

**REPORT FOR: Tenants' & Leaseholders'
Consultative Forum**

Date of Meeting: 21 January 2010

**Subject: INFORMATION REPORT – Housing
Revenue Account (HRA) Forecast
Outturn 2009-10**

**Responsible Officer: Myfanwy Barrett, Corporate
Director Finance**

Exempt: No

**Enclosures: Appendix 1– HRA Forecast Outturn
2009-10 Period 08**

Section 1 – Summary

This report details the latest projected outturn for the Council's Housing Revenue Account (HRA) for the financial year 2009-10 at the close of November (period 08) 2009.

FOR INFORMATION

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

Section 2 – Report

HRA Forecast Outturn 2009-10

Context

1. The HRA had balances (reserves) of £5,142k on 1st April 2009. The table below details the anticipated position at the end of March 2010 and compares this with the balances in the business plan:

(Deficit) / Surplus	2009-10 £'000
Balance brought forward	5,142
In year deficit	-1,195
Balance carried forward	3,947
Anticipated balances per Business Plan	4,764
Shortfall against Business Plan	-817

2. The period 8 position reported to the Corporate Strategy Board detailed increased expenditure of £139k to that approved as part of the HRA budget in February. Members of the Tenants and Leaseholders Consultative Forum may recall from the budget presentation in November that annual expenditure is greater than the income received, thereby requiring contributions from balances to manage the position. The increased expenditure results from both income and expenditure variations detailed below and in Appendix 1 attached.
3. Unless corrective action is taken to address the increased expenditure, HRA balances will reduce more quickly than assumed.
4. The Draft HRA Budget & Medium Term Financial Strategy 2010-11 to 2012-13 (detailed elsewhere on the agenda), was reported to Cabinet on 17 December 2009, and sought approval of key assumptions on the HRA. The final budget, will include the Subsidy Determination together with the effect of the approved rent increase, and will be reported to Cabinet on 11 February 2010 and Council on 18 February 2010.

Income

5. The income to the HRA for 2009-10 is estimated to be £282k lower than the budget. This arises as more properties [both dwellings and garages] are becoming void and remain vacant for longer than anticipated.
6. The Council is reviewing its Facilities & Service charges to ensure these are charged to Tenants and Leaseholders at equitable and sustainable levels.

Expenditure

7. Total expenditure is projected to be £143k lower than expected in the 2009-10 budget.
8. Whilst the repairs expenditure on void properties is expected to exceed the budget, this will be funded from the repairs contingency of £500k (approved by Cabinet in July 2009) although planned calls on this contingency will be kept to a minimum. Any unused amounts will assist in managing down the in year expenditure to reduce the call on balances.
9. The HRA is regulated by the Government's Subsidy system A reduction in interest rates will mean that the Council will have to increase the amount payable by £347k. although this will be offset by a reduction in borrowing costs.
10. There are a number of smaller variations across a wide range of budget heads, including employee costs and these are anticipated to be broadly in line with budget.

Section 3 – Further Information

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 4 – Financial Implications

The financial information is contained in the report and the detailed appendix.

Section 5 – Corporate Priorities

The HRA budget covers each of the corporate priorities to varying degrees.

Name: Jennifer Hydari

on behalf of the
Chief Financial Officer

Date: 12th January 2010

Section 6 - Contact Details and Background Papers

Contact:

Milan Joshi
Housing Finance Manager
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Background Papers:

- 30year HRA Business Plan
- Report to Cabinet in July 2009 on the Medium Term Financial Strategy