

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

22 MARCH 2016

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

HOUSING REVENUE ACCOUNT – BUDGET MONITORING 1 APRIL 2015 – 31 DECEMBER 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 31 December 2015.

2.0 RECOMMENDATION

2.1 *It is recommended that the financial position on the HRA to 31 December 2015 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 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 December 2015 is as follows:

	Approved Budget @ Dec 2015 £	April to Dec Budget £	Apr to Dec Net Expenditure & Income Including Commitments £	Variance Underspend(-) £	Year End Forecast £	Year End Variance Underspend(-) £
HRA - Total Expenditure	8,141,420	3,869,521	3,428,986	-440,535	8,041,420	-100,000
HRA - Total Income	8,095,680	5,912,054	5,929,201	-17,147	8,105,680	-10,000
HRA – Total	45,740	-2,042,533	-2,500,215	-457,682	-64,260	-110,000

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 2015	1,120,520
Budgeted deficit 2015/16	-45,740
Potential underspend (as above)	110,000
Potential Working Balance Surplus at 31 March 2016	<u>1,184,780</u>

3.5 The minimum working balance, as agreed by PFA on 7 October 2013, remains at £750,000 for 2015/16. A deficit of £45,740 has been budgeted for in 2015/16 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 £67,151 underspend:

- £59,644 relates to support costs which are outside the budget holders control.
- £4,965 relates to the volatile costs of Council Tax Empty Rates which fluctuates throughout the year.

Special Services £61,127 Underspend:

- £9,593 relates to employee costs due to vacant posts and some staff not in pension scheme,
- £18,764 relates to awaited invoices from Harborough District Council for lifeline invoices, this is being investigated by them and so is expected to be fully spent at the year end,
- £4,515 Relates to other equipment which is waiting for purchase, this is expected to be spent by the year end,
- £23,959 relates to gas & electricity which, with no bills outstanding, is now expected to be underspent at the year end,
- £5,579 relates to contract works for which there are additional commitments on the financials system and so is expected to be fully spent by the year end,
- £4,755 overspend relates to support costs which are outside the budget holders control.

Repairs & Maintenance £312,258 underspend:

- £38,236 relates to contract work, asbestos survey works (£9k), void repairs and schedule of rates work. Low demand on schedule of rates works and following a mild winter is partially being off-set to higher voids and contract works, there are additional commitments in the financials system so is expected to be fully spent by year end,

- £14,360 relates to other equipment repairs & maintenance, with 1 months invoice not received in profile,
- £249,399 relates to planned maintenance, which has been fully committed for the year and is expected to result in a underspend of approx. £87k at the year end,
- £3,059 relates to support costs which are outside the budget holders control.

Excess Income £17,147:

- £4,468 relates to a higher take-up of the Intensive Housing Management Service than forecast in its first year,
- £5,298 relates to the sale of meals, some invoices from 2014/15 have been included in the 2015/16 actuals.
- The remainder is due to a number of low value variations.

Forecast Position

- The above figures as shown in the Council's accounts indicate a potential underspend of £457,682. However the current forecast position for the year end is a potential underspend of £110,000 (Appendix A) on the HRA. For information these underspends at the end of January 2016 are £484,828 and £110,000 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 on 12 & 13 January 2016.

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 2016
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/22-03-16/DG-Housing Revenue Account – Budget Monitoring 1 April 2015 – 31 December 2015