

Committee(s): Community and Children's Services	Dated: 9 July 2021
Subject: Housing Revenue Account - Outturn 2020/21	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1,2,3,4,12.
Does this proposal require extra revenue and/or capital spending?	N
Report of: The Chamberlain and the Director of Community and Children's	For Information
Report author: Goshe Munir, Senior Accountant, Chamberlain's Department	

Summary

1. This report compares the outturn for the Housing Revenue Account (HRA) in 2020/21 with the final agreed budget for the year.
 - The total net transfer from reserves for the year was £0.037m, £0.514m lower than the final agreed budget of £0.551m, mainly as a result of lower than expected supervision and management costs partly offset by lower service charge income than budgeted. As a result, Revenue Reserves ended the year with a balance of £0.177m.
 - The Major Repairs Reserve (MRR) ended the year with a balance of £2.036m, £1.757m higher than budgeted, mainly due to lower than expected net capital expenditure due to slippage in projects.

Table A - Summary Comparison of 2020/21 Outturn with Final Agreed Budget			
	Final Agreed Budget	Outturn	Variation Underspend / (Overspend)
	£000	£000	£000
HRA Revenue (see Table B)			
Expenditure	(11,524)	(11,725)	(201)
Income	15,103	14,828	(275)
Other	52	6	(46)
Transfer to MRR	(3,080)	(3,072)	8
Surplus in year	551	37	(514)
Opening Reserves	140	140	0
Closing Reserves	<u>691</u>	<u>177</u>	<u>(514)</u>
Major Repairs Reserve (see Table C)			
Opening reserve	3,417	3,417	0
Net Capital exp in year	(6,219)	(4,454)	1,765
Transfer from Revenue	<u>3,080</u>	<u>3,072</u>	<u>(8)</u>
Closing Reserves	278	2,036	1,757

Recommendation(s)

2. It is recommended that this outturn report for 2020/21 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.

HRA Revenue Outturn for 2020/21

4. The HRA revenue outturn has a net surplus of £0.37m, £0.514m lower than the expected surplus in the budget. This was mainly due to £201k higher than expected expenditure and £275k lower than expected income as set out in Table B below.

Table B

Table B	Original Budget 2020/21 £000	Final Agreed Budget 2020/21 £000	Revenue Outturn 2020/21 £000	Variation (Underspend) / Overspend 2020/21 £000	Paragraph Number
<u>Expenditure</u>					
Repairs, Maintenance & Improvements					
Breakdown and Emergency Repairs	(2,017)	(1,390)	(1,957)	(567)	5
Contract Servicing	(924)	(1,082)	(837)	245	5
Cyclical and Minor Improvements	(512)	(504)	(480)	24	5
Supplementary Revenue	(816)	398	400	2	
Technical Services and City Surveyor's Costs	(1,181)	(1,262)	(1,539)	(277)	6
Total Repairs, Maintenance & Improvements	(5,450)	(3,840)	(4,414)	(574)	
Supervision and Management	(5,086)	(4,975)	(4,829)	146	7
Specialised Support Services					
Central Heating	(262)	(277)	(203)	74	8
Estate Lighting	(253)	(274)	(325)	(51)	9
Caretaking and Cleaning	(1,712)	(1,700)	(1,589)	111	10
Community Facilities	(189)	(191)	(169)	22	
Welfare Services	(42)	(45)	(12)	33	
Garden Maintenance	(243)	(222)	(184)	38	
Total Expenditure	(13,237)	(11,524)	(11,725)	(201)	
<u>Income</u>					
Rent					
Dwellings	10,705	10,265	10,535	270	11
Car Parking	658	634	517	(117)	12
Baggage Stores	130	126	122	(4)	
Commercial	1,609	1,291	1,192	(99)	13
Community Facilities	112	60	38	(22)	
Service Charges	1,998	2,272	1,965	(307)	14
Other	37	455	460	5	
Total Income	15,249	15,103	14,828	(275)	
Interest Receivable	0	52	6	(46)	
Net Operating Income	2,012	3,631	3,109	(522)	
Transfer to Major Repairs Reserve	(2,878)	(3,080)	(3,072)	8	
	(866)	551	37	(514)	
Opening Reserves	1,978	140	140	0	
Closing Reserves	1,112	691	177	(514)	

5. Repairs, Maintenance and Improvements costs were overspent by £574k. The increased expenditure was driven by increased demand for breakdown and emergency repairs including significant fire safety work. However this overspend was partially offset by a £245k underspend on contract servicing and a £24k underspend on cyclical and minor Improvements works.
6. The overspend of £277k in Technical Services and City Surveyor costs is due to the estimated budgets for recharges based on likely hours spent (worked) on HRA Supplementary Revenue Projects and the set up costs for new units including Sydenham Hill being understated.
7. The Supervision and Management has an underspend of £146k due to reduction in Recharges within Fund and Supplies and Services cost.
8. Central Heating has an underspend of £74k which is related to the gas cost at Golden Lane Estate & Middlesex Street Estate. The previous year's cost was based on estimate readings, this was replaced with lower actual meter readings submitted in 2020/21.
9. Estate Lighting actual cost was £51k more than budgeted at Avondale, Golden Lane and York Way. This is due to higher than increases in unit prices (tariffs) and standing charges, and the use of estimated, rather than actual, meter readings.
10. Caretaking and Cleaning has an underspend of £111k mainly due to reduced charges on the refuse collection and window cleaning.
11. The Dwellings additional income over revised budget of £270k is mainly due to a reduction in the voids under the expected level.
12. The reduction in Car Parking income of £117k is a result of the delay in the completion of the project to enable the City of London Police to take occupation of the basement car park at the Middlesex Street Estate.
13. The Commercial income budget was reduced in the revised estimates from £1,609k to £1,291k. This revised figure was not achieved and a further £99k adverse variance was made as a result of a reduced amount of income from the Retail Premises at Middlesex St Estate due to COVID.
14. The Service Charge has an adverse variance by £307k compared to the latest budget profiled, this is mainly due to lower than expected capital and supplementary revenue projects being carried out in the year, which resulted in less amounts being recoverable.
15. Comparison of 2020/21 Major Repairs Reserves Outturn with Final Budget as set out in Table C below.

Table C

Table C	Latest Budget £000	Revenue Outturn £000	Variation (Underspend)/ Overspend £000	Notes
HRA Reserves				
Major Repairs Reserve				
Balance Brought Forward	(3,417)	(3,417)	0	
Transfer from HRA	(3,080)	(3,072)	8	Table B Annex A
Capital Expenditure	30,874	13,233	(17,641)	
Section 106 funding	(22,338)	(7,173)	15,165	
Capital Receipts applied	(375)	(375)	0	
GLA Grant	0	(90)	(90)	
Reimbursements from Homeowners	(1,941)	(1,141)	800	
Major Repairs Reserve Balance Carried Forward	(278)	(2,036)	(1,757)	

16. The net underspend of £1.757m in the balance on the Major Repairs Reserve was mainly due to significant slippage in capital expenditure.

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

Appendices

- Annex A - CAPITAL PROJECTS

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Annex A

PROJECT NUMBERS	CAPITAL PROJECTS	Latest Budget 2020/21 £	Actual 2020/21 £	Variance Overspend/ (Underspend) £	Comments on main variations
29100083	L4-Avondale Square L5-Avondale Square Estate - Decent Homes Works	15,936	17,755	1,819	Project complete and closed
29100145	L5-Avondale Square Estate - Emergency & Communal Lighting Replacement	301,299	318,360	17,061	Issues report approved
29100081	L5-Avondale Square George Ellison & Eric Wilkins House Roofs & Windows	0	1,910	1,910	To be completed as major refurbishment work
29100070	L5-Avondale Square Estate Window Major Refurbishment	23,918	7,003	(16,915)	Project closed
29100111	L5-Harman Close Decent Homes	214,852	42,572	(172,280)	Work held due to covid and vulnerable residents
29100034	L5-Avondale Sq George Ellison & Eric Wilkins New Flats	806	0	(806)	To be completed as major refurbishment work
29100042	L5-Avondale Square Community Centre	327,624	165,712	(161,912)	Project in progress
		884,435	553,313	(331,122)	
	L4-Dron House				
29100131	L5-Dron House - Renewal of Roof Coverings	12,500	0	(12,500)	Project Complete and retention held
29100091	L5-Dron House Decent Homes	6,527	0	(6,527)	Project complete and closed
29100090	L5-Dron House Door Entry System	21,309	(28,487)	(49,796)	In defect period although this is nearly complete
29100105	L5-Dron House Windows Replacement	272,107	6,170	(265,937)	Project delayed due to covid but is now live
		312,443	(22,318)	(334,761)	
	L4-Golden Lane				
29100072	L5-Concrete Repairs to Cullum Welch	287,645	575,289	287,644	Work complete and project under budget - gateway 6 approved
29100076	L5-Crescent House & Cullum House Heating Replacement	233,145	65,115	(168,030)	Work on hold and awaiting outcome on windows
29100113	L5-Fire Safety Doors - Great Arthur House	114,832	34,036	(80,796)	Work on hold and awaiting outcome on sprinkler designs
29100086	L5-Golden Lane Community Centre	10,000	(0)	(10,000)	Project complete and closed
29100102	L5-Golden Lane Windows Replacement	492,242	165,615	(326,627)	Work in progress, issues report expected to draw on more funding
29100010	L5-Great Arthur House Window Cladding	266,260	(187,297)	(453,557)	Project Complete and retention held
29100050	L5-Heat & Hot Water Golden Lane Estate	17,118	9,932	(7,186)	Linked to 29100076
29100085	L5-Great Arthur House New Flats	0	120,490	120,490	Project is live
		1,421,242	783,180	(638,062)	
	L4-Holloway Estate				
29100033	L5-Holloway Estate Electrical Rewiring	24,629	(3,692)	(28,321)	Project complete and closed
29100103	L5-Holloway Estate Windows Replacement	425,393	12,280	(413,113)	Awaiting tender clarifications before proceeding on site this year.
		450,022	8,588	(441,434)	
	L4-Housing General HRA				
29100027	L5-Bridge Masters House Phase 1	9	0	(9)	
29100082	L5-Decent Homes Call Backs 2017-2020	0	(4,493)	(4,493)	Work complete, gateway 6 approved

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29100146	L5-Decent Homes Call-backs 2020-22	192,500	118,787	(73,713)	Work on-going and dependant on demand
29100062	L5-Decent Homes Various Estates	2,848	3,028	180	Project complete and closed
29100101	L5-Fire Door Replacements - Various Estates	0	34,410	34,410	Awaiting tender costs before work starts on site.
29100143	L5-Housing Estates Play & Ball Games Areas Refurbishment	200,000	0	(200,000)	Work to be delayed until after school holidays
29100123	L5-Housing Management System Upgrade	174,875	273,827	98,952	Additional works required on the system upgrade
29100125	L5-Installation of Sprinklers in Social Housing Tower Blocks	256,000	91,027	(164,973)	Designs and programme being formulated
29100078	L5-Richard Cloudesley Housing	18,525,489	1,068	(18,524,422)	Project in progress and actual cost combined with Project 29100098
29100098	L5-Richard Cloudesley Residential Design	0	5,673,555	5,673,555	Project in progress and actual cost combined with Project 29100098
29100120	L5-Tenants & Landlord Electrical Services	126,546	253,092	126,546	Project in progress
	L5-Tenants Electrical Services Testing & Smoke Detector Installation - Phase 5	27,000	0	(27,000)	Project in progress
29100057	L5-Water System Testing at HRA Estates	281,000	0	(281,000)	Project in progress
		19,786,267	6,444,301	(13,341,966)	
	L4-Isleden House				
29100079	L5-Isleden House Additional Housing	592,528	185,342	(407,186)	Project in progress
		592,528	185,342	(407,186)	
	L4-Middlesex Street				
29100071	L5-Lift Refurbishment Middlesex St Estate	477,563	365,231	(112,332)	Project complete and retention held
29100149	L5-Middlesex Streetcar Park Landlord Works	400,000	425,340	25,340	
29100075	L5-Middlesex St Conversion of 9 Shops	35,928	(566)	(36,494)	Project complete and closed
29100056	L5-Middlesex St Estate Non-Emergency Electrical Works	279,178	386	(278,792)	Project near completion, should be more spent on this?
	L5-Middlesex Street Estate Non-Emergency Electrical Works - Phase 2	0	283,826	283,826	Linked to project above?
29100148		0	361,550	361,550	Work in progress
29100130	L5-Middlesex Street Estate - Replacement of Heating & Hot Water	424,300	433,651	9,351	Work complete
29100147	L5-Petticoat Square Renewal of Flat Roof Coverings	302,269	69,267	(233,002)	50% complete. Work delayed due to covid.
29100112	L5-Petticoat Tower - Fire Safety Doors	185,601	179,125	(6,476)	Complete, retention held
29100074	L5-Petticoat Tower Replacement of Windows and Balcony Doors	122,648	108,984	(13,664)	Complete, retention held
29100073	L5-Petticoat Tower Stairwell Panels	2,227,487	2,226,792	(695)	
	L4-Southwark Estates				
29100020	L5-Door Entry Pakeman House 10/11	663	0	(663)	Complete, retention held
29100094	L5-Southwark Decent Homes	(623)	(673)	(50)	Project complete and closed
29100104	L5-Southwark Estate Windows Replacement	269,183	16,467	(252,716)	Tenders being evaluated
29100046	L5-Stopher House Door Entry	1	0	(1)	Complete, retention held
		269,224	15,794	(253,430)	
	L4-Sydenham Hill				
29100095	L5-Sydenham Hill Decent Homes	39,977	(54)	(40,031)	Project complete and closed

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29100067	L5-Sydenham Hill - Provision of Social Housing	2,485,836	567,690	(1,918,146)	Project in progress
29100106	L5-Sydenham Hill Windows Replacement	23,531	3,991	(19,540)	Tenders being evaluated
		2,549,344	571,627	(1,977,717)	
	L4-William Blake				
29100121	L5-Blake House William Blake Estate Renew Roof Coverings	(9,843)	(9,843)	(0)	Project Complete and retention held
29100088	L5-William Blake CCTV	292	0	(292)	Work complete
29100037	L5-William Blake Decent Homes	1	0	(1)	Project complete and closed
29100089	L5-William Blake Door Entry System	54,755	(1,126)	(55,881)	Project Complete and retention held
29100107	L5-William Blake Windows Replacement	48,599	3,689	(44,910)	Tenders being evaluated
		93,804	(7,281)	(101,085)	
	L4-Windsor House				
29100097	L5-Windsor House Decent Homes	27,365	0	(27,365)	Project complete and closed
29100108	L5-Windsor House Windows Replacement	61,474	1,557	(59,917)	Tenders being evaluated
		88,839	1,557	(87,282)	
	L4-York Way Estate				
29100092	L5-York Way Decent Homes	5,363	(317)	(5,680)	Project complete and closed
29100129	L5-York Way Estate - Replacement of Heating & Hot Water	1,424,932	1,547,136	122,204	Project in progress
29100141	L5-York Way Estate Provision of Social Housing	768,000	925,162	157,162	Project in progress
		2,198,295	2,471,981	273,686	
		30,873,930	13,232,876	(17,641,054)	