



AGENDA ITEM: 12

CABINET: 17 March 2015

**EXECUTIVE OVERVIEW AND
SCRUTINY: 1 April 2015**

**Report of: Assistant Director of Housing and Regeneration and Borough
Treasurer**

Relevant Managing Director: Managing Director (Transformation)

Relevant Portfolio Holder: Councillor J. Houlgrove

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**SUBJECT: HOUSING REVENUE ACCOUNT AND CAPITAL INVESTMENT
PROGRAMME MONITORING**

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide an updated position on the Housing Revenue Account (HRA) and Capital Investment Programme.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the financial position of the Revenue Account and the Capital Investment Programme be noted.

2.2 That call-in is not appropriate for this item as the report is being submitted to the next meeting of the Executive Overview and Scrutiny Committee on 1 April 2015.

**3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY
COMMITTEE**

3.1 That the progress against the HRA and the Capital Investment Programme budgets be noted.

4.0 BACKGROUND

- 4.1 The HRA budget and Housing Capital Investment Programme for 2014-15 were originally approved by Council in February 2014. In accordance with best practice both of these areas are subject to review and revision at the mid-year point to ensure that they are based on the latest available information to make monitoring of the respective budgets more meaningful. Council approved a revised mid year position at its meeting in December 2014.

5.0 HOUSING REVENUE ACCOUNT

- 5.1 The Council approved an external income budget for the HRA of £26.286m for this financial year. Right to Buy (RTB) sales and void rates heavily influence the amount of income generated.
- 5.2 RTB sales have slowed in recent months with 24 dwellings having been sold by the end of December 2014 as compared with 50 originally estimated for the full year at the time budget was set. Whilst the reduced number of sales strengthens the income line within the HRA it does however reduce the amount of capital receipts that the Council has for capital investment.
- 5.3 There have been spending pressures on the voids budget this year through a combination of factors including increased volumes, changes in building regulations, and a need to carry out high value works to properties that have either been mothballed awaiting a change in demand, or which have not had significant investment in the past. This factor is expected to be ongoing and consequently has been considered through the budget setting process for 2015-16, with an increase in funding agreed of £300,000 per annum for future years. Members should be mindful that in carrying out this work we have reduced waiting lists for much needed accommodation and increased rental income for the future. A programme that has also exceeded budget is the prior to paint programme which has been expanded to include much critically needed repointing, cavity wall insulation, and maintenance work to chimneys.
- 5.4 There have however been savings made on the level of expenditure on employees, which has been lower than anticipated mainly due to unfilled vacancies. Of particular note are the difficulties of recruiting the right calibre of surveyors within the Property Services Section which in part is attributable to the upsurge in demand for surveyors in the housing construction industry. Measures are being considered in consultation with Human Resources to address this position in 2015-16. There have also been a number of favourable budget variances on supplies and services headings across the HRA.
- 5.5 Within the capital programme there have been a number of favourable tenders and it is also expected that additional savings will be made. This means that the HRA contribution to the capital programme will be below the budgeted amount. When all of these factors are put together the bottom line projection for the HRA is a surplus of around £120,000 at the year end, which is slightly lower than the projection of £150,000 at the mid year review stage.

6.0 CAPITAL INVESTMENT PROGRAMME

- 6.1 The revised capital programme totals £13.907m for 2014/15, and will be funded by contributions from the HRA, borrowing, and to a lesser extent grants and capital receipts. Details of spending against the revised budget at the end of the third quarter are set out at Appendix A together with Service Managers' comments regarding scheme progress to date. This shows that expenditure of £6.558m had been incurred at the end of December, which represents 47% of the total programme.
- 6.2 Due to difficulties experienced in recruiting suitable staff to manage the programmes within Property Services some schemes are likely to slip into 2015/16, the most noticeable of which being the Windows and Doors replacement programme.
- 6.3 On the positive side it has recently been announced that the Council has secured £360,000 in energy savings grant in relation to the Firbeck Revival project. This funding will be paid over in stage payments by the end of the financial year as the agency administering the grant has completed the process of validating the grant claims.

7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 7.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. Individual capital schemes address Community Strategy issues and links to Corporate Priorities. The Capital Investment Programme also achieves the objectives of the Prudential code for Capital finance in Local Authorities by ensuring capital investment plans are affordable, prudent, and sustainable.

8.0 RISK ASSESSMENT

- 8.1 The formal reporting of performance against budget is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix A - Performance at 3rd Quarter against the Revised Capital Programme

Appendix B – Minute of Cabinet (Executive Overview and Scrutiny Committee only)