Head of Housing & Partnerships
Contact Officer:	Bob Kean Nirmal Samrai
Telephone No:	01543 464334 01543 464317
Portfolio Leader:	Housing
Key Decision:	No
Report Track:	Cabinet: 23/08/18

CABINET
23 AUGUST 2018
HOUSING REVENUE ACCOUNT – FINAL ACCOUNTS 2017-18

1 Purpose of Report

- 1.1 To present to the Cabinet the final accounts position for the Housing Revenue Account (HRA) 2017/18.

2 Recommendations

- 2.1 That the final accounts position of the HRA for the year ending 31 March 2018 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 £0.099 million when compared with the budget agreed by Council.
- 3.2 Income at 31 March, 2018 was £19.914 million, broadly in line with the revised budget position of £19.895 million reported to Cabinet in January 2018.
- 3.3 Expenditure at 31 March 2018 was £19.956 million compared to the revised budget position of £20.035 million reported to Cabinet in January 2018. The £0.080 million decrease in expenditure relates primarily to savings in supervision and management, and repairs and maintenance.
- 3.4 The final accounts therefore show a use of working balances of £0.041 million compared with a planned use of £0.140 million, a reduction of £0.099 million.

- 3.5 Working balances at 31 March 2018 are now £1.739 million compared to the £1.640 million reported to Cabinet in January 2018.
- 3.6 The report sets out the capital outturn of £10.039 million compared to a budget of £10.635 million a reduction of £0.596 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 2017-18 HRA budget contributed to a number of the service aims within the Housing Portfolio section of the 2017-18 Housing, Crime & Partnerships Priority Delivery Plan.

5 Report Detail

- 5.1 This report provides an analysis of the final accounts position for 2017-18. 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 was drafted and presented to the Grant Thornton team to complete the financial statements audit during June and July 2018. The audited Statement of Accounts was then presented to and approved by the Audit and Governance Committee 26 July, 2018.

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 2017-18			
	Revised Budget	Actual Outturn	Variance
	2017-18	2017-18	2017-18
	£'000	£'000	£'000
Income			
Dwelling Rent	(19,490)	(19,507)	(17)
Non Dwelling Rent	(357)	(353)	4
Interest	(2)	(0)	1
Other	(11)	(17)	(5)
General Fund Contribution	(35)	(37)	(2)
Total Income	(19,895)	(19,914)	(19)

Expenditure			
Repairs and Maintenance	4,577	4,536	(40)
Supervision & Management			
General	3,251	3,199	(52)
Special	861	814	(47)
Total Management	4,112	4,013	(99)
Capital Financing	7,716	7,775	59
RCCO	3,631	3,631	-
Total Expenditure	20,035	19,956	(80)
Working Balance Transfer	(140)	(41)	99

- 5.4 The Housing Revenue Account Net Expenditure for the 2017/18 financial year was set by the Cabinet in February 2018 at a net surplus of £0.182 million. In determining the 2018/19 Budget in February 2018 Council approved the Revised Budget deficit for 2017/18 of **£0.140 million**.
- 5.5 The table shows that net expenditure was (£0.041 million), (£0.099 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 £40,000(-)

Supervision and Management General

- Staff vacancies £10,000(-)
- Bad Debt provision £48,500(+)
- Level of repairs £11,000(-)
- Supplies and Services General underspends £27,000(-)

Supervision and Management Special

- Lower decorations spend £22,000(-)
- Lower minor works spend on sheltered schemes £15,000(-)
- Lower utilities spend on sheltered schemes £10,000(-)
- Staffing vacancies and underspends £20,000(-)

- 5.7 As a result of the changes in income and expenditure outlined above, the net deficit, which was estimated in respect of the 2017-18 HRA has reduced by £0.099 million.
- 5.8 This has resulted in a change to working balances, which at 31 March 2018 are now £1.739 million compared to the £1.640 million reported to Council in February 2018.

Capital Outturn

- 5.9 The 2017-18 HRA Capital Programme was determined by Council in February 2017 and was reviewed as part of the 2018/19 Budget in February 2018.
- 5.10 Details of the outturn expenditure in relation to the 2017-18 HRA capital programme is outlined in Appendix 1. This shows that total spend was £10,039 million in 2017/18 which was £0.596 million less than the revised budget set in February 2018 of £10.635 million. The reduction of £0.596 million is primarily as a result of timing delays in bringing projects to fruition.
- 5.11 The main items of capital slippage are;
- £0.269 million Moss Rd Estate
 - £0.326 million External Envelope Works
 - £0.070 million Provision of double glazing
- 5.12 Details of the achievements against the targets in respect of dwelling improvements which resulted from the implementation of the 2017-18 HRA capital programme are detailed below.

	Target Outputs 2017-18	Actual Outputs (31 March)	Variance
Improvements			
External and Environmental Works	635	635	-
Kitchen Improvements	60	57	-3
Bathroom Improvements	260	241	-19
Central Heating Improvements	275	308	33
Electrical Upgrades	600	636	36
Window Refurbishment and Double Glazing	525	516	-9
Provision of Council Dwellings	44	35	-9

- 5.13 The capital programme of £10,039 million was financed in the following way.

Capital Financing	£'000
Capital grants and contributions	862
Major Repairs Reserve	3,512
Capital receipts	991
Direct Revenue Financing	4,674
Total	10,039

- 5.14 After financing the HRA capital programme, the HRA has £1.409 million of capital resources as at 31 March, 2018 to finance the programme up to 2022/23.
- 5.15 The uncommitted resources as at 31 March, 2023 are now estimated to be £3.127 million, a £0.359 million increase on the forecast as included in the Approved Budget. This is primarily due to additional RCCO £0.182 million and Major Repairs Reserves £0.176 million.

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 2017-18

Previous Consideration

Housing Revenue Account Budgets 2017-18 to 2019-20	Cabinet	19 January, 2017
Housing Revenue Account Budgets 2017-18 to 2020-21	Cabinet	25 January, 2018

Background Papers

None

Housing Revenue Account Capital Programme 2017-18 Outturn

Scheme	Revised Budget £000	Outturn £000	Variance £000	Explanation
Demolition of Garages	28	28	(0)	
Moss Rd Estate New Build	1,745	1,475	(269)	9 units started by Mar 18, balance carried forward to 2018-19
Green Lane New Build	-	1	1	Residual works during 2017-18
Former Garage Sites Development	2,800	2,811	11	39 units started by Mar 18, 18-19 budget to be reduced by £11k
DFG Public Grants	532	566	33	Reflects activity
Kitchen Replacement	383	350	(33)	Balance carried forward to 2018-19
Bathroom Replacement	896	903	7	Planned spend brought forward from 2018-19, additional units delivered
Central Heating Upgrades	1,068	1,008	(60)	Balance carried forward to 2018-19
Void Properties-Decent Homes	366	486	119	Additional void dwellings required decent home standard during 2018-19
External Envelope Works	1,300	974	(326)	Balance carried forward to 2018-19
Provision of Double Glazing	768	699	(70)	Balance carried forward to 2018-19
New Alarms - HRA Stock	19	-	(19)	Balance carried forward to 2018-19
Upgrading of Electrical Systems	574	551	(22)	Balance carried forward to 2018-19
Asbestos Testing and Removal	84	124	40	Reclassification of External works spend to identify asbestos element
Provision of Dropped Kerbs	19	12	(7)	Reflects tenant take up and SCC approval
Resurfacing of Driveways	20	-	(20)	Budget not required.
Replacement of Housing Service Vehicles	32	11	(21)	Balance carried forward to 2018-19
Contingency for Unforeseen Works	-	41	41	
TOTAL	10,635	10,039	(596)	