
Report to Scrutiny Committee

Date of Meeting: 20th October 2011

Subject: Budget Monitoring - HRA

Report by: Accountancy Manager

1.0 Purpose

- 1.1 This paper details spend on the Housing Revenue Account for the current financial year 2011/12 as at end of August 2011 together with a forecast spend for the year.
- 1.2 Appendix 1 to this paper sets out the annual budget for each main area of spend. Budgeted and actual spend for the five months to 31st August are shown together with projected outturns for the full year which have been prepared following discussions with Service Managers.

2.0 Recommendations

- 2.1. The Committee is asked to review this report and is invited to comment and challenge the current position within each of the constituent areas of the Housing Revenue Accounts and related forecast for the year.

3.0 Considerations

- 3.1 Annex 1 to this paper sets out the estimate and projected outturn for each service area of HRA together with budgeted and actual expenditure for the five months to 31st August. Supervision and Management is included as one line in the summary with further analysis provided separately. The HRA actual net income position to the end of August is recording a favourable position of £1,462k compared to where we would expect to be at that stage in the year.
- 3.2 After taking account of outstanding Property Contracts repairs charges, there is a projected net favourable position of £856k by the end of the year. This favourable position results in a predicted surplus achieved of £2.314m this financial year, which will increase the HRA reserve to £5.889m. Current business plan assumptions indicate that £2.815m of this reserve will be required this financial year to support the capital investment in the housing stock. A strategic update on the current HRA financial Business Plan, in line with the stock conditions survey and in conjunction with the recent legislative

changes affecting housing services, will be reported to members by the year-end.

3.3 The following table provides an overview of the position within each service area :

Service	Actual to 31.08.11 (under)/over (£1,030k)	Projected 31.03.12 (under)/over (£336k)	Commentary
Repairs & Maintenance			<p>Delays in processing internal invoices of repairs work by our Statutory Trading Operation, Property Contracts in August, due to staff absences. Subsequently up to date.</p> <p>Repairs budget increased by £300k after last 2 winters. If next winter proves as harsh, the additional budget may be required, but currently looks likely to underspend budget. This will be closely reviewed on an ongoing basis over the coming months</p>
Supervision & Management	(£206k)	(£123k)	Unfilled vacancies and the transfer of HRA staff to other services. Transfers will be recharged to the HRA at the year-end, so the projected underspend at the year-end is less than the current actual underspend.
Capital Financing Costs	N/A	(£236k)	<p>Capital Financing costs are captured and held centrally for monitoring purposes. Hence, the annual budget estimate of these costs for Housing are assumed to be charged at the year-end which means there are no actual figures to date recorded.</p> <p>Current projections indicate that capital financing payments will be significantly lower than budgeted, as the Council starts to benefit from the delivery of our Investment Strategy by not taking out any new external borrowing in 2010/11 or 2011/12.</p>
Other Expenses	(£42k)	(£108k)	<p>Grounds Maintenance charges were budgeted for but none were allocated to the HRA in 2010/11. It is now confirmed that budget is not required in 2011/12.</p> <p>Invoicing for Special Uplifts is behind schedule.</p>
Income	(£184k)	(£53k)	<p>Rental income is currently greater than budget due to phasing differences.</p> <p>Year-End rental income is expected to be slightly above budget as house sales are slightly below projections.</p>
TOTAL	(£1,462)	(£856)	

4.0 Sustainability Implications

4.1 None

5.0 Resource Implications

5.1 Financial Details

5.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

5.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

5.4 Staffing

5.5 There are no staffing implications.

6.0 Exempt Reports

6.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please double click on the check box ☒)

The area has a positive image and attracts people and businesses	<input type="checkbox"/>
Our communities are more cohesive and inclusive	<input type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐ No ☒

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Council summary of expenditure

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Marion Marsden	Accountant	2040
Martin Dunsmore	Accountancy Manager	2041

Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	
Elaine McPherson	Chief Executive	

HOUSING REVENUE ACCOUNT SUMMARY

	Annual Budget 2011/12	Budget To 31/08/11	Actual To 31/08/11	Projected Outturn to 31/03/12	Variance Outturn v Budget	Variance Actual To Date v Bud To Date
REPAIRS & MAINTENANCE						
Private Contractors & Land Services	418,460	174,330	130,607	363,835	(54,625)	(43,723)
Void Houses	1,032,940	430,323	250,934	1,054,977	22,037	(179,389)
General Maintenance	2,172,610	905,109	353,561	1,946,480	(226,130)	(551,548)
Cyclical Maintenance	763,580	318,107	98,123	680,650	(82,930)	(219,984)
Gas Contract	366,100	152,517	117,039	364,315	(1,785)	(35,478)
Minor SW Repairs	20,920	8,715	8,846	28,000	7,080	131
	4,774,610	1,989,103	959,111	4,438,256	(336,354)	(1,029,991)
SUPERVISION & MANAGEMENT	4,103,080	1,066,317	860,560	3,980,282	(122,798)	(205,757)
CAPITAL FINANCING COSTS						
Principal Repayments	1,352,360	0	0	1,420,611	68,251	0
Interest Payments	1,952,650	0	0	1,651,767	(300,883)	0
Loans Fund Expenses	23,940	0	0	20,846	(3,094)	0
	3,328,950	0	0	3,093,224	(235,726)	0
OTHER EXPENSES						
Insurance	250,000	0	0	230,000	(20,000)	0
Stair Lighting	10,620	4,424	2,944	7,860	(2,760)	(1,480)
Void Rent Loss	327,550	136,457	131,853	316,447	(11,103)	(4,604)
Grounds Maintenance	62,020	25,838	0	0	(62,020)	(25,838)
Garden Aid Scheme	102,020	42,502	49,725	104,000	1,980	7,223
Special Uplifts	127,590	53,154	38,481	115,000	(12,590)	(14,673)
Pest Control	12,690	5,287	2,753	11,200	(1,490)	(2,534)
Contributions to Bad Debts	191,880	0	0	191,880	0	0
Miscellaneous	10	4	35	45	35	31
Council Tax on Empty Properties	7,780	0	0	7,780	0	0
	1,092,160	267,666	225,791	984,212	(107,948)	(41,875)
TOTAL EXPENDITURE	13,298,800	3,323,085	2,045,463	12,495,975	(802,825)	(1,277,623)
INCOME						
Rents	(14,680,820)	(6,116,030)	(6,302,696)	(14,734,639)	(53,819)	(186,667)
Other Income (Garage Sites, Shops)	(40,590)	(16,910)	(15,023)	(40,195)	395	1,887
Interest on Revenue Balances	(34,780)	0	0	(34,780)	0	0
	(14,756,190)	(6,132,939)	(6,317,720)	(14,809,614)	(53,424)	(184,780)
					0	0
NET EXPENDITURE	(1,457,390)	(2,809,854)	(4,272,257)	(2,313,639)	(856,249)	(1,462,403)

SUPERVISION & MANAGEMENT SUMMARY

	Annual Budget 2011/12	Budget To 31/08/11	Actual To 31/08/11	Projected Outturn to 31/03/11	Variance Outturn v Budget	Variance Actual To Date v Bud To Date
Employee Related Expenditure	2,244,230	934,946	789,879	1,872,230	(372,000)	(145,067)
Premises Related	25,190	12,510	6,362	23,479	(1,711)	(6,149)
Transport Related Expenditure	51,480	21,447	7,023	40,538	(10,942)	(14,423)
Supplies and Services Sub Total	173,730	65,169	49,490	189,267	15,537	(15,679)
Supplies & Services (Centralised IT)	96,200	40,077	43,145	68,514	(27,686)	3,068
Total Supplies & Services	269,930	105,246	92,635	257,782	(12,148)	(12,610)
Third Party Payments	150,000	62,490	7,506	230,403	80,403	(54,984)
Support Services	1,531,050	0	0	1,691,515	160,465	0
Capital Financing Costs	0	0	0	0	0	0
TOTAL GROSS EXPENDITURE	4,271,880	1,136,639	903,406	4,115,946	(155,934)	(233,234)
Income	(168,800)	(70,322)	(42,845)	(135,664)	33,136	27,477
NET EXPENDITURE	4,103,080	1,066,317	860,560	3,980,282	(122,798)	(205,757)