

SUBJECT: HOUSING REVENUE ACCOUNT FINAL OUTTURN 2016/17

DIRECTORATE: HOUSING AND REGENERATION

REPORT AUTHOR: FRANCES JELLY, HOUSING BUSINESS SUPPORT MANAGER

1. Purpose of Report

- 1.1 To provide Housing Scrutiny Sub Committee with the final financial outturn for 2016/17 on the Housing Revenue Account (HRA) as reported to Executive on 12 June 2017.

2. Background

- 2.1 For 2016/17 the Council's Housing Revenue Account (HRA) net revenue budget was set as a surplus of £83,140, resulting in general balances at the year-end of £1,087,879

3. Financial Performance of the Housing Revenue Account - final outturn

- 3.1 The final financial outturn was actually an overall variance of £610 deficit against the year-end revised budget resulting in an actual surplus of £82,531 giving a year-end balance of £1,086,269. Full details of the main variances are provided in Appendix A while the key variances are summarised below:

- Trading surplus on Housing Repairs Service repatriated to the HRA – additional income of £(205,654) - V
- Charges for Services & Facilities – Reduced Income £129,010 – this is an ongoing budget pressure due to the impact of the withdrawal of supporting people funding and also includes a further £15k loss due to the cancellation of Lifeline connections.
- Reduction in salary costs – reduced spending £(101,780) – E + F (net)
- Net underspend on repairs and maintenance - £(155,835) - D

- 3.2 Social Housing discount rates were raised from 34% to 42% resulting in revaluation of impairments and a capital adjustment of the equivalent amount £45,420m.

- 3.3 In Appendix B, Depreciation (K) shows a revised budget depreciation of £10,818m and then the annual revaluation increased the outturn to £11,070m therefore results in a non-cash capital adjustment £252k and this variance was transferred to the Housing Improvement Plan (HIP).

- 3.4 Attached to this report at:

Appendix A report is a detailed performance of the Housing Revenue Account.

Appendix B report on the HRA variances

Appendix C report on HRA reserves

4. **Strategic Priorities N/A**
5. **Organisational Impacts N/A**
6. **Risk Implications N/A**
7. **Recommendation**

7.1 HSSC is recommended to :

- note the final outturn of the HRA in 2016/17 detailed in paragraph 4
- As the HRA financials are reported and agreed to at the Executive meeting held each June; HSSC is asked to consider if this report is required in the future.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? 3

List of Background Papers: NONE

**Lead Officer: Frances Jelly – Housing Business Support Manager
Telephone (01522) 873229**

HOUSING REVENUE ACCOUNT FUND SUMMARY – OUTTURN 2016/17

HRA OUTTURN – 2016/17				
		Revised Budget £'000	Outturn £'000	Variance £'000
Gross Rental Income	A	(28,657)	(28,652)	5
Charges for Services & Facilities	B	(493)	(361)	129
Contribs towards Expenditure	C	(73)	(60)	16
Repairs & Maintenance	D	8,227	8,072	(155)
Supervision & Management:	E	6,212	6,562	350
S&M IAS19 Pension Adjustment	F	0	(597)	(597)
Rents, Rates and Other Premises	G	28	43	15
Increase in Bad Debt Provisions	H	292	292	-
Contingencies	I	207	-	(207)
Subsidy Limitation Transfer	J	-	-	-
Depreciation	K	10,818	10,434	(384)
Impairments	J	0	(50,762)	(50,762)
Debt Management Expenses	M	42	9	(33)
Net Cost of Service	N	(3,396)	(55,020)	(51,625)
Loan Charges Interest	O	2,352	2,352	-
Investment/Mortgage Interest	P	(57)	(76)	(19)
Net Operating Inc/Exp	Q	(1,101)	(52,744)	(51,643)
Premiums & Discounts	R	-	-	-
Capital Accounting Adjustments	S	0	51,382	51,382
Major Repairs Reserve Adjustment	T	1,097	1,097	-
CMS Repatriation	U			
- Trading Surplus	V	-	(205)	(205)
HRS Fleet Contract Reimbursement	V	-	(89)	(89)
- IAS19 only	W	-	179	179
Pension Reserve	X	-	171	171
Transfers to/from reserves	Y	(79)	127	206
(Surplus)/Deficit in Year	Z	(83)	(82)	1
Balances b/f @ 1st April	AA	(1,005)	(1,005)	-
(Increase)/Decrease in Balances	AB	(83)	(82)	1
Balances c/f @ 31st March	AC	(1,088)	(1,087)	1

Housing Revenue Account Variances – Outturn 2016/17

The variances analysed in the table below exclude any technical adjustments and only cover the true under or over spends. Figures in brackets indicate an under spend of expenditure or additional income.

Ref	£	Reason for variance
<u>Increased Spending</u>		
E	50,000 (50,000)	Required contribution to Control Centre, as per revised Business Plan projections. <i>(One- off – addressed in the revised MTFS)</i>
K	252,140	Increased depreciation, due to the increase in the Social Housing Discount Factor (from 34% to 42% in 2016/17).
<u>Increased income</u>		
V	(205,654)	Trading Surplus realised by HRS during 2016/17 <i>(One-Off)</i>
	(88,690)	HRS Fleet Contract Reimbursement Reimbursement relating to the Fleet contract that HRS operates.
<u>Reduced Income</u>		
B	129,010 (118,000)	Charges for Services & Facilities <i>(addressed on-going in MTFS)</i> Ongoing budget pressure resulting from the impact of the withdrawal of supporting people funding. A larger than budgeted amount of service charge income related to the leaseholders sinking fund for major works. A budget review has been undertaken and has been reflected fully in the MTFS and 30 year HRA business plan. Included here is a loss of £15k on Lifeline income.
<u>Reduced Spending</u>		
E	(101,780) (66,000)	Supervision & Management (General) <i>(One- Off)</i> Vacancies in 2016/17 including Tenancy Services Manager 6 months plus Quality & Performance Officer utilised to cover maternity and not back filled.
E	(77,340) (68,000)	Supervision & Management (Special) <i>(One- Off)</i> Four Supported Housing Officer Vacancies throughout the year.
D	(155,835)	Repairs & Maintenance <i>(One – Off)</i> Savings on Servicing Contracts

HRA EARMARKED RESERVES – OUTTURN 2016/17**HRA**

	Opening Balance 01/04/2016 £'000	Increase £'000	Decrease £'000	Closing Balance 31/03/2017 £'000
Growth Strategy (HRA)	400	0	(250)	150
Strategic Priorities	240	0	0	240
HRA Invest to Save	164	0	0	164
Capital fees equalisation	278	0	(37)	241
HRA Repairs Account	500	8,193	(8,083)	610
HRA Survey Works	51	3	0	54
Stock Retention	22	0	0	22
Municipal House Building	60	0	(60)	0
Contribution to De Wint Court	0	73	0	73
HRS Surplus	0	89	0	89
	1,715	8,358	(8,430)	1,643