



AGENDA ITEM:

CABINET: 10 March 2020

**EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
25 June 2020**

Report of: Corporate Director of Place & Community

Relevant Portfolio Holder: Cllr J. Wilkie

**Contact for further information: Mr P. Quick (Extn. 5203)
(peter.quick@westlancs.gov.uk)**

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 2019/20 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 2019/20 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 25 June 2020.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the financial position in respect of the 2019/20 HRA and Council Housing Capital Programme be noted.

4.0 BACKGROUND

- 4.1 In February 2019 Council agreed the 2019/20 HRA revenue and capital budgets. Subsequently in July 2019 Council noted the favourable financial outturn position of the 2018/19 HRA and Capital Investment Programme and approved a number of budget changes and allocations. Further changes were approved at mid year reporting.
- 4.2 As a result of previously approved policy options, the HRA has achieved a balanced budget position during the period of 1% per annum rent reductions that will be in force until the end of March 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 £1,232k is expected, representing 4.9% of total turnover. This compares to the mid-year projected outturn position of £1,244k (also 4.9% of total turnover). This demonstrates that the HRA remains in a healthy financial position. The main reasons for this positive forecast are that:
- There have been 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
 - The planned revenue works budget will be largely unspent
 - The budget contingency has no further calls on it at this stage
- 5.2 At mid-year, a favourable variance of £180k on the void repairs and responsive repairs budget was forecast for outturn. The position has changed slightly during the second half of the year and it is now expected that this will outturn at £70k favourable. As both budgets are demand led, there remain various factors that can influence the exact final outturn.
- 5.3 Consideration was given to how the projected favourable outturn from 2019/20 should be used to help fund the 2020/21 HRA budget at the Council meeting in February 2020. As part of 2018/19 outturn, £60k was added to reserves for housing hardship payments, taking the total to £160k. This was to support tenants on Universal Credit cover the costs of their 'week 53' rent.
- 5.4 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. Consideration will be given as to how any remaining favourable budget variance should be used at the year end when the accounts have been finalised.

6.0 CAPITAL INVESTMENT PROGRAMME

- 6.1 A summary of capital expenditure to the end of December 2019 against the revised budgets is shown in Appendix B. Total expenditure to date is £4.784m which represents 44% of the total revised budget of £10.826m. This compares to expenditure of £8.839m at the quarter 3 point of 2018/19, which represented 57% of the total budget. Expenditure this mid-year, (2019/20), was £3.186m, being 29% of 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 2020/21, 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.

9.0 HEALTH & WELLBEING IMPLICATIONS

- 9.1 There are no significant health and wellbeing implications arising from this report.

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 A – HRA Revenue Projected Outturn

Budget Area	Budget £000	Variance £000	Comment
Employee Expenses	4,561	-350	Staffing vacancies will lead to a favourable budget variance
Void repairs and response repairs	2,879	-70	Both budgets are demand-led so final outturn depends upon various factors.
Other premises costs	3,069	-300	Planned revenue works budget not expected to be fully used in 2019/20
Transport costs	187	-30	
Budget contingency	262	-262	No current calls on remaining budget contingency
Supplies and Services	1,164	-30	
Support Services and internal income (net)	255	0	
Loan interest	3,057	0	
Contributions to capital	9,701	0	Unused revenue contributions will be slipped at year end to fund unused capital budgets that are also slipped.
Dwelling rents	-22,420	-80	
Other external income	-2,715	-110	Take up by CAT1 sheltered tenants of CAT2 service levels plus take up of the furnishing service
Total	0	-1,232	Represents 4.9% of the overall turnover

Appendix B - Housing Capital Year to Date Position

Scheme Description	Revised Budget £000	Q3 Spend £000	Q3 Spend %
Re-Roofing Works	2,131	515	24%
Heating System Upgrades	823	593	72%
External Works	750	398	53%
Electrical Upgrades	737	220	30%
Kitchen Replacements	633	129	20%
Windows and Doors	581	29	5%
Bathroom Replacements	501	32	6%
Communal Fire Safety Works	426	255	60%
Walls	280	0	0%
Communal Areas Improvements	117	87	74%
Capital Investment Programme	6,979	2,258	32%
Beechtrees	1,290	1,237	96%
Westec Development HRA Element	20	26	1%
Firbeck		-10	
Professional Fees	700	642	92%
Adaptations for Disabled People	439	273	62%
Contingency/Voids	300	258	86%
Improvements to Binstores	299	96	32%
Environmental Programme	200	1	1%
Asset Management Assessment	185	25	14%
Lifts	168	0	0%
Sheltered Housing Upgrades	140	-2	-1%
Garages		-30	
Structural Works		7	
Energy Efficiency		1	
Other Housing Schemes	3,741	2,524	67%
Digital Initiatives	57	0	0%
Purchase Service Charge Software	40	0	0%
Housing OR Recommendations	9	0	0%
Rounding		2	
Total Expenditure	10,826	4,784	44%

In addition to the capital expenditure above, £2.386m of expenditure has been incurred on purchasing housing stock to utilise 141 capital receipts, matched with HRA borrowing. This approach was approved by Council in February 2019.