

AGENDA ITEM 7

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

16 SEPTEMBER 2015

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

HOUSING REVENUE ACCOUNT – BUDGET MONITORING 1 APRIL 2015 – 30 JUNE 2015

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 2015 to 30 June 2015.

2.0 RECOMMENDATION

2.1 *It is recommended that the financial position on the HRA to 30 June 2015 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 2015

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 2015 is as follows:

	Approved Budget @ Jun 15 £	April to June Budget £	Apr to Jun Net Expenditure & Income Including Commitments £	Variance Underspend(-) £	Year End Forecast £	Year End Variance Underspend(-) £
HRA - Total Expenditure	8,105,310	1,126,780	1,094,577	-32,203	8,140,250	34,940
HRA - Total Income	8,059,570	1,857,752	1,869,383	-11,631	8,079,330	-19,760

- 3.4 If the forecast overspend 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 2015	-1,120,522
Budgeted deficit 2015/16	45,740
Potential overspend (as above)	15,180
Potential Working Balance Surplus at 31 March 2016	<u>-1,059,602</u>

- 3.5 The minimum working balance, as agreed by PFA on 30 September 2014, remains at £750,000 for 2015/16. A deficit of £45,740 has been budgeted for in 2015/16 to further 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 year end overspend 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

Repairs & Maintenance £39,600 overspend:

- £23,000 is due to the need to utilise agency staff during long term sickness/restructure consultation within the team.
- New legionella legislation has come into force requiring testing and management of residential properties which are left standing for 1 week or more. For us to test 10% of void properties at around £300 per test an estimation of £10k for this financial year is given for this additional work.

Income

Excess Income £19,760:

- IHMS (Intensive Housing Management Service) transitional grant of £15k has been received from Leicestershire County Council which was not budgeted for. This grant will go towards IHMS related costs.

Forecast Position

- The above figures as shown in the Council's accounts as at the end of June 2015 indicate a year to date underspend of £43,834 which is due to budget profiling and additional expenditure taking place later in the year. However the current forecast position for the year end is a potential overspend of £15,180 (Appendix A) on the HRA. For information these figures at the end of July are an underspend of £72,852 and an overspend of £39,180 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 1 & 14 July 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 August 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/16-09-15/DG-Housing Revenue Account – Budget Monitoring 1 April 2015 – 30 June 2015