

Committees:	Dates:
Housing Management & Almshouses Sub Committee	10 July 2014
Community and Children's Services Committee	11 July 2014
Subject:	Public
HRA - Outturn 2013/14	
Report of:	For Information
The Chamberlain and the Director of Community and Children's Services	

Summary

1. This report compares the outturn for the Housing Revenue Account (HRA) in 2013/14 with the final agreed budget for the year. Overall the total net transfer to reserves for the year was £0.910m, whereas the final agreed budget assumed £0.541m, representing a reduced requirement of £0.369m. This is summarised in table A below:-

	Final Agreed Budget £000	Outturn £000	Variations (Underspend) / Overspend £000
HRA Revenue (see Table B)			
Expenditure	10,881	10,961	80
Income	(14,089)	(14,575)	(486)
Other	<u>2,667</u>	<u>2,704</u>	<u>37</u>
(Surplus) for year	(541)	(910)	(369)
Opening Reserves	<u>(6,004)</u>	<u>(6,004)</u>	-
Closing Reserves	<u>(6,545)</u>	<u>(6,914)</u>	<u>(369)</u>
Major Repairs Reserve (see Table C)			
Opening reserve	(2,823)	(2,823)	-
Movement in year	<u>(1,857)</u>	<u>(2,040)</u>	<u>(183)</u>
Closing Reserves	<u>(4,680)</u>	<u>(4,863)</u>	<u>(183)</u>

The main reason for the reduced requirement on revenue was better than expected performance on rent collection.

The £0.183m reduction in the requirement from the Major Repairs Reserve is mainly attributable to the re-phasing of capital projects.

Recommendation

2. It is recommended that this outturn report for 2013/14 is noted.

Main Report

Housing Revenue Account

3. 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.

Budget for 2013/14

4. The 2013/14 latest approved budget for the HRA was agreed by the Community and Children's Services Committee in November 2012 and endorsed by the Court of Common Council in March 2013. The budget expected a net revenue surplus of £0.541m to be transferred to the General HRA Reserve.
5. There were no subsequent changes to the overall level of the budget.

HRA Revenue Outturn for 2013/14

6. The HRA revenue outturn was a net revenue surplus of £0.910m, £0.369m higher than expected in the budget. Comparison of 2013/14 Outturn with Latest Revenue Budget – Table B below. Income and underspend are indicated by brackets.

<u>Table B</u>	Latest Budget	Revenue	Variation	Paragraph
	£000	Outturn	(Underspend)/ Overspend	number
	£000	£000	£000	
<u>Expenditure</u>				
Repairs, Maintenance & Improvement				
Breakdown and Emergency Repairs	1,920	1,958	38	
Contract Servicing	888	945	57	
Cyclical and Minor Improvements	2,172	2,187	15	
Technical Services and City Surveyor's Costs	804	676	(128)	
Total Repairs, Maintenance & Improvement	5,784	5,766	(18)	8
Supervision and Management	2,958	2,965	7	
Specialised Support Services				
Central Heating	304	384	80	9
Estate Lighting	238	237	(1)	
Caretaking and Cleaning	1,161	1,188	27	
Community Facilities	107	118	11	
Welfare Services	122	104	(18)	
Garden Maintenance	207	199	(8)	
Total Expenditure	10,881	10,961	80	
<u>Income</u>				
Rent				
Dwellings	(10,142)	(10,551)	(409)	7
Car Parking	(508)	(487)	21	
Baggage Stores	(113)	(105)	8	
Commercial	(1,085)	(1,173)	(88)	7
Charges for Services and Facilities				
Community Facilities	(36)	(60)	(24)	
Service Charges	(2,157)	(2,053)	104	10
Other	(48)	(146)	(98)	11
Total Income	(14,089)	(14,575)	(486)	
Loan Charges - Interest	170	194	24	
Interest Receivable	(118)	(104)	14	
Net Operating Income	(3,156)	(3,524)	(368)	
Loan Charges - Principal	298	297	(1)	
Transfer to Major Repairs Reserve	2,317	2,317	0	12
Surplus for year transferred to General Reserve	(541)	(910)	(369)	
Opening Reserves	(6,004)	(6,004)	0	
Closing Reserves	(6,545)	(6,914)	(369)	

7. The main reasons for the reduced requirement of £0.369m from the general reserve relate mainly to improved rent collection from residential and commercial properties. This was due to a management initiative to tackle rent arrears.
8. Repairs and Maintenance was close to budget overall. Savings in staffing costs were due to a longer than anticipated recruitment process which resulted in a delay in filling several vacant posts. This was offset by increased spending on other repairs and maintenance expenditure.
9. There was an overspend of £80k on heating which was mostly due to increased spending on gas at Middlesex Street and a number of other smaller variances.
10. Income from service charges was less than expected as the balance between recoverable and unrecoverable costs did not reflect the assumptions made in the budget.
11. The favourable variance on Other income is due to an unbudgeted grant payment and repairs costs recouped from tenants.
12. Comparison of 2013/14 Major Repairs Reserves Outturn with Agreed Budget is set out in Table C below.

Table C	Latest Budget	Revenue Outturn	Variation (Underspend)/Overspend	Notes
	£000	£000	£000	
HRA Reserves				
Major Repairs Reserve				
Balance Brought Forward	(2,823)	(2,823)	0	
Transfer from HRA	(2,317)	(2,317)	0	Table B
Capital Expenditure	2,843	2,513	(330)	Annex A
Section 106 funding	(2,179)	(2,152)	27	
Reimbursements from Homeowners	(204)	(84)	120	
Major Repairs Reserve Balance				
Carried Forward	(4,680)	(4,863)	(183)	

13. The net reduction of £0.183m in the funding required from the Major Repairs Reserve was mainly attributable to the re-phasing of capital projects of £0.330m, details of which are set out in Annex A, partially offset by a reduction in contributions from homeowners and S106 monies.
14. Members note the reasons for the underspend set out in the report above.

Dr P Kane

Ade Adetosoye

Chamberlain

Director of Community & Children's Services

Contact officers:

Community & Children's Services: Edwin Stevens, Director of Housing Services

0207 332 3015 edwin.stevens@cityoflondon.gov.uk

Chamberlain's: Mark Jarvis, Head of Finance

0207 332 1221 mark.jarvis@cityoflondon.gov.uk

Annex A

CAPITAL PROJECTS Responsible officer is the Director of Community and Children's Services	Final Agreed Budget 2013/14 £000	Actual 2013/14 £000	Variance Overspend/ (Underspend) £000	Comments on variations exceeding £50,000
Avondale Square Lift Refurbishment	93	72	(21)	Expenditure deferred due to design changes
Avondale Square Estate - George Elliston & Eric Wilkins Houses - New Flats, Roofs & Windows	62	112	50	
Avondale Square Estate - Redevelopment of the Community Centre	400	23	(377)	
	555	207	(348)	
Golden Lane Gt Arthur Windows & Cladding	174	169	(5)	
	174	169	(5)	
Affordable Housing Infill on Holloway Estate		3	3	
	0	3	3	
Isleden House Kitchen Conversion		(4)	(4)	
	0	(4)	(4)	
Middlesex Street New Affordable Housing Units	1,066	975	(91)	Delay due to unforeseen problems in connecting existing heating and hot water systems
	1,066	975	(91)	
Door Entry Sumner Buildings	80	8	(72)	Lead in period longer than anticipated
Door Entry Pakeman House	132	10	(122)	Lead in period longer than anticipated
	212	18	(194)	
Bridge Master's Car Park	713	1,043	330	Mirrors payments made to developer under the development agreement
	713	1,043	330	
Decent Homes Kitchen/Bathroom Contingency	28	21	(7)	
Decent Homes CHIP 2	49	37	(12)	
Decent Homes: Kitchen & Bathroom Contingency	46	44	(2)	
	123	102	(21)	
Total 2013/14	2,843	2,513	(330)	