



CABINET: 9 March 2021

EXECUTIVE OVERVIEW AND SCRUTINY
COMMITTEE: 25 March 2021

Report of: Head of Finance, Procurement and Commercial Services

Relevant Portfolio Holder: Cllr J. Wilkie

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SUBJECT: HRA REVENUE AND CAPITAL MONITORING

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the Housing Revenue Account (HRA) and Housing capital programme positions for the 2020/21 financial year.

2.0 RECOMMENDATIONS TO CABINET

2.1 That the 2020/21 HRA and Housing capital programme positions 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 March 2021.

3.0 RECOMMENDATIONS TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the 2020/21 HRA and Housing capital programme positions be noted.

4.0 BACKGROUND

4.1 In February 2020, Council agreed the HRA revenue and capital budgets for the 2020/21 financial year. Subsequently in October 2020 Council noted the favourable financial outturn position of the 2019/20 HRA and Capital Investment Programme and approved a number of budget changes and allocations. Further changes were approved at mid-year reporting.

4.2 From April 2020 the Government's new rents policy has been applied, which is a return to annual increases of up to CPI + 1%. There is also a new regulatory framework, which is anticipated, will be more robust.

5.0 HOUSING REVENUE ACCOUNT – PROJECTED OUTTURN

- 5.1 A summary of the projected HRA revenue outturn against budget is set out in Appendix 1 and shows that a favourable budget variance of £480,000 is expected for 2020/2021, representing 1.9% of total turnover. This compares to the mid-year forecast of £710,000 (2.8% of total turnover.) The main change since mid-year is an increase in the forecast for responsive repairs and void revenue repairs, partly offset by a reduction in the forecast for supplies & services. The HRA remains in a healthy overall financial position.
- 5.2 The main variances that are expected at this time are due to the following:
- There are a number of vacant posts pending recruitment and consequently a favourable variance is anticipated on employee costs.
 - Responsive repairs and voids revenue repairs are expected to be over budget due to further settlement of prior contract works costs. As both budgets are demand led there are various factors that can influence outturn.
 - Planned revenue works are unlikely to be fully undertaken in year, and the size of this budget has been reviewed during 2021/22 budget setting.
 - The remaining budget contingency is not expected to be used.
 - Dwelling rents are better than budget.
- 5.3 Consideration will be given to how the projected favourable budget variance of £480,000 should be used at year-end.

6.0 CAPITAL INVESTMENT PROGRAMME

- 6.1 A summary of the capital expenditure year to date position is shown in Appendix 2. Total expenditure to date is £2.966m which represents 39% of the total revised budget. It is expected that the major part of the revised capital budget will be spent in year.
- 6.2 In February 2019 delegated authority was given, in consultation with the Housing and Landlord Services Portfolio Holder, to utilise one for one capital receipt funding together with HRA borrowing to acquire new properties subject to there being a satisfactory business case. At quarter 3, £0.328m of expenditure has been incurred on purchase of 2 properties from the open market, plus work on bringing up to the required standard the properties purchased in quarter four of 2019/20. At mid-year this figure was reported as £0.363m but after further review some expenditure was identified as being early TVDL works and moved to that line. Open market purchases are initially part funded by HRA borrowing in addition to the use of 141 receipts that needs to be utilised rather than paid back to Government with interest. Given expected capital expenditure for the year it is likely that the WLBC element can actually be funded from revenue contributions, thus preserving existing HRA borrowing.
- 6.3 Expenditure to date in relation TVDL building homes for Council tenants at affordable rents has been included in Appendix 2 in order to provide a fuller picture of total HRA/housing capital expenditure commitments. Initial budgets for these were approved in February 2020 with subsequent approval of one further scheme. Funding is a mixture of 141 receipts, Homes England grants and HRA

borrowing. At year end, total TVDL expenditure will be balanced against the approved budgets to identify the remaining budget available in 2021/22.

7.0 SUSTAINABILITY IMPLICATIONS

7.1 Careful monitoring the budget position helps ensure that the HRA remains able to deliver services and is financially sustainable in the medium term. This supports the aim that local people should receive good quality homes for a fair and appropriate rent.

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. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set.

9.0 HEALTH AND WELLBEING IMPLICATIONS

9.1 The health and wellbeing implications arising from this report will be dependent on the budget proposals put forward at the Council meeting. Details of any significant implications will be provided at the Council meeting if required.

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 1 – HRA Revenue Projected Outturn

Appendix 2 – Housing Capital Year to Date Position

Appendix 3 - Minute of Landlord Services Cabinet Working Group 3 March 2021

Appendix 4 – Minute of Cabinet 9 March 2021

Appendix 1 – HRA Revenue Projected Outturn

Budget Area	Revised Budget £000	Variance £000	Comment
Employee Expenses	3,539	-100	Staffing vacancies will lead to a favourable budget variance
Void repairs and response repairs	3,504	300	Both budgets are demand-led so final outturn depends upon various factors. Primarily remaining works costs from previous contractors.
Other premises costs	3,045	-250	Planned revenue works budget not expected to be fully used in 2020/21
Transport costs	167	0	
Budget contingency	260	-180	No current calls on remaining budget contingency
Supplies and Services	1,231	-150	Cumulative effect from a number of budgets, each expected to outturn modestly below budget, including contribution to bad debt provision.
Support Services and internal income (net)	1,538	0	
Loan interest & Contribution towards Repayment	3,395	0	
Contributions to capital	9,050	0	Contributions not used in year can be transferred into 2021/22
Dwelling rents	-22,820	-100	Expected to be ahead of budget
Other external income	-2,909	0	
Total	0	-480	Represents 1.9% of the overall turnover

Appendix 2 – Housing Capital Year to Date Position

Scheme Description	Revised Budget £000's	Mid-year Spend £000's	Mid-year Spend %
Re-Roofing Works	2,090	1297	62%
External Works	850	32	4%
Heating System Upgrades	848	611	72%
Electrical Upgrades	438	84	19%
Kitchen Replacements	21	-37	-176%
Windows and Doors	545	0	0%
Bathroom Replacements	16	42	263%
Walls	120	0	0%
Communal Fire Safety Works	271	32	12%
Communal Areas Improvements	60	76	127%
Capital Investment Programme	5259	2137	41%
Carbon Neutral Dwellings	250		0%
Professional Fees	600	511	85%
Adaptations for Disabled People	300	81	27%
Contingency/Voids	400	181	45%
Change in Standard for Smoke Detection	300		0%
Improvements to Binstores	192		2%
Environmental Programme	65	12	18%
Asset Management Assessment	50	28	56%
Lifts	70		0%
Sheltered Housing Upgrades	155	14	9%
Other Housing Schemes	2,382	827	35%
Digital Initiatives	15	2	13%
Purchase Service Charge Software	40		0%
Rounding	1		
Total Capital Programme	7,697	2,966	39%
Market Purchases to utilise 141		328	
Purchases/work from TVD		1,314	
Total Expenditure		4,608	

Resources

Capital Receipts		147	
HRA Borrowing/HE Grant		1,254	
HRA/MRA Contribution	7,697	3,207	
Total Resources	7,697	4,608	

*HRA/MRA contributions not utilised in year can be transferred into 2021/22 along with any further capital budget transferred into 2021/22 at year end.

