

Committee(s): Community and Children's Services	Dated: 20 July 2022
Subject: Housing Revenue Account - Outturn 2021/22	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

- This report compares the outturn for the Housing Revenue Account (HRA) in 2021/22 with the final agreed budget for the year.
 - The total net transfer from reserves for the year was £0.95m, £0.451m higher than the final agreed budgeted receipts of £0.356m, mainly as a result of higher than expected supervision and management costs and lower service charge income than budgeted. As a result, Revenue Reserves ended the year with a balance of £0.82m.
 - The Major Repairs Reserve (MRR) ended the year with a balance of £1.386m, £1.136m higher than budgeted, mainly due to lower than expected net capital expenditure due to slippage in projects.

	Final Agreed Budget	Outturn	Variation Underspend / (Overspend)
	£000	£000	£000
HRA Revenue (see Table B)			
Expenditure	(12,202)	(12,293)	(91)
Income	15,501	15,141	(360)
Other	0	0	0
Transfer to MRR	(2,943)	(2,943)	0
(Deficit) in year	356	(95)	(451)
Opening Reserves	177	177	0
Closing Reserves	<u>533</u>	<u>82</u>	<u>(451)</u>
Major Repairs Reserve (see Table C)			
Opening reserve	2,035	2,035	0
Net Capital exp in year	(4,728)	(3,592)	1,136
Transfer from Revenue	<u>2,943</u>	<u>2,943</u>	<u>(0)</u>
Closing Reserves	<u>250</u>	<u>1,386</u>	<u>1,136</u>

Recommendation(s)

2. It is recommended that this outturn report for 2021/22 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 2021/22

4. The HRA revenue outturn has a net deficit of £0.95m, £0.451m lower than the expected deficit in the budget. This was mainly due to £91k higher than expected expenditure and £360k lower than expected income as set out in Table B below.

Table B

	Original Budget 2021/22 £000	Final Agreed Budget 2021/22 £000	Revenue Outturn 2021/22 £000	Variation (Underspend) / Overspend 2021/22 £000	Paragraph Number
<u>Expenditure</u>					
Repairs, Maintenance & Improvements					
Breakdown and Emergency Repairs	(1,430)	(1,600)	(2,286)	(686)	5
Contract Servicing	(1,052)	(920)	(768)	152	5
Cyclical and Minor Improvements	(494)	(456)	(333)	123	5
Supplementary Revenue	(530)	(517)	(60)	457	6
Technical Services and City Surveyor's Costs	(1,262)	(1,539)	(1,495)	44	7
Total Repairs, Maintenance & Improvements	(4,768)	(5,032)	(4,941)	91	
Supervision and Management	(5,435)	(4,552)	(4,791)	(239)	8
Specialised Support Services					
Central Heating	(262)	(275)	(343)	(68)	9
Estate Lighting	(268)	(243)	(349)	(106)	10
Caretaking and Cleaning	(1,699)	(1,677)	(1,542)	135	11
Community Facilities	(194)	(172)	(148)	24	
Welfare Services	(45)	(38)	(15)	23	
Garden Maintenance	(229)	(213)	(163)	50	
Total Expenditure	(12,900)	(12,202)	(12,293)	(91)	
<u>Income</u>					
Rent					
Dwellings	10,691	10,838	10,844	6	
Car Parking	638	620	616	(4)	
Baggage Stores	126	127	128	1	
Commercial	1,626	1,592	1,606	14	
Community Facilities	110	69	82	13	
Service Charges	2,301	2,251	1,833	(418)	12
Other	355	4	33	29	
Total Income	15,847	15,501	15,141	(360)	
Net Operating Income	2,947	3,299	2,848	(451)	
Transfer to Major Repairs Reserve	(3,064)	(2,943)	(2,943)	0	
	(117)	356	(95)	(451)	
Opening Reserves	1,112	177	177	0	
Closing Reserves	995	533	82	(451)	

5. Repairs, Maintenance and Improvements costs were overspent by £686k. 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 £152k underspend on contract servicing and a £123k underspend on cyclical and minor Improvements works.
6. Supplementary Revenue Projects underspent by £457k due to projects coming in under budget and some slippage in planned works.
7. The underspend of £44k in Technical Services and City Surveyor costs is due to the technical recharge cost, based on hours spend (worked) on HRA Projects being lower than anticipated.
8. Supervision and Management costs had an overspend of £239k due to adverse variances on costs related to Council Tax by £138k, Rates £51k and Energy and Water Services £50k.
9. Central Heating has an overspend of £68k which is related to the higher gas cost at Golden Lane Estate & Middlesex Street Estate.
10. Estate Lighting actual cost was £106k more than budgeted at William Blake, Golden Lane, Middlesex and York Way Estates. This is due to higher than increases in unit prices (tariffs) and standing charges, and the use of estimated, rather than actual, meter readings.
11. Caretaking and Cleaning has an underspend of £135k mainly due to reduced charges on the refuse collection and window cleaning.
12. The Service Charge has an adverse variance by £418k compared to the latest budget profiled, this is partly due to lower than expected supplementary revenue projects being carried out in the year, which resulted in less amounts being recoverable and also over-estimates of recovery of on-going revenue costs in the budget.
13. Comparison of 2021/22 Major Repairs Reserves Outturn with Final Budget as set out in Table C below.

Table C

Table C	Latest Budget	Revenue Outturn	Variation (Underspend)/ Overspend	Notes
	£000	£000	£000	
HRA Reserves				
Major Repairs Reserve				
Balance Brought Forward	(2,035)	(2,035)	0	
Transfer from HRA	(2,943)	(2,943)	0	Table B
Capital Expenditure	52,561	24,843	(27,718)	Annex A
Section 106 funding	(36,466)	(18,597)	17,869	
Capital Receipts applied	(1,000)	(152)	848	
GLA Grant	0	(1,050)	(1,050)	
Reimbursements from Homeowners	(4,286)	(1,452)	2,834	
City Fund Loan	(6,081)	0	6,081	
Major Repairs Reserve Balance Carried Forward	(250)	(1,386)	(1,136)	

14. The net underspend of £1.136m in the balance on the Major Repairs Reserve was mainly due to significant slippage in capital expenditure.

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

Appendices

- Annex A - CAPITAL PROJECTS

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Annex A

	CAPITAL PROJECTS	Latest Budget 2021/22	Actual 2021/22	Variance Overspend/ (Underspend)	Comments on main variations
		£	£	£	
	L4-Avondale Square				
29100042	L5-Avondale Square Community Centre	161,912	0	(161,912)	Project in progress
29100081	L5-Avondale Sq George Elliston and Eric Wilkins Roofs and Windows	1,000	211	(789)	To be completed as major refurbishment work
29100083	L5-Avondale Square Estate - Decent Homes Works	1,000	778	(222)	Project completed and closed
29100145	L5-Avondale Square Estate - Emergency & Communal Lighting Replacement	0	10,060	10,060	Issues report approved
29100070	L5-Avondale Square Estate Window Major Refurbishment	6,087	5,174	(913)	Project closed
29100160	L5-Avondale Square Play & Ball Games Areas Refurbishment	138,236	126,112	(12,124)	Project in progress
29100156	L5-George Elliston & Eric Wilkins Houses Refurbishment	506,200	0	(506,200)	Design work progressing
29100111	L5-Harman Close Decent Homes	879	156,783	155,904	Work held due to covid and vulnerable residents
				(868,043)	Contract is in delay and will not start on site until September.
29100159	L5-Installation of Sprinklers - Avondale Square Estate	885,700	17,657		Contractor is claiming an uplift in costs which will be subject to an Issues Report
		1,701,014	316,775	(1,384,239)	
	L4-Dron House				
29100090	L5-Dron House Door Entry System	0	(11,350)	(11,350)	In defect period although this is nearly complete
29100091	L5-Dron House Decent Homes	6,527	0	(6,527)	Project completed and closed
29100131	L5-Dron House - Renewal of Roof Coverings	5,000	0	(5,000)	Project Complete and retention held
29100105	L5-Dron House Windows Replacement	1,578,560	1,488,111	(90,449)	Project delayed due to covid but is now live
		1,590,087	1,476,761	(113,326)	
	L4-Golden Lane				
29100076	L5-Crescent House & Cullum House Heating Replacement	265,815	52,218	(213,597)	Work on hold and awaiting outcome on windows
29100102	L5-Golden Lane Windows Replacement	1,053,810	120,516	(933,294)	Work in progress, issues report expected to draw on more funding
29100085	L5-Great Arthur House New Flats	548,848	569,180	20,332	Project is live
29100010	L5-Great Arthur House Window Cladding	198,132	198,132	0	Project Complete and retention held
29100050	L5-Heat & Hot Water Golden Lane Estate	50	(89,883)	(89,933)	Linked to 29100076
29100157	L5-Installation of Sprinklers - Great Arthur House	16,500	7,648	(8,852)	In delay and will need to be retendered before proceeding on site
10100035	L5-Golden Lane Area Lighting & Accessibility	0	451	451	There should be no spend other than staff costs for this project.
		2,083,155	858,263	(1,224,892)	
	L4-Holloway Estate				
29100103	L5-Holloway Estate Windows Replacement	1,136,137	432	(1,135,705)	Awaiting tender clarifications before proceeding on site this year.

Annex A

		1,136,137	432	(1,135,705)	
	L4-Housing General HRA				
29100082	L5-Decent Homes Call Backs 2017-2020	1,306	1,306	(1)	Work complete, gateway 6 approved
29100146	L5-Decent Homes Call-backs 2020-22	261,213	337,112	75,899	Work on-going and dependant on demand
29100101	L5-Fire Door Replacements - Various Estates	1,311,252	22,264	(1,288,988)	Awaiting tender costs before work starts on site.
29100143	L5-Housing Estates Play & Ball Games Areas Refurbishment	237,320	0	(237,320)	Work to be delayed until after school holidays
29100123	L5-Housing Management System Upgrade	91,750	0	(91,750)	Additional works required on the system upgrade
29100125	L5-Installation of Sprinklers in Social Housing Tower Blocks	123,634	157,389	33,755	Designs and programme being formulated
29100078	L5-Richard Cloudesley Housing	134,767	13,901	(120,867)	Project in progress and actual cost combined with Project 29100098
29100098	L5-Richard Cloudesley Housing	19,608,065	16,542,592	(3,065,473)	Project in progress and actual cost combined with Project 29100098
29100150	L5-Tenants Electrical Services Testing & Smoke Detector Installation - Phase 5	426,644	139,789	(286,855)	Project in progress
29100057	L5-Water System Testing at HRA Estates	28,100	0	(28,100)	Project in progress
		22,224,051	17,214,352	(5,009,699)	
	L4-Isleden House				
29100079	L5-Isleden House Additional Housing	2,115,495	1,263,546	(851,949)	Project in progress
		2,115,495	1,263,546	(851,949)	
	L4-Middlesex Street				
29100158	L5-Installation of Sprinklers - Petticoat Tower	226,708	9,500	(217,208)	In delay and may need to be re-tendered before proceeding on site
29100071	L5-Lift Refurbishment Middlesex St Estate	20,936	1,733	(19,203)	Project complete and retention held
29100075	L5-Middlesex St Conversion of 9 Shops	0	(1,924)	(1,924)	Project Closed
29100148	L5-Middlesex St Estate Non-Emergency Electrical Works	3,000	2,018	(982)	Project completed and closed
29100130	L5-Middlesex Street Estate - Replacement of Heating & Hot Water	1,277,525	1,056,207	(221,318)	Work in progress
29100149	L5-Middlesex Street Estate Decant Car Park	0	(22,662)	(22,662)	Work in progress
29100161	L5-Middlesex Street Play & Ball Games Areas Refurbishment	41,732	38,538	(3,194)	Work in progress
29100147	L5-Petticoat Square Renewal of Flat Roof Coverings	10,000	0	(10,000)	Work complete
29100112	L5-Petticoat Tower - Fire Safety Doors	181,079	152,900	(28,179)	50% complete. Work delayed due to covid.
29100074	L5-Petticoat Tower Replacement of Windows and Balcony Doors	2,800	2,613	(187)	Complete, retention held
29100073	L5-Petticoat Tower Stairwell Panels	15,651	16,106	455	Complete, retention held
29100164	L5-Middlesex Street Estate - Cold Water Distribution System Replacement	426,000	345,987	(80,013)	Project in progress
		2,205,431	1,601,016	(604,415)	
	L4-Southwark Estates				
29100020	L5-Door Entry Pakeman House 10/11	663	0	(663)	Complete, retention held

Annex A

29100153	L5-Renewal of Flat Roof Coverings - Stoker House	75,000	0	(75,000)	Work in progress
29100154	L5-Renewal of Flat Roof Coverings - Sumner Buildings	75,000	0	(75,000)	Work in progress
29100094	L5-Southwark Decent Homes	50	0	(50)	Project completed and closed
29100104	L5-Southwark Estate Windows Replacement	752,715	10,452	(742,263)	Tenders being evaluated
		903,428	10,452	(892,976)	
	L4-Sydenham Hill				
29100095	L5-Sydenham Hill Decent Homes	30,255	0	(30,255)	Project completed and closed
29100067	L5-Sydenham Hill - Provision of Social Housing	14,033,867	463,949	(13,569,919)	Project in progress
29100106	L5-Sydenham Hill Windows Replacement	319,540	432	(319,108)	Tenders being evaluated
		14,383,662	464,381	(13,919,282)	
	L4-William Blake				
29100089	L5-William Blake Door Entry System	1	16,585	16,584	Project Complete and retention held
29100107	L5-William Blake Windows Replacement	960,046	432	(959,614)	Tenders being evaluated
		960,047	17,017	(943,030)	
	L4-Windsor House				
29100152	L5-Renewal of Flat Roof Coverings - Windsor House	75,000	0	(75,000)	Work in progress
29100097	L5-Windsor House Decent Homes	27,365	0	(27,365)	Project completed and closed
29100162	L5-Windsor House Play & Ball Games Areas Refurbishment	46,302	42,880	(3,422)	Project complete
29100108	L5-Windsor House Windows Replacement	824,143	432	(823,711)	Tenders being evaluated
		972,810	43,312	(929,498)	
	L4-York Way Estate				
29100155	L5-Renewal of Flat Roof Coverings - York Way	75,000	0	(75,000)	Work in progress
29100092	L5-York Way Decent Homes	5,680	0	(5,680)	Project completed and closed
29100129	L5-York Way Estate - Replacement of Heating & Hot Water	1,025,000	162,506	(862,494)	Project is live
29100141	L5-York Way Estate Provision of Social Housing	862,249	947,126	84,877	Project in progress
29100165	L5-Fire Door Replacement - York Way	-	148,961	148,961	Project in progress
29100163	L5-York Way Estate - Cold Water Distribution System	317,700	317,630	(70)	Project in progress
		2,285,629	1,576,223	(709,406)	
		52,560,946	24,842,528	(27,718,418)	