

<b>Committee(s):</b>	<b>Date(s):</b>
Housing Sub	2 July 2012
Community and Children's Services	12 July 2012
<b>Subject:</b> HRA - Outturn 2011/12	<b>Public</b>
<b>Report of:</b> The Chamberlain and the Director of Community and Children's Services	<b>For Information</b>

### Summary

1. This report compares the outturn for the Housing Revenue Account (HRA) in 2011/12 with the final agreed budget for the year. Overall the total net transfer from reserves for the year was £9.500M, whereas the final agreed budget assumed £11.167M, representing a reduced requirement of £1.667M. This is summarised in the table A below:-

<b>Summary Comparison of 2011/12 Outturn with Final Agreed Budget</b>			
	<b>Final Agreed Budget £000</b>	<b>Outturn £000</b>	<b>Variations (Underspend)/ Overspend £000</b>
HRA Revenue Deficit/(Surplus) for year	448	(77)	(525)
Use of Major Repairs Reserve	10,719	9,577	(1,142)
<b>Net transfers from reserves</b>	<b>11,167</b>	<b>9,500</b>	<b>(1,667)</b>

The main reasons for the reduced requirement on revenue were lower than expected expenditure on cyclical repairs and maintenance.

The reduction in the requirement from the Major Repairs Reserve is mainly attributable to slippage on capital projects.

### **Recommendation**

2. It is recommended that this outturn report for 2011/12 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 2011/12**

4. The 2011/12 latest approved budget for the HRA was agreed by the Community and Children's Services Committee in November 2011 and endorsed by the Court of Common Council in March 2012. The budget expected a net revenue deficit of £0.448m to be funded by a transfer from the General Reserve.
5. For the Major Repairs Reserve (capital) the budget amounted to a net decrease in reserves of £10.719m mainly as a result of a one off Housing Subsidy Buy Out payment estimated to be £11.169M.
6. There were no subsequent changes to the overall level of the budget.

### **HRA Revenue Outturn for 2010/11**

7. The HRA revenue outturn was a net revenue surplus of £0.077m, £0.525m better than expected in the budget.

8. Comparison of 2011/12 Outturn with Latest Revenue Budget – Table B below. Income and underspend are indicated by brackets.

	Latest Budget	Revenue Outturn	Variation (Underspend)/Overspend	Notes
	£000	£000	£000	
<b>Local Risk</b>				
<b>Expenditure</b>				
Repairs, Maintenance & Improvements				
Breakdown and Emergency Repairs	1,848	1,874	26	
Contract Servicing	614	577	(37)	
Cyclical and Minor Improvements	1,010	619	(391)	
Technical Services and City Surveyor's Costs	747	756	9	
<b>Total Repairs, Maintenance &amp; Improvements</b>	<b>4,219</b>	<b>3,826</b>	<b>(393)</b>	Annex A
Supervision and Management	3,672	3,710	38	
Specialised Support Services				
Central Heating	505	498	(7)	
Estate Lighting	246	226	(20)	
Caretaking and Cleaning	1,321	1,302	(19)	
Community Facilities	108	115	7	
Welfare Services	96	86	(10)	
Garden Maintenance	145	171	26	
Tenants Grants & Compensation	14	30	16	
HRA Subsidy payable	482	465	(17)	
<b>Total Expenditure</b>	<b>10,808</b>	<b>10,429</b>	<b>(379)</b>	
<b>Income</b>				
Rent				
Dwellings	(8,120)	(8,168)	(48)	
Car Parking	(508)	(493)	15	
Baggage Stores	(105)	(109)	(4)	
Commercial	(1,049)	(1,089)	(40)	
Charges for Services & Facilities				
Community Facilities	(85)	(94)	(9)	
Service Charges	(2,457)	(2,477)	(20)	
Other	(96)	(127)	(31)	
<b>Total Income</b>	<b>(12,420)</b>	<b>(12,557)</b>	<b>(137)</b>	
Loan Charges – Interest	113	113	0	
Interest Receivable	(307)	(318)	(11)	
<b>Net Operating Income</b>	<b>(1,806)</b>	<b>(2,333)</b>	<b>(527)</b>	
Loan Charges – Principal	227	227	0	
Transfer to Major Repairs Reserve	2,027	2,029	2	Table C
<b>Deficit/(Surplus) for Year transferred to General Reserve</b>	<b>448</b>	<b>(77)</b>	<b>(525)</b>	
<b>Opening Reserves</b>	<b>(4,396)</b>	<b>(4,396)</b>	<b>0</b>	
<b>Closing Reserves</b>	<b>(3,948)</b>	<b>(4,473)</b>	<b>(525)</b>	

9. The main reasons for the reduced requirement of £0.525m from the general reserve relate to the £393k lower expenditure on repairs and maintenance, the detailed reasons for which are set out in Annex A.

10. Comparison of 2011/12 Major Repairs Reserves Outturn with Agreed Budget – Table C below.

	Latest Budget	Revenue Outturn	Variation (Underspend)/ Overspend	Notes
	£000	£000	£000	
<b>HRA Reserves</b>				
<b>Major Repairs Reserve</b>				
Balance Brought Forward	(11,414)	(11,414)	0	
Transfer from HRA	(2,027)	(2,029)	(2)	Table B
Capital Expenditure	2,972	1,998	(974)	Annex B
Section 106 and Internal Borrowing	(1,635)	(1,649)	(14)	
Reimbursements from Homeowners	340	384	44	
Capital Receipts	(100)	(63)	37	
Housing subsidy Buy Out	11,169	10,912	(257)	(Para 11)
<b>Major Repairs Reserve Balance</b>				
<b>Carried Forward</b>	<b>(695)</b>	<b>(1,861)</b>	<b>(1,166)</b>	

11. The net reduction of £1.166m in the expenditure requirement from the Major Repairs Reserve is mainly attributable to slippage on capital projects of £974k, details of which are set out in Annex B. Furthermore the one-off amount paid to the Government to buy the City out of the annual Housing Subsidy system was £257k lower than anticipated.

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

**Chris Bilsland**

**Joy Hollister**

**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](mailto:edwin.stevens@cityoflondon.gov.uk)

Chamberlain's: Mark Jarvis, Head of Finance

0207 332 1221 [mark.jarvis@cityoflondon.gov.uk](mailto:mark.jarvis@cityoflondon.gov.uk)