

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

20 MARCH 2013

REPORT OF HEAD OF CENTRAL SERVICES & HEAD OF COMMUNITIES & NEIGHBOURHOODS

HOUSING REVENUE ACCOUNT – BUDGET MONITORING 1 APRIL 2012 – 31 DECEMBER 2012

1.0 PURPOSE OF REPORT

1.1 To provide information on actual expenditure and income incurred on the Housing Revenue Account (HRA), compared to the latest approved budget for the period 1st April 2012 to 31st December 2012.

2.0 RECOMMENDATION

2.1 *It is recommended that the financial position on the HRA to 31st December 2012 be noted and;*

2.2 *Members approve that no charge be implemented for communal cleansing for 2013/14 in accordance with paragraph 3.6 below.*

3.0 KEY ISSUES

3.1 The Housing Revenue Account is a high risk service account which is monitored monthly by the Head of Communities & Neighbourhoods, the Budget Holders and the Senior Accountant. The service and financial performance are then reported to the Management Team. Copies of the more detailed budget holders returns can be made available to Members for further information and will be available at the meeting.

Overall Position at 31 December 2012

3.2 A summary of income and expenditure for the Housing Revenue Account is attached at Appendix A.

3.3 A summary of the income and expenditure for the Housing Revenue Account compared to the approved budget at December 2012 is as follows:

	Approved Budget @ Dec 12	April to Dec Budget	Apr to Dec Net Expenditure & Income Including Commitments	Variance Underspend (-)
	£	£	£	£
HRA – Total Expenditure	7,067,640	3,089,139	2,863,255	-225,884
HRA – Total Income	7,181,610	5,420,910	5,427,064	-6,154

3.4 If the underspend to date as shown above was to continue to the year end it would have the following effect on the working balance:

	£
Working Balance @ 31 Mar 2012	727,072
Budgeted surplus 2012/13	150,970
Potential underspend (as above)	232,038
Potential Working Balance at 31 March 2013	1,110,080

3.5 The following paragraphs attempt to explain the reasons for the current potential underspend and any action planned to be taken by officers to mitigate these circumstances whilst ensuring value for money, efficiency and effectiveness are at the forefront of the service provision.

Budget Variance Exception Reporting +/- £10k

As part of the budget monitoring process, variances are being promptly and proactively managed, facilitating more detailed reporting. Details of the more significant variations +/-£10k (as shown in Appendix A) are also set out below:

Expenditure

General Management £26,892 underspend:

- £7,327 is due to savings on the Council Tax empty rate budget which can be directly linked to a lower voids rate which also results in increased rental income. The budget has been reduced in this year as the lower voids rate continues.
- £21,008 is support cost underspends which are outside the budget holder's control.

Repairs & Maintenance £189,687 underspend:

- The planned maintenance line is underspent by £21,179. A budget adjustment has already been completed in the year due to reduced ordering following the new contractor decision, but the remainder is expected to be spent following receipt of a surveyors report which has identified some external works being required on the town centre flats as well as Wilton & Gretton Court. These works include high level re-pointing, fixing of ridge tiles, ramp resurfacing and fixing of handrails. In addition a potential long term solution is being considered regarding the guttering at Wilton & Gretton Court to help reduce water penetration and so the failure of high level brickwork.
- Contract works, void repairs & schedule of rates are collectively underspent by £127,491. Valuations for completed works are still slow to come in from the contractor with no valuations for voids yet received and accepted; these are expected to be lower than under the previous contract. In addition, 32 more jobs have been committed in the period October-December 2012 than in the same period of the previous year which would suggest that costs are lower under the new contract. An exercise will be completed in the new financial year when 6 months of the contract have passed and valuations are up to date to analyse the cost of the repairs under the new contractor compared to the previous, and the financial implications of this.
- £39,285 is support cost underspends which are outside the budget holder's control.

Forecast Position

- The above figures as shown in the Council's accounts indicate a potential underspend of £232,038 (Appendix A) on the HRA.

3.6 Charges for Communal Cleaning

- 3.6.1 As noted in paragraph 5.1 of the exempt report to this committee on 19 September 2012 regarding the award of the communal cleansing contract, the charges to tenants in 2013/14 has been further considered based on unspent funds during 2012/13.
- 3.6.2 Due to the considerably reduced service contract cost from December 2012, a lower priced deep cleanse and the missed September cleanse, income has exceeded cost by over 100%. It is therefore recommended that no charge for 2013/14 be implemented as the service can be fully funded from excess income in 2012/13.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 Policy and corporate implications were addressed in setting the current year's budget. There are no further policy and corporate implications arising from this report.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATION

- 5.1 All financial and resource implications have been addressed within section 3.

6.0 LEGAL IMPLICATIONS/POWERS

- 6.1 Legal implications/powers were addressed in setting the current year's budget. There are no further legal implications arising from this report.

7.0 COMMUNITY SAFETY

- 7.1 Community safety issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

8.0 EQUALITIES

- 8.1 Equalities issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

9.0 RISKS

- 9.1 The HRA is a high risk service account that the Council has a duty under the Local Government and Housing Act 1989 to ensure avoids being in a deficit situation. This requires that effective budget monitoring procedures are set in place to monitor HRA expenditure and income against the budget and careful consideration is given to determining the level of the working balance.

10.0 CLIMATE CHANGE

- 10.1 The Repairs and Maintenance budget could be adversely affected if the winter weather is severe.

11.0 CONSULTATION

- 11.1 The Service Accountant and Budget Holders discussed the financial performance of the Housing Revenue Account at the budget-monitoring meetings held on 14 January 2013.

12.0 WARDS AFFECTED

- 12.1 To varying degrees, most if not all wards are affected by the Council's Housing Revenue Account.

Contact Officer: Carol King
Date: 8 February 2013
Appendices: Appendix A – Summary of Expenditure & Income
Background Papers: Oracle Financial Reports & Budget Holder Comments on Performance
Reference: X: C'tees, Council & Sub-C'tees/CSA/2012-13/20-03-13/DG-Housing Revenue Account – Budget Monitoring 1 April 2012 – 31 December 2012