



HOUSING MANAGEMENT ADVISORY BOARD

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To: Board Members Davis, Edwardes (Chair), Riley (Vice-Chair), Wright, Jackson, Draycott, Radford and Tassell (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Housing Management Advisory Board to be held in Committee Room 1 - Council Offices on Wednesday, 12th June 2019 at 4.30 pm for the following business.

Chief Executive

Southfields
Loughborough

5th June 2019

AGENDA SUPPLEMENT

6. HRA REVENUE AND CAPITAL OUTTURN 2018/19

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An annual report of the Head of Finance and Property Services updating the Board on the HRA Revenue and Capital Outturn for 2018/19, to follow.

HOUSING MANAGEMENT ADVISORY BOARD – 12TH JUNE 2019

Report of the Head of Finance and Property Services

Item HOUSING REVENUE ACCOUNT – REVENUE AND CAPITAL
OUTTURN 2018/19

Purpose of Report

To provide the Board with the outturn figures for the 2018/19 financial year compared with the budgets.

Action Requested

To note the financial position of the HRA at the end of the year.

Housing Revenue Account

The Housing Revenue Account outturn for 2018/19 (see Appendix 1) shows a surplus of £1,075k compared with a budgeted surplus of £299k. The HRA general balances at the end of the year were £613k following a transfer of £1,079k to the HRA Financing Fund. This gave the HRA Financing Fund a balance at the end of the year of £8,061k.

Balances at the end of the financial year were:

2017/18 £000		2018/19 £000
617	HRA General Balances	613
6,982	Housing Financing Fund	8,061
2,633	Major Repairs Reserve	3,926
10,232	Total	12,600

The Housing Financing Fund balance at 31 March 2019 was £8,061k. The HRA owes £79m in loans following the self-financing settlement in 2012 and, as well as paying the interest due, the principal amounts borrowed will either, in time, need to be refinanced or paid back. The first loan to be paid back following the self-financing settlement is in 2024. The money required to pay back the principal will be from HRA Reserves – principally those from the HRA Financing Fund.

The Major Repairs Reserve finances capital expenditure and the repayment of debt in accordance with the HRA Business Plan. Unspent balances in the ring-fenced Major Repairs Reserve are carried forward each year. The movement in the year was:

2017/18 £000		2018/19 £000
617	Balance at 1 April	613
6,982	Transfer to Major Repairs Reserve	8,061
2,633	Capital Expenditure funded from Major Repairs Reserve	3,926
10,232	Balance at 31 March	12,600

Variances – Revenue

	2018/19 Original Budget	2018/19 Actual	Variance
	£'000	£'000	£'000
Supervision & Management			
Staff Costs	2,944	2,834	110
Property Costs	506	437	69
Travel Costs	123	113	10
Supplies & Services	857	752	105
Internal Recharges (Cost)	1,674	1,800	(126)
Income to HRA	(283)	(261)	(22)
Internal Recharges (Income)	(1,016)	(889)	(127)
Corporate & Democratic Core	110	114	(4)
	4,914	4,901	13
Repairs & Maintenance			
Staff Costs	2,756	2,481	276
Property Costs	2,895	2,467	428
Travel Costs	277	256	22
Supplies & Services	297	513	(216)
Internal Recharges (Cost)	717	871	(154)
Income to HRA	(74)	(78)	4
Internal Recharges (Income)	(312)	(222)	(91)
	6,557	6,289	268

1. Supervision and Management

£13k underspend (0.3%). This is made up of expenditure over a large range of council services including:

- Management of the council house sales process
- Hostel management
- Tenancy Services
- Preventing Anti-social behaviour

- Tenant participation and consultation
- Warden Services
- Lifeline Services
- HR and Communications
- Housing Needs
- Housing Strategy, research and development
- Housing Management Systems (IT)
- Housing Administration

Staff costs

Total underspend on staff costs of £110k (3.7%). This includes underspend of £37k (10.6%) Housing income team, £17k (4.3%) Tenancy Services, £46k (23.1%) ASB, £15k (25%) Tenant participation & consultation, £31k (15.5%) Housing operation support team, £36k (10.5%) Central control, £29k (4.4%) Housing needs service units and £8k (14.3%) housing management service unit. This is offset by a vacancy saving of £94k (100%) in landlord services and £16k (100%) in Housing services managed savings.

Property Costs

Property costs of are underspent by £69k (13.6%). This is made up of underspend of £47k (26%) Tenancy services and £22k (10.2%) Warden Services.

Supplies and Services

Total underspend on supplies and services of £105k (12.3%). This includes underspend of £25k (28%) Housing team income, £10k (25.6%) ASB, £13k (35.2%) Tenant participation & consultation, £46k (41%) Housing operation business support team and £11k (100%) HR & communications

Internal Recharges (Costs)

Internal recharges costs were higher than the budget by £126k (7.5%). This is made up of £12k (15.1%) Council house sales, £9k (4.8%) Housing income team, £12k (5.3%) Tenancy services, £130k (1122%) Tenant participation & consultation, £116k (249.4%) Housing operation business support team, £11k (11.1%) Warden Services, £26k (55.3%) Head of landlord services and £11k (41.8%) HMS admin. Offset by underspend of £46k (23.5%) ASB, £20K (100%) HR & communications and £135k (34.7%) Housing needs service unit.

Internal Recharges (Income)

Total underspend of £127k on internal recharges income (12.5%). This includes underspend of £59k (16.2%) central control and £77k (14.8%) Housing needs service unit offset by £9k (17.5%) overspend in Council house sales

2. Repairs and Maintenance £268K underspend (4%).

Repairs and Maintenance costs include those for:

- Responsive
- Voids
- Cyclical and planned
- Administration, Support and Management
- These include the costs of materials and vehicles.

Staff costs

Total underspend on staff costs of £276k (10%). This includes underspend of £127k (13.1%) Responsive repairs, £39k (6.3%) Void Repairs, £4k (3.2%) Health & safety, £52k (9.6%) Capital team & planned maintenance, £74k (17.8%) Repairs business support team offset by overspend of £20k (15.5%) for compliance.

Property Costs

Property costs are underspent by £428k (14.8%). This is made up of underspend of £26k (4.4%) Responsive repairs, £35k (6952%) Rechargeable repairs, £448k (87.1%) Capital team & planned maintenance and £152k (10.2%) compliance offset by overspend of £233k (78.9%) for void repairs

Supplies and Services

Total overspend on supplies and services of £216k (72.7%). This includes overspend of £324k (613.1%) for Capital team & planned maintenance and £11k (100%) housing capital contract. This is offset by underspend of £40k (54.6%) for Responsive repairs, £16k (117.8%) Voids repairs, £32k (50.4%) Health & safety, £26k (34.1%) Compliance, £5k (28.3%) Repairs business support team.

Internal Recharges (Costs)

Internal recharges costs are overspent by £154k (17.6%). This is made up of overspend of £40K (48.8%) voids repairs, £55k (111.3%) compliance and £59k (90.6%) repairs business support team

Internal Recharges (Income)

Total underspend of £91k on internal recharges income (29.1%). The underspend is due to less of the capital and planned team costs being recharged to capital by £91k (29.1%)

Depreciation, Impairment and Revaluation Increases

Each year the Council's assets have to be externally valued and adjustments are made depending on whether they have gained value (revaluation increases) or reduced value (impairment). These adjustments have to be reflected within the council's revenue accounts. Whilst these are mostly year-end accounting transactions that do not impact the bottom line, there has been a £13,072k revaluation increase.

Depreciation and the revaluation increase of non-current assets were:

2017/18		2018/19
£'000		£'000
	Depreciation:	
2,913	Dwellings	2,965
34	Garages and Shops	35
5	Plant, Vehicles and Equipment	8
17	Intangibles	17
2,969		3,025
(9,597)	Net Revaluation increase of non-current assets	(13,072)
(6,628)		(10,047)

Revenue Income

Income from rent, service charges and leaseholders was £21,674k which was £96k higher than the budget. The rent loss caused by the empty properties was 2.15% for 2018/19 compared with 2.16% for 2017/18 and favourably below the 2.2% budget.

As at 31 March 2019 rent arrears were £965k and court cost arrears was £104k. At the same position at 31 March 2018 these were £866k and £95k. As a percentage of

dwelling rents the total arrears including court costs is 5.05% compared with 4.47% in 2017/18. The amount of HRA debt written off in the year was £244k compared to £189k in 2017/18.

Changes to welfare benefits, including the lowering of the benefit cap, changes to tax credits, and a greater number tenant on universal credit, have contributed towards increased rent arrears. Legal costs have increased as more legal action has been undertaken in line with arrears escalating procedures. Write offs of former tenant rent arrears have been undertaken on a quarterly basis in line with procedures.

The following details the arrears position:

2017/18 £'000		2018/19 £'000
	Arrears at 31st March:	
435	Current Tenants	511
428	Former Tenants	451
3	Garages and Shops	3
866		965
4.47%	Dwelling and Court Costs Arrears as % of gross debit	5.05%
95	Court Costs	104
134	Rent Write-off/irrecoverable	195
55	Rechargeable Repairs Write-off/irrecoverable	49

To cover these debts, the Councils had the following provisions as at 31 March:

31st March 2018 £'000		31st March 2019 £'000
961	Rent	1,069
66	Overpaid Rent Rebate	66
64	Landlord Services rechargeable repairs	72
26	Leaseholder Charges	50
1,117		1,257

HRA Carry Forward Requests

These amounts have been requested to be carried forward as budgets to spend during 2019/20. These comprise of work that had been budgeted to be carried out during 2018/19 but for a number of reasons had not been completed.

£445.8K Planned Maintenance – Landlord Services

£2.5K Tenant Participation Community Projects – Landlord Services

£20K Update of Tenancy agreements – Landlord Services

£16.4K Direct Debits upgrade – Landlord Services

£484.7K Total HRA

Capital

Capital expenditure for 2018/19 was:

	Budget	Actual Spend £000	Under/ (Over)Spend £000	Net Carry Forward £000	Net saving/ (Over spend) £000
HRA	6,841	6,086	754	8	748

The HRA expenditure of £6,086k was 89% of budget compared to 86% in 2017/18.

Over the four years to 31 March 2019 the Council has invested £12.7m in General Fund projects and £27.8m in Housing Revenue Account (HRA) schemes, making a total investment in the Borough of £40.5m, being an average annual investment of £10.1m. This is lower than the four year average to 31 March 2018 of £10.2m by 0.4%.

The Business Plan

The Business Plan will be updated with the 2018/19 outturn results during the 2019/20 financial year. However, the intention is for this to be a managerial working document until the full detailed announcements of major changes to the HRA such as the sale of high value voids is known. Once these changes are quantifiable, the business plan will be subject to consultation with all relevant interested parties.

Appendices

Appendix 1 – Housing Revenue Account – 2018/19 Outturn

Appendix 2 – Housing Revenue Account – 2018/19 Revenue Monitoring Report

Appendix 3 – Housing Revenue Account – 2018/19 Housing, Planning & Regeneration & Regulation Service

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Abbreviations

HRA – Housing Revenue Account

MRR – Major Repairs Reserve

Appendix 1

2017/18 Actual	Housing Revenue Account	2018/19 Original Budget	2018/19 Outturn	Variance
£000		£000	£000	£000
	Expenditure			
4,602	Supervision and Management	4,914	4,901	13
6,204	Repairs and Maintenance	6,557	6,289	268
116	Rents, Rates and other charges	138	130	8
0	Rent Rebates	1	0	1
330	Provision for Bad and Other Charges	383	335	48
2,969	Depreciation/Revaluation increase/Impairment of non-current assets	2,955	3,025	(70)
(9,597)	Net Revaluation increase of non-current assets	0	(13,072)	13,072
16	Debt Management Expenses	12	19	(7)
4,640	Expenditure Sub-total	14,960	1,627	13,333
	Income			
21,038	Dwelling Rent Income	20,673	20,698	25
372	Rent of Income from Shops, Land and Garages	384	365	(19)
56	Warden Service Charges	57	55	(2)
315	Central Heating and Communal Charges	309	293	(16)
158	Leasehold Flat and Shop Service Charges	117	226	109
30	Hostel Service Charges	27	26	(1)
10	Council Tax recharged	11	11	0
21,979	Income Sub-total	21,578	21,674	96
(17,339)	Net (income)/Cost of service	(6,618)	(20,047)	13,429
(80)	Transfer from General Fund - Grounds Maintenance	(83)	(82)	(1)
2,777	Interest Payable	2,742	2,743	(1)
(51)	Investment Income and Mortgage Interest	(56)	(93)	37
(14,693)	Net Operating Expenditure/(Income)	(4,015)	(17,479)	13,464
2,581	Revenue Contribution to Capital	3,716	3,716	0
(495)	Pension Adjustment	0	(389)	389
(1)	Accumulated Absence Adjustment	0	5	(5)
9,597	Reversal of Gain on Revaluation	0	13,072	(13,072)
63	Adjusted to charges based on impairment of General Fund Asset	0	0	0
11,745	Appropriations	3,716	16,404	(12,688)
(2,948)	(Surplus)/Deficit for the Year	(299)	(1,075)	776
(621)	HRA Balance at Beginning of Year	(616)	(617)	1
(2,948)	(Surplus)/Deficit for the Year	(299)	(1,075)	776
2,952	Transfer to/from the HRA Financing Fund	303	1,079	(776)
(617)	HRA Balance at end of Year	(612)	(613)	1
(4,030)	HRA Financing Fund at Beginning of Year	(6,196)	(6,982)	786
(2,952)	Transfer to HRA Financing Fund	(555)	(1,079)	524
(6,982)	HRA Financing Fund at End of Year	(6,751)	(8,061)	1,310

Appendix 2

Charnwood Borough Council HRA Revenue Monitoring Report as at March 2019 Period (201813) Based on Original Budget	Period			Year-to-Date (YTD)			YTD Variance as % of YTD Budget	Full Year Budget £000's
	Amount	Current Budget	Variance Under/ (Over)	Amount	Current Budget	Variance Under/ (Over)		
	£000's	£000's	£000's	£000's	£000's	£000's		
<i>General Management</i>								
Repairs & Maintenance								
Employee Related Costs	33	0	(33)	2,481	2,705	225	8.3%	2,705
All Other Controllable Costs	335	0	(335)	3,246	3,469	223	6.4%	3,469
Controllable Income	0	0	0	(78)	(74)	4	-5.6%	(74)
Total Repairs & Maintenance	368	0	(368)	5,649	6,101	452	7.4%	6,101
Allocations & Lettings								
Employee Related Costs	1	0	(1)	626	639	13	2.0%	639
All Other Controllable Costs	0	0	0	44	34	(11)	-32.0%	34
Controllable Income	(5)	0	5	(31)	(42)	(11)	24.7%	(42)
Total Allocations & Lettings	(3)	0	3	639	631	(8)	-1.3%	631
Housing Strategy								
Employee Related Costs	0	0	0	92	99	7	7.0%	99
All Other Controllable Costs	0	0	0	20	38	17	46.1%	38
Controllable Income	0	0	0	0	0	(0)	0.0%	0
Total Housing Strategy	0	0	0	113	137	24	17.6%	137
Supervision & Management								
Employee Related Costs	6	0	(6)	2,116	2,250	135	6.0%	2,250
All Other Controllable Costs	49	0	(49)	1,237	1,467	230	15.7%	1,467
Controllable Income	(1)	0	1	(230)	(242)	(12)	4.9%	(242)
Total Supervision & Management	53	0	(53)	3,123	3,475	352	10.1%	3,475
<i>Total General Management</i>								
	418	0	(418)	9,524	10,344	820	7.9%	10,344
<i>Rents, Rates and Other Charges</i>								
Rents, Rates and Other Charges								
All Other Controllable Costs	0	0	(0)	131	139	8	6.0%	139
Total Rents, Rates and Other Charges	0	0	(0)	131	139	8	6.0%	139
<i>Total Rents, Rates and Other Charges</i>								
	0	0	(0)	131	139	8	6.0%	139
Grand Total	419	0	(419)	9,654	10,483	828	7.9%	10,483

Income								
Dwelling Rent Income - Gross	2	0	(2)	(21,154)	(21,138)	16	-0.1%	(21,138)
Dwelling Rent Void loss	0	0	0	456	465	9	1.9%	465
Net Dwelling Rent Income	2	0	(2)	(20,698)	(20,673)	25	-0.1%	(20,673)
Non-Dwelling Rent	0	0	0	(476)	(474)	3	-0.6%	(474)
Non-Dwelling Rent Void Loss	0	0	0	112	90	(21)	-23.6%	90
Net Non Dwelling Rent Income	0	0	0	(365)	(384)	(19)	4.9%	(384)
Charges for Services & Facilities - Charge	(226)	0	226	(699)	(607)	92	-15.2%	(607)
Charges for Services & Facilities - Void Loss	0	0	0	88	85	(2)	-2.6%	85
Net Charges for Services and Facilities	(226)	0	226	(611)	(522)	90	-17.2%	(522)
Total Income	(225)	0	225	(21,674)	(21,578)	96	-0.4%	(21,578)

£ 000

General Management (above)	9,524
Add Support Service Recharges (costs)	2,661
Add Corporate and Democratic Core	115
	12,300
Minus Support Service Recharges (income)	-1,110
	11,190
Supervision and Management (outturn report)	4,901
Repairs and Maintenance	6,289
	11,190

Appendix 3

Scheme Details	First year in Capital Plan	2018/19					Slippage into 2019/20 Requested £
		Current Budget £	Actual Spend 12/4/19 £	Balance £	Under/ (Overspend) £		
Housing, Planning & Regeneration & Regulatory Services – HRA							
Direct Expenditure							
2761 Major Adaptations - Forem	2018/19	370,000	370,716	(716)	(716)	0	
2301 Minor Adaptations	On-going	50,000	40,837	9,163	9,163	0	
2302 Skanfills	On-going	60,000	68,612	(8,612)	(8,612)	0	
2380 Major Void Works	On-going	0	10,372	(10,372)	(10,372)	0	
2762 Major Void Works - Forem	2018/19	280,000	84,347	195,653	195,653	0	
Compliance							
2434 Asbestos Removal	On-going	150,000	240,767	(90,767)	(90,767)	0	
2741 Communal Area Improvements	2016/17	10,500	1,506	8,994	8,994	0	
2771 Communal Area Improvements - Forem	2018/19	150,000	150,030	(30)	(30)	0	
2742 Communal Area Electric	2016/17	289,300	290,304	(1,004)	(1,004)	0	
2374 Carbon monoxide/smoke alarms	On-going	0	504	(504)	(504)	0	
2772 Carbon Monoxide Alarms	2018/19	0	2,239	(2,239)	(2,239)	0	
2401 Fire Safety	On-going	0	60,000	(60,000)	(60,000)	0	
2773 Fire Safety Works	2018/19	100,000	11,232	88,768	88,768	0	
2774 Cavity/Loft insulation - Forem	2018/19	50,000	29,000	21,000	21,000	0	
Stock Maximisation							
2375 Garages	2016/17	50,000	-	50,000	50,000	0	
Decent Homes							
2460 Charwood Standard Kitchens	On-going	0	7,332	(7,332)	(7,332)	0	
2763 Kitchens - Forem	2018/19	322,000	255,715	66,285	66,285	0	
2764 Bathrooms - Forem	2018/19	556,300	308,558	247,742	247,742	0	
2454 Electrical Upgrades	On-going	30,000	24,326	5,674	5,674	0	
2765 Electrical Upgrades - Forem	2018/19	66,000	18,720	47,280	47,280	0	
2766 Windows - Forem	2018/19	10,000	-	10,000	10,000	0	
2767 Central Heating and Boiler Installation - Forem	2018/19	728,000	767,234	(39,234)	(39,234)	0	
2743 Sheltered Housing Improvements inc heating & equipment	2016/17	163,000	72,623	90,377	90,377	0	
2462 Door Replacement	On-going	17,400	-	17,400	17,400	0	
2768 Door Replacement - Forem	2018/19	95,500	75,815	19,685	19,685	0	
2459 Roofing/Guttering	On-going	128,100	157,411	(29,311)	(29,311)	0	
2769 Re-roofing - Forem	2018/19	600,000	577,792	22,208	22,208	0	
2369 Major Structural Works	On-going	0	2,119	(2,119)	(2,119)	0	
2770 Major Structural Works - Forem	2018/19	40,000	40,000	0	0	0	
General Capital Works							
2357 Estate Works	On-going	7,000	1,928	5,072	5,072	0	
2776 Estate and External Works - Forem	2018/19	0	71	(71)	(71)	0	
2857 Housing Capital Technical Costs	On-going	312,000	221,590	90,410	90,410	0	
2378 Door Entry Systems	On-going	251,800	246,917	4,883	4,883	0	
2419 New Build/Acquisitions	2017/18	0	1,536	(1,536)	(1,536)	0	
2760 Acquisition of Affordable Housing to meet housing need	2018/19	1,953,000	1,945,228	7,772	(28)	7,800	
2470 Job Management System	2015/16	700	700	0	0	0	
Housing, Planning & Regeneration & Regulatory Services - HRA - Total		6,840,600	6,086,201	754,399	747,603	7,800	