

**REPORT FOR: TENANTS' &
LEASEHOLDERS'
CONSULTATIVE FORUM**

Date of Meeting: 19 July 2011

Subject: INFORMATION REPORT –
Housing Revenue Account (HRA)
Outturn report 2010-11

Responsible Officer: Julie Alderson, Interim Corporate
Director of Finance

Exempt: No

Enclosures: Appendix 1 - HRA Outturn 2010-11
(subject to external audit)
Appendix 2 - HRA Capital outturn 2010-
11 – (subject to external audit)

Section 1 – Summary

This report sets out the outturn for the Housing Revenue Account (HRA) for 2010-11 which was reported to Cabinet 22 June 2011.

- (a) To note the revenue and capital outturn position for 2010-11, subject to external audit;
- (b) To note HRA balance as at 31 March 2011;
- (c) To note implications of the reported outturn for 2010-11 and future years;
- (d) To note timetable for Audit Committee & External Audit review.

FOR INFORMATION

Section 2 – Report

Introduction

1. The costs of managing and maintaining the Council's Housing stock for 2010-11 funded from rents [revenue expenditure] was expected to be £1,526k.
2. Capital expenditure for 2010-11 funded by borrowing and the Major Repairs Allowance was expected to be £10,473k.
3. The position reported to TLCF on 24 February 2011 forecast a lower level of both revenue and capital expenditure of £1,281k and £7,998k respectively. The year end position was an even lower level of revenue spend of £1,004k and capital spend of £5,302k. Details are given in appendices 1 and 2 respectively.
4. The year end position reflects variations in both income and expenditure, the main elements of which are detailed below.

Changes in Capital Policy

5. The following costs were previously expected to be charged to capital but following the corporate changes in capital policy were charged to revenue:
 - a. Survey costs amounting to £180k (Stock condition & Asbestos)
 - b. Salaries of £230k mainly in relation to the planned investment management and tenants liaison officers.
 - c. Additional SSCs of £99k reflecting the overhead costs for the period October to March arising from the staff transferred under the Asset Management Restructure.

These additional costs were offset by not spending £500k to fund the capital programme.

Repairs

6. An underspend of £900k on the external decorations programme which has not progressed as anticipated. A carry forward of £522k, the total underspend on the HRA for 2010-11, has been approved to progress the external decorations programme in 2011-12.
7. Increased void expenditure of £156k arising mainly from higher than budgeted unit costs and lower level of works charged to the capital programme.
8. Increased response repairs costs of £149k, together with higher than anticipated payments to specialist contractors.
9. Overheads relating to Cyclical expenditure of £170k recognised in 2011-12 due to a lower number of cyclical repairs delivered in 2010-11.

Capital charges & Subsidy

10. The impact of reduced interest rates and a lower level of capital expenditure results in a lower level of borrowing of £152k.

Other

11. Other variations include lower spend on utilities and includes credits from suppliers relating to prior years, offset by a reduced level of rental income arising from a higher level of voids relating primarily to major works to than anticipated.
12. The cost of Estates & Sheltered Services totalled £2,135k and is analysed below:

Description	2010-11 £'000
Estates Services Cost	
Caretaking Services	704
Caretaking supplies	127
Leasehold team	318
Grounds maintenance	405
Communal lighting	80
Community Halls	23
Subtotal	1,657
Sheltered Services Cost	
Warden Services	561
Warden Services Supplies	418
Supported People Grant	-501
Sub total	478
Total Estates & Sheltered Services	2,135

13. Contribution to the provision for bad debts was £102k lower than anticipated. This included the write back of £318k leasehold charges relating to incorrect charges offset by improved collection performance of tenant arrears.

HRA Balances

14. The table below shows the movement in HRA balances as at 31 March 2011, together with the impact of the carry forward of £522k in respect of the external decorations programme (see above).

	£'000
Opening balance at 1st April 2010	4,784
Net expenditure [in year deficit]	1,004
Closing balance at 31 March 2011	3,780
Funding for external decorations in 2011-12 funded from balances	522
Opening balance at 1st April 2011	3,258

Timetable for accounts completion and external audit review

15. The audit of the draft accounts commenced in July and the final accounts will be considered by the Governance, Audit & Risk Management Committee on 6th September 2011. The final accounts must be signed off by the Council and Auditor by the end of September.

Section 3 – Further Information

Risk Management Implications

16. The key risk in relation to financial reports are further reductions in HRA balances, reducing the longer term future and flexibility within the HRA.

Equalities Implications

17. There are no equalities implications in this report

Section 4 – Financial Implications

18. Financial matters are integral to the report.

Section 5 – Corporate Priorities

19. The content in this report informs tenants and leaseholders of the financial position of the HRA and supports the corporate priority of 'united and involved communities' by engaging more effectively with residents.

Name: Donna Edwards	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 July 2011		

Section 6 - Contact Details and Background Papers

Contact: Milan Joshi, Housing Finance Manager, Direct 0208 416 8662

Background Papers: 30 year HRA Business Plan and HRA Budget & Financial Strategy 2010-11 to 2012-13

Appendix 1 HRA Revenue Outturn 2010-11 – subject to external audit

	Outturn variation 2009-10	Budget 2010-11 £000	Outturn 2010-11 £000	Variation £000	Explanation of variation
Operating expenditure :					
Employee Costs	-82	1,715	1,581	-134	Various posts within HAP recruited late and others not recruited to in 2010/11
Supplies & Services	-41	835	870	35	Higher than anticipated printing costs and consultancy costs. Additional lean review cost plus various HAP offset by under spends on IT equipment and resident involvement
Utility cost (Water & Gas)	-84	679	359	-320	Lower level of utility costs together with credits of £130k agreed with suppliers.
Estate & Sheltered Services	221	1,885	2,135	250	Increased expenditure comprises invest to save costs associated with the Leasehold review, together with increased warden cost arising from backdated impact of job evaluations.
Central Recharges	-20	2,893	2,945	52	Additional Support Service Charges of £99k arising from transfer of Asset Management staff from Communities & Environment offset by reduced recharges for Printing and Design & Build
Total Operating Expenditure	-6	8,007	7,890	-117	
Repairs expenditure :					
Repairs - Voids	302	554	710	156	Higher than anticipated unit costs combined with lower than expected number of jobs considered capital in nature
Repairs - Responsive	115	2,635	2,784	149	Kier overheads & profits originally budgeted for payment from External Decorations paid out of response repairs together higher than expected costs for specialist contractors
Repairs - Other	-454	2,207	1,718	-489	External Decorations not completed (£900k) offset by higher than expected spend on cyclical repairs and salaries.
Total Repairs expenditure	-37	5,396	5,212	-184	
Other expenditure:					
Contingency - general	-484	200	340	140	Increased survey costs for asbestos and stock condition surveys.
Charges for Capital	-896	6,916	6,360	-556	Impact of lower than expected interest rates and lower than expected spend on capital schemes offset by subsidy (below)
RCCO	0	500	0	-500	RCCO has been withdrawn to offset the revenue implications of the changes in Capital policy
Bad or Doubtful Debts	-114	250	148	-102	Improvements in Current tenants arrears partly offset by write offs of leasehold debt arising from Leasehold Service Charges Review
HRA Subsidy	634	6,178	6,582	404	Impact of lower than expected interest rates resulting in higher contribution to Government
Total Other expenditure	-860	14,044	13,430	-614	
Total Expenditure	-903	27,447	26,532	-915	

Appendix 1 HRA Outturn 2010-11 – subject to external audit (continued)

	Outturn variation 2009-10	Budget 2010-11 £000	Outturn 2010-11 £000	Variation £000	Explanation of variation
Rent Income – Dwellings	190	22,425	22,201	224	Lower level of rental income attributable to non routine voids (mainly major works & long term voids) which were not assumed in the budget.
Rent Income – Non Dwellings	44	841	794	47	Lower level of income reflects higher than budgeted garage and commercial property void rates
Service Charges - Tenants	14	1,164	1,180	-16	
Service Charges - Leaseholders	-11	745	470	275	Lower level of income reflects over accrual adjustments in 2009-10. Lean review benefits not materialised as ex decorations programme under spent.
Facility Charges (Water & Gas)	10	497	488	9	
Interest	8	6	6	-	
Other Income	-49	80	225	-145	Additional income reflects reimbursement of fees for transfer of Mill Farm together with recovered court costs of tenant related cases.
Transfer from General Fund	0	163	164	-1	
Total Income	206	25,921	25,528	393	

In Year Deficit / (Surplus)	-697	1,526	1,004	-522	Approved for carry forward to fund external decorations programme committed in 2010/11.
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BALANCE brought forward		-4,784	-4,784		
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BALANCE carried forward		-3,258	-3,780		
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Appendix 2 HRA Capital outturn 2010-11 - subject to external audit

Description of Capital Scheme	Budget 2010-11 £'000	Outturn 2010-11 £'000	Variation £'000
Extensions	654	535	-119
Aids & Adaptations	872	722	-150
Housing Programme	8,629	4,045	-4,584
Cavity Wall Insulation [Shesp]	318	-	-318
Total Capital expenditure	10,473	5,302	5,171 *

* £4,816k of this variation carried forward to 2011-12, the remainder relates mainly to Shesp abortive scheme.