



COUNCIL: 19 July 2017

Report of: Director of Housing and Inclusion and Borough Treasurer

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

SUBJECT: HRA 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 2016/2017 financial year.

2.0 RECOMMENDATIONS

- 2.1 That the financial outturn position of the 2016/17 HRA and Capital Investment Programme be noted and that the budget allocations set out in paragraphs 4.3 and 5.3 be approved.
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3.0 BACKGROUND

- 3.1 A one year budget for both the HRA and the housing investment capital 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 addressed the on-going financial pressures created by the 1% per annum rent reduction required over the 4 year period to 2019-2020. These policy options also allowed some money to be set aside to help fund future additional budget pressures which progressively build during this period.

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 £1.404m was achieved, which represents 5.4% of the total budget. This demonstrates that the HRA currently has a healthy financial standing.
- 4.2 The main reasons for this positive position, which were anticipated and reported during the year, were the active management of staffing levels, under spends on void repairs and responsive repairs which are demand driven, no calls being made on the central contingency budget, and savings on interest costs.
- 4.3 It is intended that this favourable budget variance will be used for a number of purposes as follows:
- Contributing £50,000 to the repairs reserve to ensure that its level is at least 10% of the repairs budget in line with the HRA Reserves Policy
 - Contributing £1,109,000 to the capital programme, together with £1.461m from the Budget and Efficiency Savings Reserve, to avoid the need to take out external borrowing and to save money on capital financing costs
 - Using £95,000 to supplement existing asbestos management budgets to fund an asbestos survey
 - Allocating £60,000 towards a full housing stock condition survey
 - The use of the remaining balance of £90,000 will be considered in 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 2. Total expenditure was £10.734m, which represents around 71% of the total budget of £15.070m, which is a broadly similar level to previous years.
- 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 It is proposed that the variance of £4.336m (£15.070m budget less £10.734m expenditure) is used as follows:
- £4.726m is slipped into future years
 - Funding of £0.726m which had been approved for future years is brought into 2017-18 to match the pattern of spending

- That consideration is given in the budget setting process for next year to how funding that is no longer required of £0.336m should be used

6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 6.1 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.

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 – HRA Capital Outturn and Funding

APPENDIX 1 – HRA OUTTURN POSITION

Budget Area	Budget £000	Variance £000	Comment
Employee Expenses	4,994	-490	The active management of staffing levels has enabled a favourable budget variance to be delivered
Void repairs and response repairs	2,653	-348	Both budgets are demand led and not directly within the control of the Council
Other premises costs	3,030	-28	
Transport costs	229	-11	
Budget contingency	398	-398	There were no calls on the contingency budget
Supplies and Services	2,049	51	
Support Services and internal income (net)	1,431	41	
Loan interest	3,169	-112	Cash holdings have been used to finance the capital programme rather than external borrowing to save money on interest costs
Contributions to capital	7,928	0	
Dwelling rents	-23,568	-21	
Other external income	-2,313	-88	
Total	0	-1,404	This variance represents 5.4% of total turnover

Appendix Two – HRA Capital Outturn and Funding

EXPENDITURE

Scheme Description	Revised Budget	Outturn	Variance	Funding Changes	Slippage	Funding not required	Comments
	£000's	£000's	£000's	£000's	£000's	£000's	
Kitchen Replacements	2,315	1,879	-436	436			Balance being moved to the contingency budget to cover voids and future replacements where tenants have declined to take up a new kitchen
Firbeck Revival	2,136	1,586	-550		375	175	Funding of £175k no longer required
Heating System Upgrades	1,675	1,713	38			-38	
Beechtrees	1,198	125	-1,073		908	165	Funding will be slipped into 2018-19 where it will be required. Home Loss payments were paid in revenue in 2017-18 so this amount of £165k is no longer required in capital
Bathroom Replacements	1,100	644	-456		456		
Windows and Doors	927	472	-455		455		
Sheltered Housing Upgrades	823	192	-631		631		
Professional Fees	664	610	-54			54	
Adaptations for Disabled People	550	580	30			-30	
Electrical Upgrades	513	246	-267		267		
Walls	470	0	-470		470		
Contingency	409	373	-36	-436	472		£436k moved from kitchens to fund voids and properties where tenants have declined to take up a new kitchen. All funding then slipped into 2017-18.
Communal Areas Improvements	325	298	-27		27		
Energy Efficiency	317	311	-6		6		

Scheme Description	Revised Budget £000's	Outturn £000's	Variance £000's	Funding Changes £000's	Slippage £000's	Funding not required £000's	Comments
Lifts	250	244	-6		6		
Structural Works	226	154	-72		72		
Property Purchases	213	939	726	-726			Purchase of eight properties using funding approved July 2016, 30% funded by 1-4-1 capital receipts, with balance brought forward from future years
Evenwood Court Re modelling	151	128	-23		23		
Housing OR Recommendations	125	85	-40		40		
HRA Garages	113	1	-112		112		
Westec Development HRA Element	108	0	-108		108		
Environmental Programme	100	0	-100		100		
Re-Roofing Works	88	0	-88		88		
Replace Balcony Surfaces Works	40	45	5			-5	
Flood Resilience Works	40	25	-15		15		
Improvements to Bin Stores	39	43	4			-4	
Equipment Replacement	35	0	-35			35	
Communal Door Entry Systems	28	0	-28		28		
Environmental Improvements	25	1	-24		24		
Digital Inclusion Initiatives	19	9	-10		10		
Beacon Crossing	18	0	-18		18		
Painting Rendering no fines	15	0	-15		15		
Compart Roof Space Sheltered	10	11	1			-1	
Tanhouse	5	13	8			-8	
Kitchen and Bathroom Renewals	0	5	5			-5	
Total Expenditure	15,070	10,734	-4,336	-726	4,726	336	

RESOURCES

Scheme Description	Revised Budget £000's	Outturn 2016-17 £000's	Variance £000's	Funding Changes £000's	Slippage £000's	Funding not required £000's	Comments
Capital Receipts	62	314	252				
Affordable Housing Pot	151	0	-151		151		Funding to be carried over into 2017/18
Energy Efficiency Grant	0	34	34				
HRA Borrowing	7,041	0	-7,041	-726	4,575	336	
HRA/MRA Contribution	7,816	10,386	2,570				
Total Resources	15,070	10,734	-4,336	-726	4,726	336	