

Committee(s)	Dated:
Community and Children's Services Committee	12 July 2019
Subject: Housing Revenue Account - Outturn 2018/19	Public
Report of: The Chamberlain and the Director of Community and Children's Services	For Information
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Summary

- This report compares the outturn for the Housing Revenue Account (HRA) in 2018/19 with the final agreed budget for the year.
 - The total net transfer from reserves for the year was £3.402m, £0.664m lower than the final agreed budget of £4.066m, mainly as a result of a higher than expected service charge income and lower than budgeted transfer to the Major Repairs Reserve. Revenue Reserves ended the year with a balance of £3.768m.
 - The Major Repairs Reserve (MRR) ended the year with a balance of £3.254m, £0.104m lower than budgeted, mainly due to lower than expected transfer from the Revenue Account.

Table A - Summary Comparison of 2018/19 Outturn with Final Agreed Budget			
	Final Agreed Budget	Outturn	Variation Underspend / (Overspend)
	£000	£000	£000
HRA Revenue (see Table B)			
Expenditure	(14,817)	(14,870)	(53)
Income	14,009	14,558	549
Other	100	114	14
Transfer to MRR	(3,358)	(3,204)	154
(Deficit) in year	(4,066)	(3,402)	664
Opening Reserves	4,468	4,468	0
Transfer from Opening MRR Reserves	0	2,702	2,702
Closing Reserves	<u>402</u>	<u>3,768</u>	<u>3,366</u>
Major Repairs Reserve (see Table C)			
Opening reserve	8,515	8,515	0
Transfer to Opening HRA Reserves	0	(2,702)	(2,702)

Net Capital exp in year	(8,515)	(5,763)	2,752
Transfer from Revenue	<u>3,358</u>	<u>3,204</u>	(154)
Closing Reserves	<u>3,358</u>	<u>3,254</u>	(104)

Recommendation(s)

- It is recommended that this outturn report for 2018/19 is noted.

Main Report

Housing Revenue Account

- The HRA is ringfenced by legislation which means that the account is financially self-supporting. Although the "Capital" Account is not ringfenced by law, the respective financial positions of the HRA and the City Fund has meant that capital expenditure is financed without placing a burden on the use of City Fund resources. All HRA related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve and certain capital receipts from sales of HRA assets, with homeowners making their appropriate contributions. In practice, therefore, the capital account is also ringfenced.

HRA Revenue Outturn for 2018/19

- The HRA revenue outturn has a net deficit of £3.402m, £0.664m lower than the expected deficit in the budget, mainly due to higher than expected service charge income and lower than budgeted transfer to the Major Repairs Reserve.

Table B

	Original Budget 2018/19 £000	Final Agreed Budget 2018/19 £000	Revenue Outturn 2018/19 £000	Variation (Underspend) / Overspend 2018/19 £000	Paragraph Number
<u>Expenditure</u>					
Repairs, Maintenance & Improvements					
Breakdown and Emergency Repairs	(1,980)	(1,980)	(3,006)	(1,026)	5
Contract Servicing	(951)	(951)	(731)	220	
Cyclical and Minor Improvements	(550)	(562)	(349)	213	
Supplementary Revenue Projects	0	(2,693)	(2,693)	0	
Technical Services and City Surveyor's					
Costs	(762)	(1,210)	(1,125)	85	
Total Repairs, Maintenance & Improvements	(4,243)	(7,396)	(7,904)	(508)	

Supervision and Management	(5,502)	(4,805)	(4,531)	274	6
Specialised Support Services					
Central Heating	(295)	(271)	(199)	72	
Estate Lighting	(246)	(266)	(217)	49	
Caretaking and Cleaning	(1,522)	(1,550)	(1,527)	23	
Community Facilities	(64)	(134)	(153)	(19)	
Welfare Services	(185)	(152)	(139)	13	
Garden Maintenance	(237)	(243)	(201)	42	
Total Expenditure	(12,294)	(14,817)	(14,870)	(53)	
Income					
Rent					
Dwellings	10,581	10,540	10,414	(126)	
Car Parking	526	493	469	(24)	
Baggage Stores	129	128	129	1	
Commercial	1,254	1,240	1,350	110	
Community Facilities	91	97	102	5	
Service Charges	2,359	1,479	2,059	580	7
Other	32	32	35	3	
Total Income	14,972	14,009	14,558	549	
Interest Receivable	100	100	114	14	
Net Operating Income	2,778	(708)	(198)	510	
Transfer to Major Repairs Reserve	(6,000)	(3,358)	(3,204)	154	
	(3,222)	(4,066)	(3,402)	664	
Opening Reserves	5,295	4,468	4,468	0	
Transfer to MRR	0	0	2,702	2,702	
Closing Reserves	2,072	402	3,768	3,366	

- Repairs, Maintenance and Improvements costs were overspent by £1,026k. Increased expenditure was due to increased demand for breakdown and emergency repairs including fire safety work.
- A reduced amount of expenditure in Supervision and Management, due to reduction in employees cost in 2018-19 compared to 2017-18 due to vacant posts.
- Service Charge income has a favourable variance by £580k compared to the latest budget profiled, this is mainly due to higher than expected supplementary revenue projects, being carried out in the year, which resulted in higher amounts recoverable.

8. Comparison of 2018/19 Major Repairs Reserves Outturn with Final Budget as set out in Table C below.

Table C

Table C	Final Budget £000	Revenue Outturn £000	Variation (Underspend)/ Overspend £000	Notes
HRA Reserves				
Major Repairs Reserve				
Balance Brought Forward	(8,515)	(8,515)	0	
Transfer to Opening Reserves	0	2,702	2,702	
Transfer from HRA	(3,358)	(3,204)	154	Table B
Capital Expenditure	27,302	10,855	(16,447)	Annex B
Section 106 funding	(4,876)	(2,429)	2,447	
Capital Receipts applied	(3,238)	(1,000)	2,238	
Community Infrastructure Levy	(225)	(226)	(1)	
GLA Grant		(270)	(270)	
Reimbursements from Homeowners	(2,949)	(1,167)	1,782	
City Fund Loan	(7,499)	0	7,499	
Major Repairs Reserve Balance Carried Forward	(3,358)	(3,254)	104	

9. The net underspend of £0.104m in the balance on the Major Repairs Reserve was mainly due to a reduced level of funds transferred from the Revenue Account. There has been a significant slippage in capital expenditure, as detailed in Annex B, which was offset by the city fund loan not being taken up.

10. Members note the reasons for the underspend set out in the report above.

Appendices

- Annex A - Movement from the 2018/19 Original Budget to the 2018/19 Final Approved Budget.
- Annex B - CAPITAL PROJECTS

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Annex A

HRA – Comparison of 2018/19 Original Budget
With Latest Agreed Budget

	£'000
Original Budget	0
Decrease in Customer, Client Receipts	(817)
Increase in Other Grants, Reimbursements and Contributions	708
Increase in Employees	(560)
Increase in Premises	(2,833)
Decrease in Recharges across and within Funds	404
Increase in Supplies and Services	(302)
Increase in Support Services	(77)
Increase in Transfer Payments	(13)
Decrease in Transfer to Reserve	3,486
Decrease in Transport	4
Latest Approved Budget	0

	CAPITAL PROJECTS	Forecast Budget 2018/19 £000	Actual 2018/19 £000	Variance Overspend/ (Underspend) £000	Comments on main variations
	Avondale Square Estate				
29100080	Avondale Square George Ellison & Eric Wilkins New Flats	615	13	(602)	Tenders received, costs considerably greater than estimate. Report to next Committee to determine whether to proceed with contract.
29100081	Avondale Square George Ellison & Eric Wilkins House Roofs & Windows	0	5	5	
29100042	Avondale Square Estate - Redevelopment of the Community Centre	155	19	(136)	
29100036	Avondale Square Decent Homes Upgrade Works	511	33	(478)	Final account to be agreed. Refusals are to be taken into account, but we have returned to some properties and this figure may change.
29100083	Avondale Square Estate - Decent Homes Works (CAP)	641	391	(250)	Final account to be agreed. Refusals are to be taken into account, but we have returned to some properties and this figure may change.
29100070	Avondale Square Estate Window Overhaul (Cap)	137	4	(133)	Works late to site due to section 20/ tender issues.
		2,059	466	(1,593)	
	Dron House				
29100091	L5-Dron House Decent Homes	22	166	144	Final account to be agreed. Refusals are to be taken into account, but we have returned to some properties and this figure may change.
29100090	L5-Dron House Door Entry System	12	0	(12)	
29100105	L5-Dron House Windows Replacement	23	8	(15)	
		57	174	117	
	Golden Lane Estate				
29100049	Lift Refurbishment - Golden Lane Estate	366	214	(152)	Combination of works delayed and under budget.
29100086	Golden Lane Community Centre	1,037	362	(675)	Practical Completion certified in 2018, DLP due up this Summer 2019 and release of retention.
29100093	Golden Lane Decent Homes	593	420	(173)	Final account to be agreed. Refusals are to be taken into account, but we have returned to some properties and this figure may change.
29100032	Golden Lane Estate Refurbishment Works to Door Entry Systems	0	1	1	
29100102	Golden Lane Estate Windows Replacement Programme	112	1	(111)	Design Team being tendered in June - working to revised programme.
29100085	Great Arthur House New Flats	12	21	9	
29100010	Golden Lane Gt Arthur Windows & Cladding	1,759	2,477	718	
29100050	Heating & Hot Water Systems Golden Lane Estate (CAP)	174	199	25	Contract still under budget and works held up by another project.
		4,053	3,695	(358)	
	Holloway Estate				
29100033	Electrical Rewiring	405	386	(19)	Final account being agreed.
29100038	Decent Homes Upgrade Works	0	3	3	
29100047	Refurbishment Works to Door Entry Systems	0	1	1	
29100103	Windows Replacement	43	1	(42)	Design team appointed and awaiting first valuation.

		448	390	(58)	
	Isleden House				
29100079	Isleden House provision of Additional Social Housing	838	22	(816)	Tenders being invited this summer with a view to start on site in January 2020.
		838	22	(816)	
	Middlesex Street Estate				
29800075	Middlesex St Conversion of 9 Shops	741	1,438	697	
29800060	Middlesex St Refurbishment Works	500	23	(477)	Should be part of the above project.
29800112	Fire Safety Doors - Petticoat Tower	789	27	(762)	Works late to site after contract issues.
29800073	Petticoat Tower Stairwell Panels	4	15	11	Works procured, awaiting start date.
	Non-Emergency Electrical Works - Phase 1	0	366	366	Works being completed.
		2,034	1,871	(163)	
	Richard Cloudesley Site				
29800004	L5-Richard Cloudesley Housing	1,019	18	(1,001)	See below comment
29100098	Richard Cloudesley Residential Design	0	1,553	1,553	This and the code above should be one in the same project. City of London Primary Academy Islington on site.
		1,019	1,571	552	
	Southwark Estate				
29800115	L5-Sumner Buildings Proposals	52	0	(52)	Works delayed for further consultation.
29100020	Pakeman Door Entry	30	0	(30)	Works delayed for further consultation.
29100058	Refurbishment of Lifts	0	1	1	
29100104	Windows Replacement	81	1	(80)	Design team appointed and awaiting first valuation.
29100094	Decent Homes Southwark	1,205	859	(346)	Final account to be agreed. Refusals are to be taken into account, but we have returned to some properties and this figure may change.
		1,368	860	(508)	
	Sydenham Hill				
29100067	Sydenham Hill Provision of Social Housing	1,520	610	(910)	Project design proceeding with a view to submitting the Planning Application in September 2019.
29100095	Sydenham Hill Decent Homes	164	73	(91)	Final account to be agreed. Refusals are to be taken into account, but we have returned to some properties and this figure may change.
29100106	Sydenham Hill Windows Replacement Programme	11	0	(11)	Design team appointed and awaiting first valuation.
		1,695	683	(1,012)	
	William Blake Estate				
29800098	L5-William Blake/Dron Hse Door Entry System	1	0	(1)	
29100059	Refurbishment of Lifts	0	6	6	
29100107	L5-William Blake Windows Replacement	27	0	(27)	Design team appointed and awaiting first valuation.
29100088	William Blake CCTV	202	0	(202)	Works reprogrammed.
29100037	William Blake Decent Homes Upgrade Works	0	3	3	

29100121	Blake House Renew Roof Coverings	0	110	110	
		230	119	(111)	
	Windsor House				
29100097	Windsor House Decent Homes	458	366	(92)	Design team appointed and awaiting first valuation.
29100108	Windsor House Windows Replacement Programme	22	0	(22)	
		480	366	(114)	
	York Way Estate				
29100048	York Way Estate Refurbishment Works to Door Entry Systems	0	1	1	
29100092	York Way Decent Homes	194	191	(3)	
		194	192	(2)	
	Decent Homes (various estates)				
29800063	Decent Homes Various Estates	20	33	13	
29100100	Roof Replacements	2,000	0	(2,000)	Final account to be agreed.
29100051	Decent Homes Works Programme Call Backs 2017-2020	215	412	197	Works split into estates see 29100121.
29100101	Fire Door Replacements - Various Estates	4,000	0	(4,000)	Gateway 1-4 next.
29100125	Installation of Sprinklers in Social Housing Tower Blocks	40	0	(40)	Procurement of Design Consultant underway.
29100099	Islington Arts Factory	3,300	0	(3,300)	Project on hold, not likely to proceed.
29100120	Rewire Landlord Electricity Supply	650	0	(650)	Currently being tendered.
29100061	York way & Middx St Heat & Hot Water	2,600	0	(2,600)	
29100027	Horace Jones House	2	0	(2)	
		12,827	445	(12,382)	
	Total 2018/19	27,302	10,855	(16,447)	