

HOUSING MANAGEMENT ADVISORY BOARD – 11TH NOVEMBER 2020

ITEM 8 HOUSING REVENUE ACCOUNT OUTTURN POSITION 2019/20

1. The provisional Housing Revenue Account outturn for 2019/20 is a surplus of £171k compared with a budgeted surplus of £128k, an increase of £43k. This gives HRA general balances at the end of the year of £610k following a transfer of £174k to the HRA Financing Fund. This transfer gives the HRA Financing Fund a balance at the end of the year of £8,235k. The Council's preferred minimum level of balances is £110 per property.
2. The HRA Balances at 31st March 2020, are overall £12,209k, the HRA made a contribution to the Major Repairs Reserve of £3,249k. This reserve has a balance at 31 March 2020 of £3,364k compared with £3,926k at 31 March 2019. This balance is the unspent amount carried forward to 2020/21 after the 2019/20 capital financing entries. This reserve finances capital expenditure and the repayment of debt, in accordance with the HRA Business Plan.
3. The Housing Financing Fund balance at 31 March 2020 was £8,235k. 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 total HRA Balances at 31st March 2020 are £12,209k
4. Supervision and Management (excluding recharges – Appendix One) £360k underspend (9.6%). This includes underspending on salaries of £126k rent Software £55k, Bank Charges £26k, Sheltered Accommodation furniture £23k External software development £22k, Printing £19k, Housing Strategy £14k There's been additional income in Lifeline charges of £13k, Legal income £13k and other reimbursements £13k. Other underspends include Electricity £13k, Cleaning £14k, and £22k in grants for underoccupied/assisted transfers. There was an overspend of £13k on equipment in sheltered accommodation.
5. Repairs and Maintenance (excluding recharges – Appendix One) £369k underspend (5.9%) This includes underspending on salaries of £189K, and £212k on non-salaries £68k Fire Risk Assessments, Gas Servicing £77k and £59k, Asbestos Surveys and Gas Repairs £42k. These were offset by Door Entry overspend of £34k.
6. Net Recharges to the HRA were £86k (7%) greater than the budget. These exclude Pension recharges totalling £556k which do not impact on the bottom-line of the HRA. The Depreciation of £3,249k was credited into the Major Repairs Reserve to and the capital programme. Revaluations were reversed out and do not affect the HRA outturn position.
7. The 2019/20 rent income for dwellings was 1% lower than 2018/19 due to Government policy. Void loss was 2.6% against a budget of 2.2%. Dwelling Rent income was a

£65k adverse variance (0.3%). Right to buy sales were budgeted at 40 sales, compared with 44 actual sales. An additional 21 properties were added into the HRA, through acquisition and the utilisation of 1-4-1 receipts.

8. As at 31 March 2020 rent arrears were £1,078k compared with £965k at 31 March 2019. Court costs were £107k at 31 March 2020 compared with £104k at 31 March 2019. These are a combined increase of £116k.
9. As a percentage of dwelling rents the total arrears including court costs is 5.63% compared with 5.05% in 2018/19.
10. The amount of HRA debt written off in the year was £184k compared to £197k in 2018/19. This includes rent and court costs write-offs totalling £132k in 2019/20 compared with £148k in 2018/19.
11. Rent arrears increased by £113k between the end of March 2019 and the end of March 2020. Former tenant arrears reduced by £2k over the same period. Former tenant arrears cash collected over the year was £4k. Rent collection for the year (including arrears brought forward) was 96.29% compared with 96.75% at the end of the previous year.
12. The numbers of tenants receiving universal credit (UC) continues to rise and during the year almost doubled to over a thousand at the end of March 2020. As expected, and in line with the experience of other landlords, rent arrears have increased although the average debt of a tenant receiving universal credit at the end of the year was almost unchanged compared to the same point the previous year. UC is paid to the claimant as a single monthly payment in arrears. It takes at least five weeks for the Department for Work and Pensions to assess a claim and for tenants to receive their first payment of the benefit. A rent debt is often accrued as a result. In some instances, on receipt of the benefit tenants do not pay the rent to the council. Advice and support is offered to all tenants moving to universal credit by the landlord services financial inclusion and tenancy support teams. Where tenants have vulnerabilities and/or owe eight or more weeks' rent our universal credit officer makes applications to the DWP to switch payment of the housing element of UC from the tenant to the council. Rent recovery action is taken where necessary.
13. Appendix Two details the controllable cost outturn for the HRA as at 31 March 2020. This shows the controllable budgets and actuals as they were presented within the monitoring reports during the year. The descriptions of Employee related expenditure include all employee related costs, not just salaries. Some costs such as insurance costs and business rates must be shown in Rents, Rates and Other Charges, within the Income and Expenditure account of the Statement of Accounts.
14. The Capital Outturn is detailed in Appendix Three. Expenditure was £8,203k on a current budget of £9,094k – an underspend of £886k (9.7%). This amount has been carried forward into the 2020/21 budget.

Appendix One

2018/19 Actual	Housing Revenue Account	2019/20 Original Budget	2019/20 Outturn
£000		£000	£000
	Expenditure		
4,901	Supervision and Management	5,118	5,220
6,289	Repairs and Maintenance	6,461	6,718
130	Rents, Rates and other charges	139	191
335	Provision for Bad and Other Charges	383	270
3,025	Depreciation	3,057	3,249
(13,072)	Net Revaluation increase of non-current assets	0	(17,892)
19	Debt Management Expenses	10	18
1,627	Expenditure Sub-total	15,168	(2,226)
	Income		
(20,698)	Dwelling Rent Income	(20,548)	(20,483)
(365)	Shops, Land and Garages Rent	(373)	(366)
(55)	Warden Service Charges	(55)	(55)
(293)	Central Heating, Communal and Cleaning Charges	(322)	(355)
(226)	Leasehold Flat and Shop Service Charges	(156)	(143)
(26)	Hostel Service Charges	(24)	(26)
(11)	Council Tax recharged	(11)	(11)
(21,674)	Income Sub-total	(21,489)	(21,439)
(20,047)	Net (income)/Cost of service	(6,321)	(23,665)
(82)	Transfer from General Fund - Grounds Maintenance	(84)	(85)
2,743	Interest Payable	2,706	2,709
(93)	Investment Income and Mortgage Interest	(88)	(124)
(17,479)	Net Operating Expenditure/(Income)	(3,787)	(21,165)
3,716	Revenue Contribution to Capital	3,659	3,659
(389)	Pension Adjustment	0	(556)
5	Accumulated Absence Adjustment	0	(1)
13,072	Reversal of Gain on Revaluation	0	17,892
16,404	Appropriations	3,659	20,994
(1,075)	(Surplus)/Deficit for the year	(128)	(171)

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2018/19 Actual	Housing Revenue Account	2019/20 Original Budget	2019/20 Outturn
HRA Balances:			
(617)	HRA Balance at beginning of year	(613)	(613)
(1,075)	(Surplus)/Deficit for the year	(128)	(171)
1,079	Transfer to/from Reserves	131	174
(613)	HRA Balance at end of year	(610)	(610)
(6,982)	HRA Financing Fund at beginning of year	(8,061)	(8,061)
(1,079)	Transfer to/from Reserves	(131)	(174)
(8,061)	HRA Financing Fund at end of year	(8,192)	(8,235)
(3,926)	Major Repairs Reserve at end of year	(2,324)	(3,364)
(12,600)	Overall HRA balances at end of the year	(11,126)	(12,209)

Appendix Two

Charnwood Borough Council HRA Revenue Monitoring Report as at April 2019 Period (201913) Based on Original Budget	Period			Year-to-Date (YTD)			YTD Variance as % of YTD Budget	Full Year Budget
	Amount	Current Budget	Variance Under/ (Over)	Amount	Current Budget	Variance Under/ (Over)		
	£000's	£000's	£000's	£000's	£000's	£000's		
General Management								
Repairs & Maintenance								
Employee Related Costs	38	0	(38)	2,462	2,651	189	7.1%	2,651
All Other Controllable Costs	836	0	(836)	3,510	3,722	212	5.7%	3,722
Controllable Income	0	0	0	(45)	(78)	(33)	41.9%	(78)
Total Repairs & Maintenance	874	0	(874)	5,927	6,296	369	5.9%	6,296
Allocations & Lettings								
Employee Related Costs	(14)	0	14	665	651	(14)	-2.2%	651
All Other Controllable Costs	(5)	0	5	37	22	(15)	-67.7%	22
Controllable Income	(37)	0	37	(32)	(35)	(3)	9.3%	(35)
Total Allocations & Lettings	(56)	0	56	670	638	(33)	-5.1%	638
Housing Strategy								
Employee Related Costs	1	0	(1)	76	107	31	29.0%	107
All Other Controllable Costs	1	0	(1)	5	22	17	78.3%	22
Total Housing Strategy	2	0	(2)	81	129	48	37.3%	129
Supervision & Management								
Employee Related Costs	11	0	(11)	2,284	2,410	126	5.2%	2,410
All Other Controllable Costs	62	0	(62)	1,335	1,576	241	15.3%	1,576
Controllable Income	1	0	(1)	(230)	(237)	(7)	3.0%	(237)
Total Supervision & Management	73	0	(73)	3,389	3,749	360	9.6%	3,749
Total General Management	893	0	(893)	10,067	10,811	745	6.9%	10,811
Rents, Rates and Other Charges								
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All Other Controllable Costs	0	0	(0)	191	139	(52)	-37.1%	139
Total Rents, Rates and Other Charges	0	0	(0)	191	139	(52)	-37.1%	139
Total Rents, Rates and Other Charges	0	0	(0)	191	139	(52)	-37.1%	139
Grand Total	893	0	(893)	10,257	10,950	693	6.3%	10,950

Income								
Dwelling Rent Income - Gross	288	0	(288)	(21,050)	(21,011)	39	-0.2%	(21,011)
Dwelling Rent Void loss	(8)	0	8	566	462	(104)	-22.5%	462
Net Dwelling Rent Income	280	0	(280)	(20,484)	(20,548)	(65)	0.3%	(20,548)
Non-Dwelling Rent	7	0	(7)	(492)	(486)	6	-1.2%	(486)
Non-Dwelling Rent Void Loss	(2)	0	2	126	114	(12)	-10.7%	114
Net Non Dwelling Rent Income	5	0	(5)	(366)	(373)	(6)	1.7%	(373)
Charges for Services & Facilities - Charge	(136)	0	136	(691)	(666)	9	-1.4%	(666)
Charges for Services & Facilities - Void Loss	(1)	0	1	102	96	(6)	-6.5%	96
Net Charges for Services and Facilities	(137)	0	137	(589)	(570)	3	-0.5%	(570)
Total Income	148	0	(148)	(21,439)	(21,491)	(68)	0.3%	(21,491)

Reconciliation to HRA Income and Expenditure Account	£000	Reconciliation to HRA Outturn appendix	£000
General Management (above)	10,565	General Management (above)	10,067
Add Support Service Recharges (costs)	2,932	Add Support Service Recharges (costs)	2,931
Minus Support Service Recharges (income)	(1,183)	Add Corporate and Democratic Core	123
	<u>12,314</u>	Minus Support Service Recharges (income)	(1,183)
			<u>11,938</u>
I& E Supervision and Management	5,733		
I&E Repairs and Maintenance	6,024	Supervision and Management (outturn)	5,220
Rents Rates and Other charges	557	Repairs and Maintenance (outturn)	6,718
Total expenditure on Income and Expenditure Account	12,314		<u>11,938</u>
Controllable Income	(21,439)		
Repairs and Maintenance income	(45)		
Allocation and lettings agency income	(31)		
Supervision and mangement income	(230)		
Grounds Maintenance Income (not included above)	(85)		
Total income on Income and Expenditure account	(21,831)		

Appendix Three

Scheme Details	2019/20				
	Current Budget £	Actual Spend 31/3/20 £	Balance £	Under/ (Overspend) £	Slippage into 2020/21 and £
SUMMARY OF CAPITAL PLAN					
HRA	9,094,500	8,208,381	886,119	19	886,100
<i>Direct Delivery</i>					
PO Z761 Major Adaptations - Fortem	585,000	560,782	24,218	24,218	0
PO Z301 Minor Adaptations	50,000	12,143	37,857	37,857	0
PO Z302 Stairlifts	80,000	71,367	8,633	8,633	0
PO Z762 Major Void Works - Fortem	252,900	130,806	122,094	122,094	0
<u>Compliance</u>					
PO Z434 Asbestos Removal	150,000	345,035	(195,035)	(195,035)	0
PO Z771 Communal Area Improvements - Fortem	150,000	174,142	(24,142)	(24,142)	0
PO Z742 Communal Area Electric	200,000	170,856	29,144	29,144	0
PO Z772 Carbon Monoxide Alarms	90,000	9,922	80,078	80,078	0
PO Z401 Fire Safety	0	474,729	(474,729)	(474,729)	0
PO Z773 Fire Safety Works	100,000	(3,124)	103,124	103,124	0
PO Z774 Cavity/Loft insulation - Fortem	0	(24,497)	24,497	24,497	0
<u>Stock Maximisation</u>					
PO Z375 Garages	10,000	0	10,000	10,000	0
<u>Decent Homes</u>					
PO Z763 Kitchens - Fortem	379,200	239,788	139,412	12	139,400
PO Z764 Bathrooms - Fortem	1,034,000	1,275,603	(241,603)	(241,603)	0
PO Z765 Electrical Upgrades - Fortem	54,000	18,818	35,182	35,182	0
PO Z766 Windows - Fortem	20,000	0	20,000	20,000	0
PO Z767 Central Heating and Boiler Installation - Fortem	460,000	410,450	49,550	49,550	0
PO Z743 Sheltered Housing Improvements inc heating & equipment	140,000	49,960	90,040	90,040	0
PO Z768 Door Replacement - Fortem	534,400	268,886	265,514	20,014	245,500
PO Z769 Re-roofing - Fortem	650,000	538,371	111,629	111,629	0
PO Z770 Major Structural Works - Fortem	250,000	276,329	(26,329)	(26,329)	0
<u>General Capital Works</u>					
PO Z776 Estate and External Works - Fortem	410,000	440,841	(30,841)	(30,841)	0
PO Z857 Housing Capital Technical Costs	312,000	181,587	130,413	130,413	0
PO Z378 Door Entry Systems	300,000	265,092	34,908	34,908	0
AS Z760 Acquisition of Affordable Housing to meet housing need	2,804,800	2,303,642	501,158	(42)	501,200
AS Z788 Barkby Road, Queniborough - acquisition of 27 dwellings	27,100	9,603	17,497	17,497	0
PO Z775 Mobility Scooter Storage - Fortem	30,000	0	30,000	30,000	0
PO Z470 Job Management System	21,100	7,250	13,850	13,850	0
<i>Sub-total Direct Delivery</i>	9,094,500	8,208,381	886,119	19	886,100
HRA - Total	9,094,500	8,208,381	886,119	19	886,100