

AGENDA ITEM 7

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

17 SEPTEMBER 2014

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

HOUSING REVENUE ACCOUNT – BUDGET MONITORING 1 APRIL 2014 – 30 JUNE 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 30 June 2014.

2.0 RECOMMENDATION

2.1 *It is recommended that the financial position on the HRA to 30 June 2014 and the yearend forecast 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 30 June 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 June 2014 is as follows:

	Approved Budget @ Jun 14 £	April to June Budget £	Apr to Jun Net Expenditure & Income Including Commitments £	Variance Underspend(-) £	Year End Forecast £	Year End Variance Underspend(-) £
HRA - Total Expenditure	8,236,430	930,716	780,150	-150,566	8,202,990	-33,440
HRA - Total Income	7,845,180	1,922,393	1,943,670	-21,277	7,925,700	-80,520

- 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)	113,960
Potential Working Balance Surplus at 31 March 2015	<u>1,055,969</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.

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 year end forecast variations +/-£10k (as shown in Appendix A) are also set out below:

Expenditure

General Management £31,400 underspend:

- £9,118 is due to an underspend on employee costs, this is due to the saving from a full staff restructure which came into being on 1 April, having not been fully budgeted. This budget can be moved to other areas of the HRA as required or will be underspent at the year end. The full year effect of this is estimated to be £31,400 as noted in Appendix A, being the full budgeted cost of this employee.

Excess Income £80,520:

- House rents have £13,516 in additional income than budgeted, this is due to lower than budgeted voids rates.
- Warden & Meal charge rent debits are also £6,634 higher due to the lower than budgeted voids rates.
- The full year estimated effect of this additional income could be four times these amounts as noted at Appendix A, however, should voids rates increase to the previous years levels then this will not be the outcome.

Forecast Position

- The above figures as shown in the Council's accounts as at the end of June 2014 indicate a potential underspend of £171,843. However the current forecast position for the year end is a potential underspend of £113,960 (Appendix A) on the HRA. For information these underspends at the end of July are £144,598 and £119,470 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 17 & 24 July 2014.

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 August 2014

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/17-09-14/DG-Housing Revenue Account – Budget Monitoring 1 April 2014 – 30 June 2014