



CABINET: 12 March 2019

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
28 March 2019**

Report of: Director of Housing and Inclusion and Borough Treasurer

Relevant Portfolio Holder: Cllr J. Forshaw/Cllr A Yates

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SUBJECT: HRA REVENUE AND CAPITAL MONITORING

Wards Affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To provide an update on the current position in respect of the 2018/19 Housing Revenue Account (HRA) and Council Housing Capital Investment Programme.

2.0 RECOMMENDATIONS TO CABINET

- 2.1 That the financial position in respect of the 2018/19 HRA and Council Housing 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 28th March.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

- 3.1 That the financial position in respect of the 2018/19 HRA and Council Housing Capital Programme be noted.
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4.0 BACKGROUND

- 4.1 In February 2018 Council agreed the 2018/19 HRA revenue and capital budgets. Subsequently in July 2018 Council noted the favourable financial outturn position of the 2017/18 HRA and Capital Investment Programme and approved a number of budget changes and allocations. Further changes were approved at the mid-year review stage at Council in December 2018.
- 4.2 As a result of previously approved policy options, the HRA should be able to achieve a balanced budget position during the period of 1% per annum rent reductions that will need to be implemented under government rules until 2020.

5.0 HOUSING REVENUE ACCOUNT – PROJECTED OUTTURN

- 5.1 A summary of the projected HRA revenue outturn is set out in Appendix A and shows that a favourable budget variance of £1,427,000 is expected, representing 5.6% of total turnover. This compares to the mid-year projected outturn position of £1,146,000 (4.5% of total turnover). This demonstrates that the HRA remains in a healthy financial position. The main reasons for this positive forecast are that:
- There are a number of vacant posts, largely in Property Services, pending recruitment of the permanent staff to fill them. Consequently a significant favourable variance is anticipated on employee costs.
 - Following painting contractor issues in 2017/18 a more integrated and planned approach is being taken that delivers pre-painting at the same time as guttering and other works. The pre-painting budget itself will therefore largely not be used in the current financial year.
- 5.2 At the mid-year stage, demand-led pressure on the void repairs and responsive repairs budget were reported. This position has improved during the second half of the year and it is now expected that this will break even. As both budgets are demand led, there remain various factors that can influence the exact final outturn. This is the main change in the projected outturn position since the mid-year stage.
- 5.3 It can be confidently expected that the HRA will meet its budget targets and this will continue our track record of managing our financial performance to ensure that the outturn position is in line with the budget. At its meeting in February 2019 Council approved the use of £1,100,000 of the projected outturn to support the 2019/20 HRA budget position. Consideration will be given as to how the remaining projected favourable budget variance should be used in the HRA Outturn report to Council in July 2019, when the final year end position is known.

6.0 CAPITAL INVESTMENT PROGRAMME

- 6.1 A summary of capital expenditure to the end of December 2018 against the revised budgets is shown in Appendix B. Total expenditure to date is £8.839m which represents 57% of the total revised budget of £15.455m. This compares to

expenditure of £4.036m at the quarter 3 point of 2017/18, which represented 38% of the total budget.

- 6.2 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. It is anticipated at this stage that most unutilised budget will be slipped into 2019/20, and full details will be included in the HRA Outturn report to July Council.

7.0 SUSTAINABILITY IMPLICATIONS

- 7.1 Monitoring of the budget position will help to ensure, with the information we are aware of, that the HRA remains able to deliver services and is financially sustainable in the medium term.

8.0 RISK ASSESSMENT

- 8.1 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 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 – HRA Projected Revenue Outturn Position

Appendix B – Housing Capital Year to Date Position

Appendix C - Minute of Cabinet (Executive Overview and Scrutiny Committee only)

- *To follow*

Appendix A – HRA Revenue Projected Outturn

Budget Area	Budget £000	Variance £000	Comment
Employee Expenses	4,621	-300	Staffing vacancies will lead to a favourable budget variance
Void repairs and response repairs	2,742	0	Both budgets are demand-led so final outturn depends upon various factors. Pressure earlier in the year has eased.
Other premises costs	3,232	-660	Following painting contractor issues in 2017/18 a more integrated and planned approach is being taken that delivers pre-painting at the same time as guttering and other works. The pre-painting budget itself will therefore largely not be used.
Transport costs	186	0	
Budget contingency	242	-242	No calls anticipated on remaining budget contingency
Supplies and Services	1,076	-170	A range of factors including a smaller than anticipated bad debt provision
Support Services and internal income (net)	-1,075	35	
Loan interest	3,057	0	
Contributions to capital	11,335	0	
Dwelling rents	-22,820	-30	
Other external income	-2,596	-60	
Total	0	-1,427	Represents 5.6% of the overall turnover

Appendix B - Housing Capital Year to Date Position

Scheme Description	Revised Budget £000	Q3 Spend £000	Q3 Spend %
Beechtrees	3,699	1,669	45%
Re-Roofing Works	1,826	1,576	86%
Walls	1,258	1,215	97%
Heating System Upgrades	1,171	731	62%
Bathroom Replacements	1,065	892	84%
Electrical Upgrades	707	354	50%
Adaptations for Disabled People	385	386	100%
Communal Areas Improvements	606	56	9%
Professional Fees	697	669	96%
Westec Development HRA Element	637	411	65%
Contingency/Voids	466	333	71%
Kitchen Replacements	414	36	9%
Windows and Doors	336	27	8%
Improvements to Binstores	364	63	17%
Communal Fire Safety Works	900	133	15%
Structural Works	59	29	49%
Sheltered Housing Upgrades	63	36	57%
Install Carbon Monoxide Detectors	180	0	0%
Lifts	168	0	0%
HRA Garages	189	110	58%
Firbeck Revival	50	-31	-62%
Environmental Programme	45	51	113%
Purchase Service Charge Software	40	0	0%
Digital Inclusion/Welfare Reform	90	22	24%
Housing OR Recommendations	23	55	239%
Flaxton Rainbow	12	11	92%
Flood Resilience Works	5	0	0%
Energy Efficiency	0	3	
Total Expenditure	15,455	8,839	57%