

<b>Meeting:</b>	Tenants' & Leaseholders' Consultative Forum
Date:	Tuesday 10 November 2009
Subject:	INFORMATION REPORT - Housing Revenue Account (HRA) Forecast Outturn 2009-10
Responsible Officer:	Corporate Director of Finance, Myfanwy Barrett
Portfolio Holder:	Councillor Barry Macleod-Cullinane - Portfolio Holder for Adults & Housing
Exempt:	No
Enclosures:	Appendix 1 – HRA Forecast Outturn 2009-10 Period 05

## **SECTION 1 – SUMMARY AND RECOMMENDATIONS**

This report provides a projected outturn for the Council's Housing Revenue Account (HRA) for the financial year 2009-10 at the close of August (period 05) 2009.

### **FOR INFORMATION:**

To note the HRA position at the end of the August 2009.

## **SECTION 2 – REPORT**

### **HRA Forecast Outturn 2009-10**

#### **Context**

1. The HRA had balances of £5,142k on 1<sup>st</sup> April 2009. The table below details the anticipated positions at the end of March 2010 and compares this with the balances in the business plan:

Deficit / (Surplus)	<b>2009-10 £'000</b>
Balance brought forward	(5,142)
In year deficit	1,170
Balance carried forward	(3,972)
Anticipated balances per Business Plan	(4,764)
Shortfall against Business Plan	792

2. The period 5 position reported to Cabinet on 22 October 2009 was net expenditure of £1,170k – this represents increased expenditure of £114k to that approved as part of the HRA budget in February. The increased expenditure results from both income and expenditure variations detailed below and in Appendix 1 attached.
3. Unless corrective action to address the increased expenditure not expected as part of the budget setting process is taken, the HRA balances will reduce more quickly than assumed.
4. The HRA Budget & Medium Term Financial Strategy 2010-11 to 2012-13, reported elsewhere on the agenda, seeks approval of key assumptions and enables discussion on issues facing the HRA. The 2010-11 budget will then be reported to Cabinet in December, and TLCF in January 2010.

#### **Income**

5. HRA income levels are expected to show a fall of £139k against budget. This is due mainly to more properties becoming void than anticipated. Other contributory factors include more garages becoming vacant than originally anticipated.
6. To manage this position, the Council is reviewing its procedures for the turnaround and allocation of void properties. Also under review are Facilities and Service charges to ensure these are charged to Tenants and Leaseholders at equitable and sustainable levels.

#### **Expenditure**

7. Repairs expenditure on void properties is expected to exceed the budget, although it is expected this will be partially offset by day to day (responsive) repairs expenditure resulting in total repairs expenditure of £153k more than budget. This will be funded from the repairs contingency fund of £500k (approved by Cabinet on 16 July 2009) although planned calls on this contingency will be kept to a minimum.
8. The Council has implemented the “Lean” review, which is aimed at improving efficiencies and cost effectiveness in the repairs & maintenance of HRA properties through streamlined internal procedures and targeted repairs expenditure.
9. The HRA is regulated by the Government’s Subsidy system and includes an estimate of £6,214k payable to the Government. A reduction in the interest rates will mean that the Council will have to increase the amount payable by £586k. This increased payment is offset by a reduction in borrowing costs.

10. Review of other expenditure, which are broadly in line with budget, indicates further pressure of approximately £30k. Uncertainties which still exist (e.g. provision for bad debts), will be kept under review as part of the monitoring process and addressed as part of the budget setting process.

### Summary

11. Annual expenditure, which is greater than the income generated by rents cause pressure around the longer term funding of the HRA. It is critical that this is managed to ensure the longer term viability and options around the future of Council Housing in Harrow.

### Section 3 - Statutory Officer Clearance

Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 23 October 2009		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 23 October 2009		

### Section 4 - Contact Details and Background Papers

#### Contact:

Milan Joshi  
Housing Finance Manager  
Telephone: 020-8416-8662

#### Background Papers:

- 30year HRA Business Plan
- Report to Cabinet in December on the Medium Term Financial Strategy