



COUNCIL: 18 July 2018

Report of: Director of Housing and Inclusion and Borough Treasurer

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SUBJECT: HOUSING ACCOUNT – REVENUE AND CAPITAL OUTTURN

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the Housing Revenue Account (HRA) revenue and capital outturn position for the 2017-2018 financial year.

2.0 RECOMMENDATION

2.1 That the financial outturn position of the 2017-18 HRA and Capital Investment Programme be noted and that the budget allocations set out in paragraphs 4.3 and 5.4 be approved.

3.0 BACKGROUND

3.1 The financial year 2017-18 represented year two of the government's four year rent setting policy to reduce social housing rents by 1% per annum to 2020. This policy continues to progressively add pressure to the HRA over this period. However, the Policy Options agreed by Council in July 2016 and October 2016 have delivered sufficient savings and efficiencies to secure the HRA's financial position over the medium term.

4.0 HOUSING REVENUE ACCOUNT – REVENUE OUTTURN

4.1 A summary of the HRA revenue outturn is set out in Appendix one and shows that a favourable budget variance of £1.411m was achieved, which represents 5.5% of the total budget. This is a similar position to the 2016-17 outturn and demonstrates that the HRA currently maintains a healthy financial standing.

- 4.2 The main reasons for this position, which were anticipated and reported during the year, were the active management of staffing levels, a painting contractor going into liquidation with a consequent reduction in activity, and only limited calls being made on the central contingency budget. In addition there was an underspend on the void repairs and responsive repairs budgets, which are largely demand driven.
- 4.3 It is intended that this favourable budget variance will be used for a number of purposes as follows:
- Contributing £687,000 to the 2017-18 capital programme that is being slipped into 2018-19, to avoid the need to take out external borrowing and to save money on capital financing costs
 - Carrying forward £23,000 of funding from the Department for Works and Pensions to fund a staff post that will provide personal budgeting support to residents moving onto Universal Credit
 - Allocating the balance of £701,000 to the Budget and Efficiency Savings Reserve. Part of this funding will be used to cover the HRA share of costs for the Sustainable Organisation Review Project (which are not yet known at this time) and the use of the remaining funding will be considered through the budget setting process for next year

5.0 CAPITAL INVESTMENT PROGRAMME

- 5.1 A summary of the Housing Capital Investment Programme outturn is shown in Appendix Two. Total expenditure was £6.839m, which represents 64% of the total budget of £10.652m.
- 5.2 It is standard practice at year-end that capital budgets that have not been fully utilised are reviewed before being slipped into the following year to allow for completion of the existing programme. If the review identifies elements of the capital budget that will not be required in the following year they may be removed from the capital investment programme to release funding.
- 5.3 The 2017-18 planned maintenance schemes are either complete or will be completed in the first part of 2018-19, with the exception of the roofing programme which has encountered unavoidable delays due to structural issues. The budget not required from these planned maintenance schemes is due to tendering and delivery being cheaper than originally estimated, plus tenant refusals which will be funded by slipping the remaining 2017-18 contingency budget into 2018-19. Good progress is being made on procurement of the 2018-19 planned maintenance programme to ensure earlier commencement of works than in previous years.
- 5.4 It is proposed that the variance of £3.813m (£10.652m budget less £6.839m expenditure) is used as follows:
- A total net budget of £2.779m is slipped into the next financial year to enable schemes to be completed

- That scheme funding adjustments take place as detailed in Appendix Two, they are funding neutral overall.
- That consideration is given in the budget setting process for next year as to how funding of £1.034m that is no longer required should be used. Information from the full stock condition survey will have been analysed by this time to enable an updated asset plan to be produced

6.0 SUSTAINABILITY IMPLICATIONS

- 6.1 Work carried out through 2017-18 has ensured that, with the information we are aware of, the HRA can deliver services and is financially sustainable in the medium term.

7.0 RISK ASSESSMENT

- 7.1 The formal reporting of performance on the Housing Revenue Account 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 budget issues set out in this report have been the subject of previous reports to Committees and consequently an Equality Impact Assessment has already been prepared for them where relevant

Appendices

Appendix One – HRA Revenue Outturn

Appendix Two – Capital Investment Programme Outturn and Funding

Appendix One – HRA Revenue Outturn

Budget Area	Budget £'000	Projected Variance £'000	Comments
Employee expenses	4,958	-495	The active management of staffing levels enabled a favourable budget variance to be delivered
Void repairs and response repairs	2,637	-303	Both budgets are demand-led
Other premises costs	3,160	-474	Mainly due to a reduction in painting activity as a result of a contractor going into liquidation
Transport expenses	220	-44	
Budget Contingency	125	-125	There were no calls on this contingency budget
Supplies and Services	1,304	-69	
Support Services and Internal Income (net)	1,640	143	Capitalisation of staff salaries was below budget due to vacant posts. This is offset by the favourable budget variances on employee expenses
Loan Interest	3,057	0	
Contributions to Capital	8,592	0	
Dwelling rents	-23,223	41	
Other external income	-2,470	-85	
Total	0	-1,411	Represents 5.5% of the overall budget

Appendix Two – Capital Investment Programme Outturn and Funding

Scheme Description Expenditure	Revised Budget £000's	Outturn 2017-18 £000's	Var. £000's	Funding Adjustments £000's	Slippage £000's	Release Funding £000's	Comments
Bathroom Replacements	1,306	984	-322		200	122	£200k slipped into 2018-19. Any further refusals will be picked up from contingency/voids.
Re-Roofing Works	1,200	679	-521	-99	620		Works delayed due to structural issues, £99k from Structural Works budget to fund additional works required.
Electrical Upgrades	1,034	685	-349	250	80	19	£80k to finish the current programme. £250k to fund capital boiler replacement works.
Heating System Upgrades	809	900	91	-250	159		£250k to fund capital boiler replacement works.
Sheltered Housing Upgrades	756	523	-233	41	50	142	
Contingency	725	516	-209		209		
Beechtrees	680	350	-330	-135	463	2	£135k no longer required for Firbeck moved to support Beechtrees. The balance to be slipped into 2018-19 to match build works profile.
Professional Fees	679	610	-69			69	
Adaptations for Disabled People	642	237	-405		243	162	Slip funding for three large adaptations projects expected

							to be completed in 2018-19
Scheme Description Expenditure	Revised Budget £000's	Outturn 2017-18 £000's	Var. £000's	Funding Adjustments £000's	Slippage £000's	Release Funding £000's	Comments
Communal Areas Improvements	470	191	-279	-41	320		£41k from Sheltered to fund communal works. Balance slipped as it overlaps with the Fire Risk Assessment Works.
Property Purchases	470	495	25			-25	
Windows & Doors	455	177	-278			278	Programme finished
Structural Works	260	14	-246	99		147	
Garages	229	204	-25		25		
Firbeck Revival	200	15	-185	135	50		£50k to smarten older blocks, £135k to support Beechtrees development
Walls	200	19	-181		190	-9	
Westec Development HRA Element	130	133	3		-3		
Environmental Programme	100	3	-97		45	52	
Digital Inclusion Initiatives	80	22	-58		18	40	
Improvements to Bin Stores	50	4	-46	-24	70		
Housing OR Recommendations	40	17	-23		23		
Flood Resilience Works	33	28	-5		5		
Flaxton Rainbow	25	0	-25		12	13	
Environmental Improvements	24	0	-24	24			
Evenwood Court Remodelling	23	0	-23			23	
Painting Rendering no fines	15	0	-15			15	
Energy Efficiency	6	32	26			-26	
Lifts	6	1	-5			5	

Equipment Replacement	5	0	-5			5	
Total Expenditure	10,652	6,839	-3,813	0	2,779	1,034	

Resources	Revised Budget £000's	Outturn 2017-18 £000's	Var. £000's	Funding Adjustments £000's	Slippage £000's	Release Funding £000's	
Capital Receipts	227	339	112	-112			Use of 141 receipts and Affordable Housing funding
HRA Borrowing	1,833	0	-1,833	799		1,034	
HRA/MRA Contribution	8,592	6,500	-2,092	-687	2,779		
Total Resources	10,652	6,839	-3,813	0	2,779	1,034	

*£2.779m (net) of 2017-18 capital budget slipped into 2018-19 to be funded from £2.092m of 2017-18 approved revenue contributions and £0.687m of 2017-18 revenue underspend.