

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

18 SEPTEMBER 2013

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

**HOUSING REVENUE ACCOUNT – BUDGET MONITORING
1 APRIL 2013 – 30 JUNE 2013**

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 2013 to 30th June 2013.

2.0 RECOMMENDATION

2.1 *It is recommended that the financial position on the HRA to 30th June 2013 be noted.*

3.0 KEY ISSUES

3.1 The Housing Revenue Account is a high risk service account which is monitored monthly by the Management Team, the Head of Communities & Neighbourhoods, the Budget Holders and the Housing 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 30 June 2013

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 June 2013 is as follows:

	Approved Budget @ Jun 13	April to Jun Budget	Apr to Jun Net Expenditure & Income Including Commitments	Variance Underspend (-)
	£	£	£	£
HRA – Total Expenditure	7,159,670	993,638	864,939	-128,699
HRA – Total Income	7,384,180	1,855,123	1,855,541	-418

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 2013	1,037,340
Budgeted surplus 2013/14	224,510
Potential underspend (as above)	129,117
Potential Working Balance Surplus at 31 March 2014	1,390,967

3.5 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.

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 £29,126 underspend:

- £10,091 is due to savings on the Council Tax empty rate budget which can be directly linked to the lower voids and reduced void turn-around times which also results in increased rental income. The budget was maintained this year following the Council Tax reforms and the reduced exemption period for empty properties, but can once again be reviewed as it is likely to be underspent at the year end.
- £16,167 relates to support costs which are outside the budget holders control.

Special Services £18,861 underspend:

- Energy costs are underspent by £7,639; this is due to irregular billing which does not match the budgeted profile.
- Fixtures/Fittings & Other Equipment are underspent by £7,492 which is for works and equipment which has not yet been ordered.

Repairs & Maintenance £80,712 underspend:

- The planned maintenance line is underspent by £29,648. This is due to programmed maintenance which has yet to be commissioned. It is expected that this will be spent within the year.
- The gas heating maintenance contract line is underspent by £5,859 due to the outgoing contractor having a final bill outstanding.
- £37,406 of private contractor payments have not yet been made following a reserved creditor in 2012/13. This was for the new contractor – performance and pension bonds and has since been paid in period 4.

Forecast Position

- The above figures as shown in the Council's accounts indicate a potential underspend of £129,117 (Appendix A) on the HRA. For information this underspend at the end of Period 4 is £106,167.

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 on 15 July 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: 1 August 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/18-09-13/DG-Housing Revenue Account – Budget Monitoring 1 April 2013 – 30 June 2013