

# AGENDA ITEM 10

## COMMUNITY & SOCIAL AFFAIRS COMMITTEE

16 NOVEMBER 2016

### REPORT OF HEAD OF COMMUNITIES & NEIGHBOURHOODS

#### HOUSING REVENUE ACCOUNT –WORKING BALANCE- PLANNED MAINTENANCE

##### 1.0 PURPOSE OF REPORT

- 1.1 To seek members approval to allocate £175,000 from the HRA working balance to complete the Phase 4 of the 2016/17 planned maintenance programme, while maintaining the working balance above the minimum working balance, as recommended by the Medium Term Financial Strategy of £750,000 for 2016/17.

##### 2.0 RECOMMENDATION

It is recommended that members;

- 2.1 Recommend to the Policy, Finance & Administration Committee a supplementary estimate of £175,000 to be met from the HRA Working Balance to complete the 2016/17 planned maintenance programme;
- 2.2 Recommend to the Policy, Finance & Administration Committee an amendment to the scheme of delegation to permit the Head of Communities & Neighbourhoods in consultation with the Head of Central Services to utilise resources above the minimum HRA working balance for schemes and projects supporting the HAMP and in line with the HRA Business Plan.

##### 3.0 KEY ISSUES

- 3.1 Overall Position at 30 June 2016

3.2 At the Community & Social Affairs Committee of 14<sup>th</sup> September members were updated on the Overall HRA position at 30 June 2016. An extract of that summary is provided below:-

3.3 A summary of the income and expenditure for the Housing Revenue Account compared to the approved budget at June 2016 is as follows:

3.4	Working Balance @ 31 Mar 2016	-1,460,024
	Budgeted deficit 2016/17	247,980
	Supplementary Estimates agreed in year	45,000
	Potential overspend	11,800
	Potential Working Balance Surplus at 31 March 2017	-1,155,244
		£

3.5 The minimum working balance, as recommended by the Medium Term Financial Strategy, remains at £750,000 for 2016/17.

### 3.6 Planned Maintenance

A key aspect of the Housing repairs Service is Planned or sometimes referred to as cyclical repairs. These are designed to proactively address disrepairs and minimise the level and amount of reactive repairs. They typically include:

- Non- urgent repairs being grouped together
- Facias
- Soffits
- External works
- Fencing

To date over 360 properties have benefited from these planned works during 2016/17. Feedback from tenants and TFEC has shown that they have been undertaken to quality standard and overall there is general satisfaction on how the programme has been undertaken

This covers phases 1, 2 and 3. Officers have reviewed the specification of the works included in this programme and this has raised the average costs per property, but more works are being undertaken. This, coupled with some unreserved works completed in 2015/16 has resulted in the allocated planned maintenance budget being spent.

To ensure continuity with the programme and to retain the current workforce engaged in the programme by the contractor, which has shown to be delivering a good standard of work, members are being asked to approve a supplementary estimate of £175,000 from the working balance to complete a further 62 properties (Phase 4).

This will retain the working balance above the minimum amount and will have the following effect:

	£
Working Balance @ 31 Mar 2016	-1,460,024
Budgeted deficit 2016/17	247,980
Supplementary Estimates agreed in year	220,000
Potential overspend	11,800
Potential Working Balance Surplus at 31 March 2017	<u>-980,244</u>

A deficit of £247,980 was budgeted for in 2016/17 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.

- 3.7 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.

Members will approve the 2017/18 HRA budget based on a number of known factors i.e. budget provision, stock condition database and other regeneration projects. During the year due to its demand nature a number of virements and amendments take place which are reported retrospectively to members. However, in circumstances where additional monies may be needed that support the approved HAMP, members are asked to recommend to the Policy, Finance & Administration Committee a change to the scheme of delegation to the Head of Communities & Neighbourhoods in consultation with the Head of Central Services to utilise resources above the minimum HRA working balance for schemes and projects supporting the HAMP and in line with the HRA Business Plan.

These will be reported back to members of this committee as part of the regular monitoring reports presented to members during the year. This arrangement currently exists for the HRA capital programme.

#### **4.0 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 have previously discussed the financial performance of the Housing Revenue Account at the budget-monitoring meetings held on 18 & 19 July 2016.

TFEC have provided good feedback on the performance of the 2016/17 planned maintenance programme.

#### **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: Harry Rai  
Date: 8 November 2016  
Appendices: None  
Background Papers: Oracle Financial Reports & Budget Holder Comments on Performance  
Reference: X: C'tees, Council & Sub-C'tees/CSA/16-11-16/HR-Housing Revenue Account – Planned Maintenance