

SUBJECT: HOUSING FINANCE

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

LEAD OFFICER: COLLEEN WARREN, FINANCIAL SERVICES MANAGER

1. Purpose of Report

1.1 To present to the Housing Scrutiny Sub Committee the Council's Housing out-turn position for 2020/21.

2. Summary

2.1 This report will provide members with the provisional summary of actual income and expenditure compared to revised budget for the HRA and HRS services and shows how any surpluses have been allocated to reserves.

2.2 The full out-turn report for the Authority will be presented to Executive on the 24 June 2021.

3. Housing Revenue Account

3.1 For 2020/21 the Council's Housing Revenue Account (HRA) net revenue budget was set at (£75,000), resulting in an estimated level of general balances at the year-end of £1,000,141.

3.2 The financial performance quarterly monitoring report for the 3rd quarter predicted an underspend of £772,391. The provisional outturn for 2020/21 now indicates an underspend of £74,512. This would result in HRA balances at 31 March 2020 of £1,074,653.

3.3 The movement from Q3 to provisional outturn position includes:

- the final outturn position in the HRS, which was previously forecasted to be an underspend – movement £526,758,
- interlinked to this is a reduction in the cost of repairs and maintenance following completion of billing process for HRS – movement £779,492,
- the outturn position on rent arrears was improved resulting in a lower contribution being required to the bad debt position – movement £374,460,
- Contribution to the Repairs Reserve (£750k) and the Strategic Priorities Reserve (£550k), as due to Covid19 there were delays in the delivery of schemes in both of these areas, which will be delivered in future years – movement £1,300,000.

3.4 The out-turn summary is set out in the table below:

| HRA PROVISIONAL OUTTURN - 2020/21 | | | | |
|--|----------|---------------------------------|--------------------------|---------------------------|
| | | Revised Budget £'000 | Outturn £'000 | Variance £'000 |
| Gross Rental Income | A | (28,666) | (28,761) | (95) |
| Charges for Services & Facilities | B | (306) | (294) | 11 |
| Contribs towards Expenditure | C | (50) | (194) | (144) |
| Repairs & Maintenance | D | 8,959 | 7,575 | (1,385) |
| Supervision & Management: | E | 6,828 | 7,315 | 487 |
| Rents, Rates and Other Premises | G | 95 | 127 | 32 |
| Increase in Bad Debt Provisions | H | 297 | 279 | (18) |
| Insurance Claims Contingency | I | 106 | 2 | (104) |
| Contingencies | J | 516 | 0 | (516) |
| Depreciation | K | 6,637 | 6,696 | 58 |
| Impairments | L | 0 | 0 | 0 |
| Debt Management Expenses | M | 12 | 5 | 7 |
| HRS Trading Deficit/(Surplus) | N | (136) | 322 | 458 |
| Net Cost of Service | O | (5,707) | (6,928) | (1,221) |
| Loan Charges Interest | P | 2,530 | 2,427 | (104) |
| Investment/Mortgage Interest | Q | (43) | (23) | 20 |
| Net Operating Inc/Exp | R | (3,219) | (4,525) | (1,305) |
| | | | | |
| Capital Accounting Adjustments | S | 0 | 0 | 0 |
| Major Repairs Reserve Adjustment | T | 3,184 | 3,184 | 0 |
| Transfers to/from reserves | U | 111 | 1,254 | 1,143 |
| (Surplus)/Deficit in Year | | 75 | (874) | (162) |
| Pension Reserve | W | 0 | 0 | 0 |
| Balances b/f @ 1st April | X | (1,075) | (988) | 88 |
| (Increase)/Decrease in Balances | Y | 75 | (87) | (162) |
| Balances c/f @ 31st March | Z | (1,000) | (1,075) | (75) |

4. Housing Repairs Service

- 4.1 For 2020/21 the Council's Housing Repairs Service (HRS) net revenue budget was set at zero, reflecting its full cost recovery nature.
- 4.2 The financial performance quarterly monitoring report for the 3rd quarter predicted a £204,670 surplus outturn for 2020/21. The provisional outturn for 2020/21 shows a trading deficit of £322,088. The deficit has been repatriated to the HRA, which is the major service user. This is reflected in the HRA outturn within this report. The movement is as a result of the delay in billing as highlighted at Quarter 3 which made forecasting the outturn position difficult. Now that billing is up to date the full financial impacts of Covid19 have resulted in a loss to HRS.

4.3 The out-turn summary is set out in the table below:

| | Revised Budget £'000 | Outturn £'000 | Variance £'000 |
|--------------------------|---------------------------------|--------------------------|---------------------------|
| Employees | 3,223 | 3,005 | (218) |
| Premises | 44 | 45 | 1 |
| Transport | 367 | 323 | (44) |
| Materials | 1,415 | 721 | (694) |
| Sub-Contractors | 1,916 | 2,302 | 386 |
| Supplies & Services | 214 | 352 | 138 |
| Central Support Costs | 336 | 522 | 186 |
| Capital Charges | 0 | 2 | 2 |
| Total Expenditure | 7,515 | 7,271 | (244) |
| Income | (7,514) | (6,948) | 566 |
| (Surplus)/Deficit | 0 | 322 | 322 |

5. Resource Implications

5.1 The financial implications are contained within the report.

5.2 There are no legal implications arising from this report.

6. Recommendations

6.1 That the Housing Scrutiny Sub Committee review and note the provisional out-turn position for HRA and HRS for 2020/21.

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

Does this report contain appendices? No

List of Background Papers: None

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