

<b>Committee(s):</b>	<b>Date(s):</b>
Community and Children's Services Committee	10 July 2015
Housing Management & Almshouses Sub Committee	14 July 2015
<b>Subject:</b>	<b>Public</b>
Housing Revenue Account - Outturn 2014/15	
<b>Report of:</b>	<b>For Information</b>
The Chamberlain and the Director of Community and Children's Services	

### Summary

- This report compares the outturn for the Housing Revenue Account (HRA) in 2014/15 with the final agreed budget for the year.
  - The total net transfer to reserves for the year was £0.801m, whereas the final agreed budget assumed £0.723m, representing a reduced requirement of £0.078m. Revenue Reserves ended the year at £7.715m.
  - The Major Repairs Reserve ended the year with a balance of £7.048m, £3.244m higher than budgeted, mainly due to slippages on the Avondale redevelopment capital project.

	<b>Final Agreed Budget</b>	<b>Outturn</b>	<b>Variation (Underspend) / Overspend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>HRA Revenue</b> (see Table B)			
Expenditure	10,484	11,094	610
Income	(14,248)	(14,867)	(619)
Other movements	<u>3,041</u>	<u>2,972</u>	<u>(69)</u>
(Surplus) for year	(723)	(801)	(78)
Opening Reserves	<u>(6,545)</u>	<u>(6,914)</u>	<u>(369)</u>
Closing Reserves	<u><b>(7,268)</b></u>	<u><b>(7,715)</b></u>	<u><b>(447)</b></u>
<b>Major Repairs Reserve</b> (see Table C)			
Opening reserve	(4,680)	(4,863)	(183)
Movement in year	<u>876</u>	<u>(2,185)</u>	<u>(3,061)</u>
Closing Reserves	<u><b>(3,804)</b></u>	<u><b>(7,048)</b></u>	<u><b>(3,244)</b></u>

### **Recommendation**

- It is recommended that this outturn report for 2014/15 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 2014/15**

4. The 2014/15 latest approved budget for the HRA was agreed by the Community and Children's Services Committee in Dec 2013 and endorsed by the Court of Common Council in March 2014. The budget expected a net revenue surplus of £0.723m to be transferred to the General HRA Reserve.

### **HRA Revenue Outturn for 2014/15**

5. The HRA revenue outturn was a net revenue surplus of £0.801m, £0.078m higher than expected in the budget. Comparison of 2014/15 Outturn with Latest Revenue Budget – Table B below. Income and underspend are indicated by brackets.

<b>Table B</b>	<b>Latest Budget 2014/15 £000</b>	<b>Revenue Outturn 2014/15 £000</b>	<b>Variation (Underspend) / Overspend 2014/15 £000</b>	<b>Paragraph Number</b>
<b><u>Expenditure</u></b>				
Repairs, Maintenance & Improvements				
Breakdown and Emergency Repairs	1,982	2,540	558	
Contract Servicing	832	753	(79)	
Cyclical and Minor Improvements	1,331	702	(629)	
Technical Services and City Surveyor's Costs	703	760	57	
Total Repairs, Maintenance & Improvements	4,848	4,755	(93)	7
Supervision and Management	3,510	4,163	653	8
Specialised Support Services				
Central Heating	312	307	(5)	
Estate Lighting	243	272	29	
Caretaking and Cleaning	1,170	1,219	49	
Community Facilities	80	89	9	
Welfare Services	128	102	(26)	
Garden Maintenance	193	187	(6)	
<b><u>Total Expenditure</u></b>	<b>10,484</b>	<b>11,094</b>	<b>610</b>	
<b><u>Income</u></b>				
Rent				
Dwellings	(9,874)	(10,439)	(565)	6
Car Parking	(489)	(492)	(3)	
Baggage Stores	(113)	(123)	(10)	
Commercial	(1,173)	(1,195)	(22)	
Charges for Services & Facilities				
Community Facilities	(106)	(66)	40	
Service Charges	(2,487)	(2,521)	(34)	
Other	(6)	(31)	(25)	
<b><u>Total Income</u></b>	<b>(14,248)</b>	<b>(14,867)</b>	<b>(619)</b>	
Loan Charges – Interest	170	127	(43)	
Interest Receivable	(100)	(117)	(17)	
Net Operating Income	(3,694)	(3,764)	(70)	
Loan Charges – Principal	300	291	(9)	
Transfer to Major Repairs Reserve	2,671	2,671	0	
Surplus for Year transferred to General Reserve	(723)	(801)	(78)	
Opening Reserves	(6,545)	(6,914)	(369)	
Closing Reserves	(7,268)	(7,715)	(447)	

6. The main reason for the favourable variance on income was improved rent collection from residential and commercial properties following the implementation of a management initiative to tackle rent arrears.
7. Repairs, Maintenance and Improvements costs were just under budget overall. Increased expenditure on breakdown and emergency repairs was offset by underspending on cyclical and minor works expenditure and contract servicing.
8. Supervision and Management expenditure exceeded budget by £653k. This was mainly due to a combination of additional expenditure on professional fees of £119k, much lower than expected capitalisation of revenue salaries of £308k due to the significant slippage in the capital programme and an increase in the provision for bad debts.
9. Comparison of 2014/15 Major Repairs Reserves Outturn with Agreed Budget is set out in Table C below.

<b>Table C</b>	Latest Budget	Revenue Outturn	Variation (Underspend)/ Overspend	Notes
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Major Repairs Reserve</b>				
Balance Brought Forward	(4,680)	(4,863)	(183)	
Transfer from HRA	(2,671)	(2,671)	0	Table B
Capital Expenditure	7,489	4,522	(2,967)	Annex A
Section 106 funding	(3,535)	(3,816)	(281)	
Reimbursements from Homeowners	(407)	(220)	187	
<b>Major Repairs Reserve Balance Carried Forward</b>	<b>(3,804)</b>	<b>(7,048)</b>	<b>(3,244)</b>	

10. The net increase of £3,244m in the balance on the Major Repairs Reserve was mainly attributable to slippage on capital projects of £2,967k, details of which are set out in Annex A, together with an increase in Section 106 funding, partially offset by a reduction in contributions from homeowners.

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

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	<b>CAPITAL PROJECTS</b> Responsible officer is the Director of Community and Children's Services	Final Agreed Budget 2014/15 £000	Actual 2014/15 £000	Variance Overspend/ (Underspend) £000	Comments on variations exceeding £100,000
29100034	Avondale Square Estate	72	27	(45)	Cost issues arising at tendering stage caused delays
29100042	George Elliston & Eric Wilkins Houses - New Flats, Roofs & Windows Redevelopment of the Community Centre	2,149	545	(1,604)	
		2,221	572	(1,649)	
29100010	Golden Lane Estate	708	424	(284)	Delay in obtaining necessary permissions
29100032	Great Arthur House Windows & Cladding Door Entry	70	0	(70)	
29100049	Refurbishment of Lifts	73	58	(15)	
		851	482	(369)	
29100021	Holloway Estate	0	(5)	(5)	Programming delays
29100033	Affordable Housing Infill Electrical Rewiring	120	30	(90)	
		120	25	(95)	
29100039	Middlesex Street Estate New Affordable Housing Units	88	5	(83)	Residual costs of Banksman service outstanding
		88	5	(83)	
29100020	Southwark Estate	59	0	(59)	Programming delays
29100046	Pakeman Door Entry Stopher Door Entry	78	0	(78)	
29100019	Summer Door Entry	104	0	(104)	Residual costs of Banksman service outstanding
29100058	Refurbishment of Lifts	0	12	12	
29100027	Horace Jones House	3,463	3,244	(219)	
		3,704	3,256	(448)	
29100059	William Blake Estate Refurbishment of Lifts	0	7	7	
		0	7	7	
29100024/30	Decent Homes (various estates)	9	(20)	(29)	Programming delays
29100029	Kitchens and Bathrooms	26	15	(11)	
29100044	Central Heating	320	117	(203)	Programming delays
29100051	Boiler Replacement Callbacks	150	63	(87)	
		505	175	(330)	
	<b>Total 2014/15</b>	<b>7,489</b>	<b>4,522</b>	<b>(2,967)</b>	