



CABINET: 14 March 2017

EXECUTIVE OVERVIEW &
SCRUTINY COMMITTEE:
30 March 2017

Report of: Director of Housing and Inclusion and Borough Treasurer

Relevant Portfolio Holder: Councillor J. Patterson

Contact for further information: Mr P. Quick (Ext. 5203)
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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 2016/2017 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 2016/2017 HRA and Council Housing Capital Investment Programme be noted.

2.2 That the proposed £50,000 capital budget virement from the Disabled Adaptation scheme to the Lift scheme as set out in paragraph 6.3 be approved.

2.3 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 30th March 2017.

3.0 RECOMMENDATION TO EXECUTIVE OVERVIEW AND SCRUTINY COMMITTEE

3.1 That the financial position in respect of the 2016/2017 HRA and Council Housing Capital Programme be noted.

4.0 BACKGROUND

- 4.1 A one year budget for both the HRA and the housing investment programme was set for 2016/17. This addressed the immediate budget gap created by the change in Government policy on Council housing rents announced in the summer of 2015. A series of policy options were approved by Council in July 2016 and October 2016 that will address the on-going financial pressures created by the 1% per annum rent reduction that will be required over the 4 year period to 2019-2020. These policy options will also allow some money to be set aside to help fund future additional budget pressures which progressively build during this period.

5.0 REVENUE BUDGET MONITORING

- 5.1 It is our standard practice to review financial performance to ensure that budgets are being effectively controlled so that any issues can be addressed in a timely fashion. A summary of the HRA Revenue position is shown in Appendix 1 which identifies that a favourable budget variance of £1.301m is projected for the year. This is equivalent to 5.0% of the overall budget requirement, and so is a relatively modest variance in percentage terms. This compares to a projected position of a favourable variance of £0.967m at the mid year stage.
- 5.2 The main reasons for this position are that the active management of staffing levels should deliver a favourable budget variance of just over £450,000 based on current trends, and because there have been no calls to date on the central contingency budget of £398,000. The void repairs and response repairs budgets are expected to finish the year around £250,000 below budget, but as both budgets are demand driven and depend partly upon uncontrollable factors such as the severity of the remaining winter months, this could vary.
- 5.3 The projections have been calculated on a prudent basis, and consequently it can be confidently expected that the HRA will meet its budget targets. This will continue our track record of managing our financial performance to ensure that the outturn position is in line with the budget.
- 5.4 Consideration can be given to how this projected favourable budget variance should be used when Council consider the outturn position later this year in July, taking into account the latest HRA Business Plan projections.

6.0 CAPITAL BUDGET MONITORING

- 6.1 A summary of the Housing Capital Investment Programme position is shown in Appendix 2. The total budget for the year is £15.070m and expenditure up to the 26th January 2017 was £7.367m, which represents 49% 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 2017/18.

- 6.3 There is a proposed £50,000 budget virement from the Disabled Adaptations scheme to the Lifts scheme. The adaptations budget is demand led and projected spend in 2016/17 can comfortably be contained within the remaining funds once the budgets have been adjusted for this change.

7.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 7.1 Work carried out through 2016/17 has ensured that, with the information we are aware of, the HRA can deliver services and is financially sustainable in the medium term. This supports the community strategy which highlighted that local people should receive good quality homes for a fair and appropriate rent.

8.0 RISK ASSESSMENT

- 8.1 The difficult financial position facing the HRA is a key risk that is included on the Council's Key Risk Register. The high value asset levy and welfare reform are the largest unknown financial pressures identified but as yet their exact scale cannot be quantified.

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 projected outturn (revenue expenditure)

Appendix 2 – Public Housing Capital Programme Expenditure

Appendix 3 – Minute of Cabinet 14 March 2017 (Executive Overview and Scrutiny Committee only)