

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

18 MARCH 2015

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

HOUSING REVENUE ACCOUNT – BUDGET MONITORING 1 APRIL 2014 – 31 DECEMBER 2014

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 1 April 2014 to 31 December 2014.

2.0 RECOMMENDATION

2.1 *It is recommended that the financial position on the HRA to 31 December 2014 be noted.*

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 2014

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 2014 is as follows:

	Approved Budget @ Dec 2014 £	April to Dec Budget £	Apr to Dec Net Expenditure & Income Including Commitments £	Variance Underspend(-) £	Year End Forecast £	Year End Variance Underspend(-) £
HRA - Total Expenditure	8,251,070	3,202,820	2,952,116	-250,704	8,166,245	-84,825
HRA - Total Income	7,859,820	5,803,671	5,822,459	-18,788	7,877,820	-18,000
HRA – Total	391,250	-2,600,851	-2,870,343	-269,492	288,425	-102,825

3.4 If the forecast 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 2014	1,333,259
Budgeted deficit 2014/15	-391,250
Potential underspend (as above)	102,825
Potential Working Balance Surplus at 31 March 2015	<u>1,044,834</u>

3.5 The minimum working balance, as agreed by PFA on 7 October 2013, remains at £750,000 for 2014/15. A deficit of £391,250 has been budgeted for in 2014/15 to reduce this working balance to ensure that large balances are not carried in the revenue account and surpluses are transferred into the Regeneration and Development Reserve for use as required by members in the future.

3.6 The following paragraphs outline the reasons for the current potential underspend and the action currently being taken by officers to ensure that value for money, efficiency and effectiveness are at the forefront of the service provision.

Forecast 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 £62,646 underspend:

- £9,151 is due to an underspend on employee costs, some staff are not in the pension scheme so this underspend is now expected to continue to the year end at this level.
- £46,646 relates to support costs which are outside the budget holders control.

Repairs & Maintenance £14,179 underspend:

- £17,179 relates to support costs which are outside the budget holders control.

Excess Income £18,000:

- The excess income on the Meal, Heating & Warden charges of £9,000 is due to the large number of voids when the budget was being set, this has been turned around in the year resulting in the additional income

Forecast Position

- The above figures as shown in the Council's accounts indicate a potential underspend of £269,483. However the current forecast position for the year end is a potential underspend of £102,825 (Appendix A) on the HRA. For information these underspends at the end of January 2015 are £141,395 and £139,665 respectively.

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 further 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 between 12 & 14 January 2015.

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: 15 February 2015

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/17-03-15/DG-Housing Revenue Account – Budget Monitoring 1 April 2014 – 31 December 2014