

## STROUD DISTRICT COUNCIL

AGENDA  
ITEM NO

## HOUSING COMMITTEE

11 JUNE 2019

6

<b>Report Title</b>	<b>HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2018/19 – SUMMARY OF VARIANCES</b>
<b>Purpose of Report</b>	To inform members of the 2018/19 outturn position on the Housing Revenue Account
<b>Decision(s)</b>	<b>The Committee RESOLVES to:</b> <b>(1) Note the Housing Revenue Account revenue and capital outturn for 2018/19, as shown in Table 1 and Table 4</b> <b>(2) To support the transfers to and from earmarked reserves for the year, as set out in Table 2</b> <b>(3) To support the reprofiling of the HRA Capital Programme budget as set out in Table 6.</b>
<b>Consultation and Feedback</b>	Budget holders have been consulted about the outturn position for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
<b>Financial Implications and Risk Assessment</b>	The whole report is of a financial nature reporting the Housing Revenue Account capital and revenue position for 2018/19. Andrew Cummings, Interim Director of Resources Tel: 01453 754115 Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a>
<b>Legal Implications</b>	The Council is under a duty to prevent a debit balance from accruing on the HRA and must therefore keep under review its proposals regarding income and expenditure on HRA assets. Mike Wallbank, Solicitor Email: <a href="mailto:Mike.Wallbank@stroud.gov.uk">Mike.Wallbank@stroud.gov.uk</a>
<b>Report Author</b>	Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: <a href="mailto:lucy.clothier@stroud.gov.uk">lucy.clothier@stroud.gov.uk</a>
<b>Options</b>	To not support the reserve transfers and capital slippage. Any proposed changes would be recommended for action in 2019/20.
<b>Performance Management Follow Up</b>	The outturn position will be taken into account when the budget for 2020/21 is prepared later in the year. The change to balances and reserve levels will be incorporated into an updated Medium Term Financial Plan.

## **1. Background**

- 1.1 This report sets out the final outturn position for the Housing Revenue Account (HRA) for the 2018/19 financial year.
- 1.2 The purpose of this report is to inform members of the level of balances held by the HRA as a result of closing the accounts for the year.
- 1.3 **Due to the volume of information contained in the report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or the appropriate service manager before the meeting.**

## **2. HRA Outturn Position Overview**

- 2.1 The HRA is a self financing account for the Council's landlord function, which must be budgeted to break even (net of transfers to/from HRA reserves).
- 2.2 The original gross expenditure budget for the HRA was £22,366k. This has been revised to £20,652k with net transfers to reserves of £2,037k, funded by income of £22,689k.
- 2.3 The revenue outturn position of the HRA shows a transfer to HRA General Reserves of £383k. This represents a net overspend of £136k (0.7% of gross expenditure budget). A summary of this variation can be found in Table 1 (following paragraph 3.3).
- 2.4 The capital outturn position shows total expenditure of £8,593k, a variance of -£1,560k against the revised budget of £10,153k. A summary of this variance can be found in Table 4 (following paragraph 6.2).

## **3. Housing Revenue Account Revenue Outturn Position**

- 3.1 The outturn position for the HRA shows a net overspend of £136k (0.7% of gross expenditure). A breakdown of this variance is included in Table 1 below. This is a change of +£190k (0.9%) from the month 10 forecast reported in April 2019.
- 3.2 It is proposed that this is funded from HRA General Reserves, reducing the amount transferring to general reserves from £519k to £383k. A summary of the position of HRA General Reserves can be found in Section 5.
- 3.3 The summary table format has been changed from the previous report. This is to show the true variance within the controllable budgets within the HRA, and split out other charges, such as Support Charges from the General Fund. A copy of the table in the former format has been included in Appendix A for information.

**Table 1 – HRA Revenue Summary**

<b>Revenue Summary</b>	<b>Para Ref</b>	<b>2018/19 Original Budget £k</b>	<b>2018/19 Latest Budget £k</b>	<b>Outturn Position £k</b>	<b>Outturn Variance After Reserve Transfers £k</b>
<b>Income</b>					
Dwelling Rents and Service Charges		(21,826)	(22,144)	(22,195)	(51)
Other Charges and Income		(564)	(625)	(692)	(67)
Provision for Bad Debts		200	80	99	19
<b>Total Income</b>	<b>3.5</b>	<b>(22,190)</b>	<b>(22,689)</b>	<b>(22,788)</b>	<b>(99)</b>
<b>Expenditure</b>					
Supervision and Management	3.6	4,215	3,892	3,863	(29)
Repairs and Maintenance	3.7 - 3.11	3,684	3,652	3,906	254
Sheltered Housing Service	3.12	1,197	1,015	902	(113)
Other Expenditure	3.13	485	459	529	70
Sheltered Housing Modernisation Programme	3.14	579	401	401	0
<b>Total Expenditure</b>		<b>10,160</b>	<b>9,419</b>	<b>9,601</b>	<b>182</b>
<b>Net Income and Expenditure</b>		<b>(12,030)</b>	<b>(13,270)</b>	<b>(13,187)</b>	<b>83</b>
<b>Other HRA Costs and Income</b>					
Support Service Charges from GF	3.15	1,565	1,565	1,687	122
Revenue Funding of Capital Programme (Depreciation and RCCO)		7,153	6,273	6,273	0
Interest Payable/Receivable	3.16	3,488	3,395	3,326	(69)
<b>Total Other Costs and Income</b>		<b>12,206</b>	<b>11,233</b>	<b>11,286</b>	<b>53</b>
<b>Total Housing Revenue Account</b>		<b>176</b>	<b>(2,037)</b>	<b>(1,901)</b>	<b>136</b>
Transfers to/from Earmarked Reserves	4	(50)	1,518	1,518	0
Transfers to/from General Reserves	5	(126)	519	383	(136)
<b>Total Transfers to Reserves</b>		<b>(176)</b>	<b>2,037</b>	<b>1,901</b>	<b>(136)</b>

3.4 Further details on the variances included in Table 1:

**3.5 Income – (£99k) additional income**

Net income is higher than budget by £99k, a variance of 0.4% of the income target. Part of this relates to rents and service charges (£51k), and part relates to other areas such as garage rent (£28k), which because of the approved policy to dispose/redevelop sites, has been

prudently budgeted, and renewable energy income which was over budget by £14k.

This rents and charges lines represent income that has been charged, not income that has been received. Where payment of rent or other charges is overdue and it is not expected that the payment will be received, provision is made under Provision for Bad Debt.

### **3.6 Supervision and Management – (£29k) underspend**

There is a small underspend which is made up of a number of small variances across all areas of supervision and management.

### **3.7 Repairs and maintenance - £254k overspend**

#### **3.8 Planned maintenance – £74k underspend, £60k carry forward request**

The cyclical decoration programme has completed slightly more works than forecasted (+£27k). There is an underspend of £36k against asbestos surveys. Surveys are only required where there are gaps in information and dependant on programme progress.

There is also an underspend of £60k for Fire Risk Assessments, which have slipped into 2019/20. Therefore, as reported at Month 10, a £60k carry forward is requested to allow the Fire Risk Assessments to be delivered in early 2019/20.

#### **3.9 Gas in-house provider – (£28k) underspend**

The provision of gas servicing and remedial works was completed within the operational budget, with a small underspend of £28k.

#### **3.10 Voids - £100k overspend**

There was a backlog of properties at the start of the year due to previous contractor issues. Costs have also been higher in the south of the district across voids and responsive maintenance as the shorter term contract means that the contractors upfront costs are being recovered over a shorter period.

Properties have also been returned in a poorer condition, and so additional works have been needed.

#### **3.11 Responsive maintenance - £196k overspend**

This overspend relates to general maintenance and electrical remedial works. As reported under Voids, the cost of the contract has been higher in the south in this year, and more work was carried out this year due to catch up.

Whilst, due to their nature, responsive works are difficult to predict, works are monitored for trends and where appropriate re-addressed through planned programmes of works.

### **3.12 Sheltered Housing Service – (£113k) underspend**

Expenditure in Sheltered Housing schemes is lower than budgeted, with lower spend across both salaries and running costs.

The budget required to deliver the service across the schemes will need to be reconsidered as part of the next budget setting round, as the

Sheltered Modernisation Programme and the Older Persons Strategy will both further impact on the service provision.

**3.13 Other expenditure - £70k overspend**

The cost of grounds maintenance is higher than anticipated, with fly tipping an increasing issue in some of our estates.

**3.14 Sheltered Housing Modernisation - £36k overspend (funded from reserves)**

Works at Sherborne House completed in 2018, and planning is underway for works at Concord and George Pearce House which are due to be undertaken in 2019/20. There is a £36k overspend on revenue which represents an offset between revenue and capital works - there were slightly more revenue works, and less capital works than in the budget, but this doesn't affect the programme as a whole.

This has been funded in revenue by an increased contribution from the Sheltered Modernisation earmarked reserve (see Section 4). The reduced capital spend will mean that fewer capital receipts are needed to fund the programme in this year.

**3.15 Support Charges from the General Fund - £122k additional cost**

The HRA pays a share of the running costs of the Council - for the services it receives from Council wide support services such as IT, HR and Finance, as well as the running costs of the Council as a whole, such as Committee meetings.

The cost to the HRA in 2018/19 is higher than the budgeted amount by £122k. This includes a share of any overspends and underspends in shared services, as well as contributions towards one off costs.

The spend in these areas are reported to other committees.

**3.16 Interest payable/receivable – (£69k) additional income**

The level of investment income has increased significantly, due in part to higher levels of reserves in the HRA, but largely attributable to higher interest rates than last year.

#### 4. HRA Earmarked Reserves

- 4.1 The transfers to/from Earmarked reserves, including the carry forward (paragraph 3.8), are as follows:

Table 2 - Earmarked reserve transfers

<b>Earmarked Reserve</b>	<b>Opening balance £k</b>	<b>Transfers in £k</b>	<b>Transfers out £k</b>	<b>Closing balance £k</b>	<b>Net transfers £k</b>
Sheltered Modernisation	1,976	1,390	(852)	<b>2,514</b>	538
Estate Redevelopment	350	820	0	<b>1,170</b>	820
Staffing	250	0	0	<b>250</b>	0
HRA General Contingency	0	100	0	<b>100</b>	100
Carry forwards – Fire Risk Assessments	0	60	0	<b>60</b>	60
	<b>2,576</b>	<b>2,370</b>	<b>(852)</b>	<b>4,094</b>	<b>1,518</b>

#### 5. HRA General Reserves

- 5.1 The opening balance of HRA General Reserves at 1 April 2018 was £3,003k. The base budget included a transfer from reserves of £126k, but this was revised to a budgeted transfer to reserves of £519k in January 2019.
- 5.2 The revenue overspend of £136k reduces this transfer to reserves to £383k, and gives a closing balance on HRA General Reserves of £3,386k.
- 5.3 Although a slightly lower than the revised budgeted balance, this is still higher than the base budget and continues to allow HRA reserves to remain above the recommended minimum balance of £1,500k.
- 5.4 The following table gives an update of the forecasted balance of HRA General Reserves over the Medium Term Financial Plan (MTFP) period.

Table 3 – Summary of HRA General Reserves Forecast

	<b>2018/19 £k</b>	<b>2019/20 £k</b>	<b>2020/21 £k</b>	<b>2021/22 £k</b>	<b>2022/23 £k</b>
Opening balance	3,003	3,386	3,436	2,617	3,178
Budgeted transfer to/(from) general reserves – Council Jan 2019	519	103	(687)	561	330
Revenue overspend 2018/19	(136)				
Approved changes (creation of in house maintenance service) – Council April 2019		(53)	(132)		
<b>Closing balance</b>	<b>3,386</b>	<b>3,436</b>	<b>2,617</b>	<b>3,178</b>	<b>3,508</b>

#### 6. HRA Capital Programme

- 6.1 The HRA has a budgeted capital programme of £10,153k for 2018/19, of which £8,593k has been spent.

6.2 The below table give a breakdown of the capital programme, with further details of variances following.

**Table 4 – HRA Capital Summary**

<b>Capital Summary</b>	<b>Para Ref</b>	<b>2018/19 Revised Budget £k</b>	<b>2018/19 Outturn £k</b>	<b>2018/19 Outturn Variance £k</b>	<b>Slippage Request £k</b>
Central Heating	6.4	624	596	(28)	28
Disabled Adaptations		143	133	(10)	
Kitchens and Bathrooms	6.5	1,506	1,021	(485)	430
Major Void Works	6.6	570	802	232	
Compliance	6.7	337	422	85	
Doors and Windows	6.8	791	512	(279)	100
Electrical Works		212	210	(2)	
Damp Works/Insulation	6.9	127	34	(93)	93
Non-Traditional Properties	6.10	595	450	(145)	
Door Entry	6.11	352	158	(194)	
External Works		2,793	2,775	(18)	
Suited Locks	6.12	74	0	(74)	74
<b>Total - Major Works</b>	<b>6.3</b>	<b>8,124</b>	<b>7,113</b>	<b>(1,011)</b>	<b>725</b>
Southbank, Woodchester	6.14	300	17	(283)	283
Former Ship Inn Site, Bridgend		15	15	0	
Tanners Piece, Nailsworth	6.15	1,345	1,089	(256)	256
Broadfield Road, Eastington	6.16	0	15	15	
Orchard Road, Ebley	6.16	0	4	4	
Ringfield Close, Nailsworth	6.16	0	16	16	
Summersfield Road, Minchinhampton	6.16	0	15	15	
Gloucester St and Bradley St, WuE	6.16	0	8	8	
Completed schemes (retention payments)	6.16	0	3	3	
New Homes Contingency	6.16	50	0	(50)	
<b>Total - New Build</b>		<b>1,710</b>	<b>1,182</b>	<b>(528)</b>	<b>539</b>
Sheltered Housing Modernisation	6.17	319	298	(21)	
<b>Total Capital Expenditure</b>		<b>10,153</b>	<b>8,593</b>	<b>(1,560)</b>	<b>1,264</b>

### 6.3 Major Works – (£1,011k) underspend/slippage

Total spend across major works on existing dwellings is £7,113k. Although lower than the current budget by £1,011k, it should be noted that this is above the original budgeted amount of £6,657k and is a considerable increase from £3,114k spend in 2017/18.

Slippage of £725k is being requested to allow some works to be delivered in 2019/20 on top of the existing programme.

#### 6.4 Central Heating – (£28k) underspend/slippage

Central heating upgrades are largely on target, but there were a higher number of critical failures which reduced the planned programme in year. A total of 204 heating systems have been replaced.

The small slippage request relates to the partial funding of a replacement district heating system that will now be installed in 2019/20. The balance will be funded from the 2019/20 budget.

#### 6.5 Kitchens and bathrooms – (£485k) underspend/slippage

A total of 85 kitchens and 165 bathrooms have been completed during the year. Some issues with contractor performance have been encountered and therefore a carry forward of £430k is forecasted to allow the slipped installations to be delivered next year.

#### 6.6 Major works - £232k overspend

Major works on void properties have been higher than budgeted. A total of 50 major voids have been completed, with some needing considerable works in order to bring them up to the lettable standard.

#### 6.7 Compliance - £85k overspend

The cost of asbestos removal has been higher than budgeted. Removal of asbestos is done in line with planned works and will vary each financial year.

#### 6.8 Doors and Windows – (£279k) underspend/slippage

As previously reported, difficulty in obtaining certain doors as a result of the Grenfell tragedy has led to delays, and a carry forward of £100k is being requested. The new contract is due to be in place early in 2019/20.

#### 6.9 Insulation – (£93k) slippage

Although insulation works have been undertaken as part of the external works contract, additional insulation is being procured under a framework in order to be delivered early in 2019/20. It is therefore requested that the remaining budget is slipped into next year.

#### 6.10 Non Traditional properties – (£145k) underspend

External works have been undertaken on 33 non traditional properties. The external wall insulation on eight properties will be completed in 2019/20, with the Non Traditional budget combined with External Works.

#### 6.11 Door entry – (£194k) underspend

Performance issues with the contractor, and long lead in times for door manufacture, have led to the programme unfortunately being delayed.

#### 6.12 Suited locks – (£74k) slippage

Suited locks are expected to commence in April 2019, and so the budget will need to be slipped into 2019/20 in order to fund the programme.



### 6.13 New Build and Regeneration – (£528k) slippage

The slippage detailed below, is due to re-profiling of these schemes to reflect various factors affecting start on site.

### 6.14 Southbank – (£283k) slippage

This scheme was forecast to start on site in January this year, but this has been further delayed due to ecology and ground issues. A contractor is in place and works are now due to start on site in 2019/20.

### 6.15 Tanners Piece – (£256k) slippage

Tanners Piece is now almost complete, with 11 new dwellings due for completion in June 2019. Due to a later start than anticipated, more spend has fallen in 19/20 than originally forecast, but this hasn't significantly affected the programme.

### 6.16 Other Schemes – £11k overspend

Initial scoping works and planning applications are starting for some of the new sites approved by Council in January 2019. These works are currently being funded by the New Homes Contingency budget, but will all have an individual budget in place from 2019/20.

There are also some small costs on completed schemes which are funded from the contingency.

The small overspend represents the brought forward spend on the new schemes and can be comfortably funded from existing capital receipts.

### 6.17 Sheltered Modernisation – (£21k) underspend

Three ex scheme warden property conversions, and modernisation works at Sherborne House have been completed during the year.

As reported in paragraph 3.14 there has been a variance between revenue and capital works at Sherborne, but this does not affect the overall financial position of the programme.

Works are due to start at Concord and George Pearce House, the next two schemes in the modernisation programme, in the new financial year.

## 7. Capital Financing

### 7.1 The total capital spend of £8,593k has been financed as follows:

Table 5 – HRA Capital Financing

Source of Funding	£k	
Major Repairs Reserve	7,113	
Revenue Contribution to Capital Outlay (RCCO)	319	
Capital Receipts	1,161	Includes £407k Right to Buy receipts, receipts from shared ownership sales of £20k and £734k sheltered housing receipts
<b>Total Funding</b>	<b>8,593</b>	

## **8. Capital Budget 2019/20**

- 8.1 Slippage of £1,634k is being requested from 2018/19 budgets into 2019/20.
- 8.2 It is also proposed that the budgets within the New Homes Programme are reprofiled to reflect the forecasted delivery as set out in the report to Housing Committee, also at the June 2019 meeting. The overall budget has not been amended.
- 8.3 Taking into account these changes the proposed revised capital programme for 2019/20 to 2022/23 is:

Table 6 – Revised Capital Programme

HRA Capital Programme	2019/20 Base £k	Slippage £k	2019/20 Revised £k	2020/21 £k	2021/22 £k	2022/23 £k
<b>Major Works</b>						
Central Heating	1,021	28	1,049			
Disabled Adaptations	200		200			
Kitchens and Bathrooms	1,389	430	1,819			
Major Voids	464		464			
Asbestos/Radon	422		422			
Doors and Windows	1,022	100	1,122			
Electrical Works	218		218			
Environmental Works		93	93			
Door Entry	218		218			
Suited Locks	76	74	150			
External Works	3,519		3,519			
Major Works				4,726	6,843	6,429
<b>Total Major Works</b>	<b>8,549</b>	<b>725</b>	<b>9,274</b>	<b>4,726</b>	<b>6,843</b>	<b>6,429</b>
<b>New Homes and Sheltered Modernisation</b>						
Southbank, Woodchester	902	283	954	231		
Former Ship Inn Site, Bridgend	1,000			50	950	485
Sheltered Modernisation - Tanners Piece	449	256	705			
Broadfield Road, Eastington	31		31	994	90	
Orchard Road, Ebley	20		20	665	30	
Queens Drive, Cashes Green	27		10	810	220	
Ringfield Close, Nailsworth	55		55	2,257	901	
Summersfield Road, Minchinhampton	28		28	892		
Gloucester St and Bradley St, WuE	28		28	20	537	722
Glebelands,					1,898	1,897
Opportunity Land Acquisition Pot	3,000		3,000			
New Homes Contingency	50		50	50	50	50
Sheltered Modernisation - Amber/Green Schemes	614		614	309	536	213
<b>Total New Homes and Sheltered Modernisation</b>	<b>6,204</b>	<b>539</b>	<b>5,495</b>	<b>6,278</b>	<b>5,212</b>	<b>3,367</b>
<b>Total HRA Capital Programme</b>	<b>14,753</b>	<b>1,264</b>	<b>14,769</b>	<b>11,004</b>	<b>12,055</b>	<b>9,796</b>

## 9. HRA Stock Numbers

- 9.1 The total number of dwellings available to let (excluding those held vacant pending redevelopment) has reduced by 45 to 5015.
- 9.2 This includes a total of 26 Right to Buy sales, the addition of 6 converted ex scheme manager flats, and the decanting of 18 sheltered units in 'red' schemes. There were three empty properties recategorised as development (two houses at Gloucester Street and the ex warden accommodation at Broadfield Road), and four dwellings have been transferred to non dwellings as they are let on long term leases with HRA shops (this is an existing arrangement).

Table 7 – Changes to the housing stock 2018/19

	Rented	Shared Ownership	Total
<b>Opening Stock at 1 April 2018</b>	<b>5,020</b>	<b>40</b>	<b>5,060</b>
<i>Additions:</i>			
Ex warden conversions	6		6
<i>Less:</i>			
Right to Buy sales	(26)		(26)
Decanted for Sheltered Modernisation Programme	(18)		(18)
Transferred to development	(3)		(3)
Transferred to shops	(4)		(4)
<b>Closing stock at 31 March 2019</b>	<b>4,975</b>	<b>40</b>	<b>5,015</b>

- 9.3 At 31 March 2019 there were 14 units within red sheltered schemes still to be decanted, once suitable accommodation is found for the tenants. All tenants going through this process are supported in line with the decanting policy.

## 10. Right to Buy Receipts

- 10.1 As members will be aware, the Council is able to retain Right to Buy (RTB) receipts (after a set payment to the Treasury, a Council share, an allowance for the self financing debt relating to the RTBs, and an admin allowance), but only if they are spent on new affordable rented housing.
- 10.2 There are strict rules on the use of the receipts, with the RTB receipts only able to make up a total of 30% of the spend on the new housing.
- 10.3 The remaining 70% of spend must come from other resources, such as revenue resources (ie from rental income), borrowing, or capital receipts (although the use of capital receipts from the sale of non RTB dwellings is not directly allowable).
- 10.4 For example, £300k of RTB receipts must be used towards spend of £1,000k on new housing, with £700k coming from Council resources. They also cannot be used at the same time as other government funds, such as Homes England, previously the Homes and Communities Agency (HCA), grants.

10.5 A total of 26 properties were sold under Right to Buy in 2018/19, with a total capital receipt of £2,327k. This is after discounts totalling £1,785k were applied, and includes a repayment of a previous discount as the property was resold within five years of the Right to Buy sale.

10.6 The below table shows the breakdown of these receipts.

Table 8 – Right to Buy Receipts 2018/19

	£000s	
Treasury share	461	Amount paid to Government under the RTB legislation
Local authority share	191	Amount that can be kept locally without match funding restrictions
Admin costs	34	Allowance to cover administration costs
Attributable debt	504	Allowance for self financing debt relating to sold properties. Note: this does not need to be used to repay borrowing
Buyback allowance	74	Allowance of up to 50% for repurchasing ex council houses (relates to costs incurred in past years)
Additional 141 receipts	1,063	Remaining amount that must be match funded within three years. In order to keep these receipts an additional £4,151k must be spent by 31 March 2021.
	2,327	

10.7 During 2018/19, the total spend required (from RTB receipts up to March 2016 – to allow for the three year period in which we have to allocate RTB receipts) has been met, and no additional RTB receipts have been returned.

10.8 Right to Buy receipts have been allocated to Tanners Piece, the conversion of sheltered ex wardens accommodation and towards the preliminary costs of the new sites not yet on site.

10.9 Receipts are also continuing to be allocated towards the Fountain Crescent site in Wotton-under-Edge, on which Fortis Living, a Registered Provider, are building affordable homes.

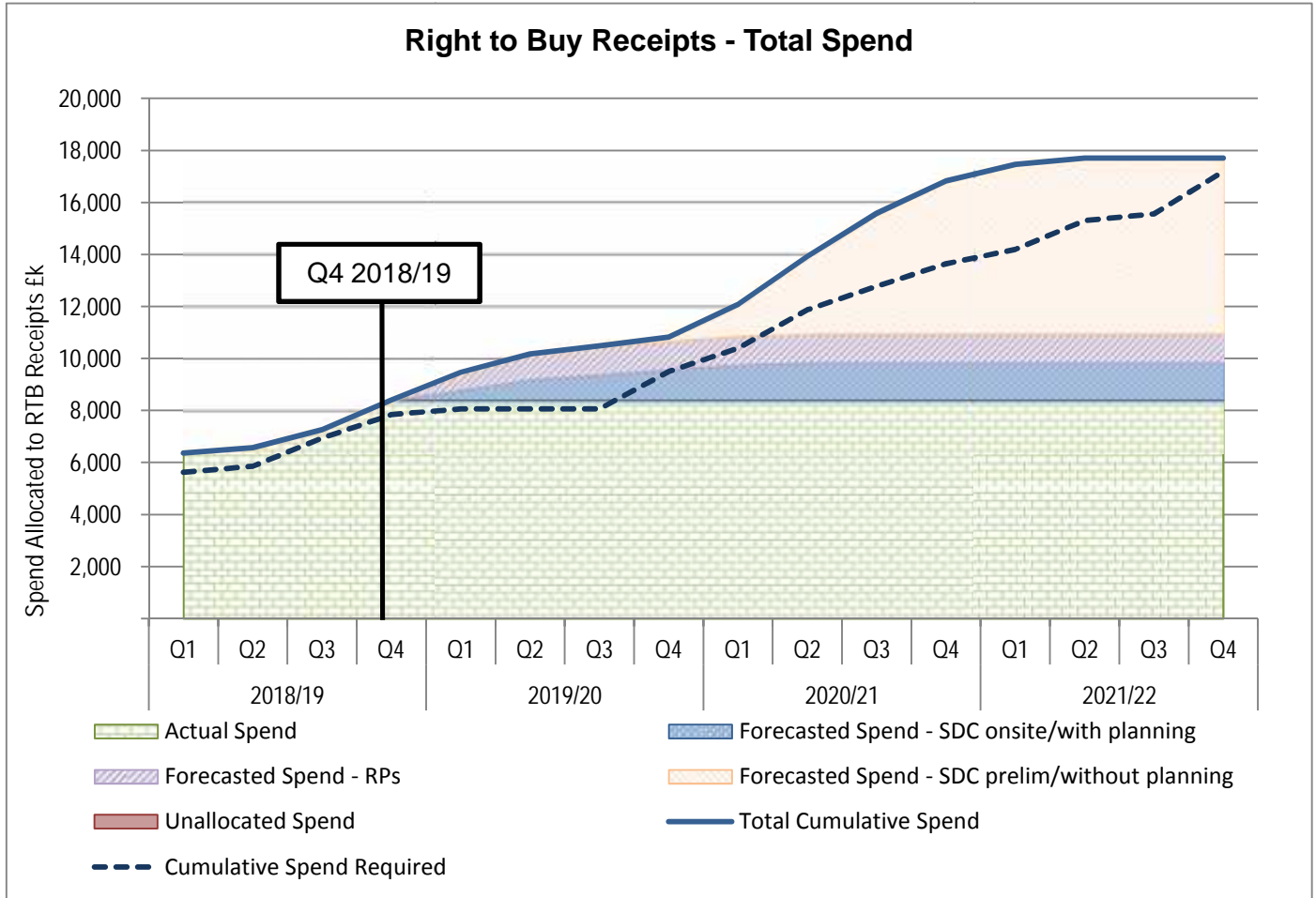
10.10 With a strict three year timescale in which to allocate the 'additional 141 receipts', the future programme is being closely monitored.

10.11 With the relaxing of the borrowing rules, a new tranche of development schemes were added to the approved capital programme in January 2019. This additional spend has meant that we are able to provisionally commit all of our current Right to Buy Receipts over the next three years.

10.12 The following graph shows our current and forecasted spend (total spend of which 30% can be funded from Right to Buy receipts), against

the amount we would need to spend in order to retain the receipts rather than repay them to Government (the dotted line).

Graph 1 – Forecast of Spend Using Right to Buy Receipts over Three Years



10.13 Although the receipts are currently committed and it is forecasted that we would not need to return any existing receipts, there is little room for movement by the end of the three year period.

10.14 Much of this forecasted spend is on sites which are currently in a preliminary stage, and so there are real risks that some of the sites may experience delays, or may not be able to progress.

10.15 Any Right to Buy receipts received in 2019/20 will increase the spend target for 2022/23, which does not currently have a programme of spend allocated to it.

## 11. Other HRA Capital Receipts

11.1 A total of £3,340k has been raised from non Right to Buy sales in 2018/19. This is largely from the sale of Queens Court and Dryleaze House, but also includes the sale of some garages, in line with the approval from Housing Committee in September 2015.

- 11.2 It should be noted that these receipts are the gross sale receipt and so do not reflect any costs of sale such as the cost of decanting dwellings, the cost of obtaining planning permission, or sale commissions.

Table 10 – Non Right to Buy Capital Receipts

	Sale Receipts £k
Queens Court, Thrupp	1,300
Dryleaze Court, Wotton-under-Edge	1,503
Agreed deferred payment from previous sale	54
Sale of garages (37 garages, some sold as blocks, some as single garages)	435
Other small pieces of land	48
<b>Total</b>	<b>3,340</b>

- 11.3 The capital receipt from Dryleaze Court is allocated to the Sheltered Modernisation project, with the remaining receipts all put aside to contribute towards the new homes programme.

## 12. Major Repairs Reserve

- 12.1 The HRA must transfer the annual depreciation charge to the Major Repairs Reserve (MRR), which should be used to fund capital works or repayment of debt.
- 12.2 In 2018/19 the depreciation transfer totalled £5,954k and is reported under 'Revenue Funding of Capital Programme (Depreciation and RCCO)'. The remaining £319k on this reporting line relates to Revenue Contribution to Capital Outlay (RCCO).
- 12.3 The capital spend of £7,113k on Major Works has been funded entirely from the Major Repairs Reserve in 2018/19, giving a net reduction in the reserve of £1,159k. A summary of the reserve is in the below table.

Table 11 - Major repairs Reserve Summary

	£k
Opening balance	6,110
Transfer to reserve – depreciation charge	5,954
Use of reserve – funding of major works	(7,113)
<b>Closing balance</b>	<b>4,951</b>

- 12.4 This balance is taken into account in the MTFP, and will be utilised, along with future depreciation charges, to fund future major works, and the annual contribution towards repaying borrowing.

## APPENDIX A

### HRA Outturn Position

	2018/19 Original Budget £k	2018/19 Latest Budget £k	Forecast Outturn £k	Outturn Variance £k
<b>Income</b>				
Dwelling Rents and Service Charges	(21,826)	(22,144)	(22,195)	(51)
Other Charges and Income	(564)	(625)	(692)	(67)
<b>Total Income</b>	<b>(22,390)</b>	<b>(22,769)</b>	<b>(22,887)</b>	<b>(118)</b>
<b>Expenditure</b>				
Supervision and Management	5,222	5,084	5,126	42
Repairs and Maintenance	3,767	3,735	4,055	320
Sheltered Housing Service	1,452	1,270	1,126	(144)
Other Expenditure	519	494	580	86
Sheltered Housing Modernisation	579	401	401	0
Revenue Funding of Capital Programme (Depreciation and RCCO)	7,153	6,273	6,273	0
Provision for Bad Debts	200	80	99	19
<b>Total Expenditure</b>	<b>18,892</b>	<b>17,337</b>	<b>17,660</b>	<b>323</b>
<b>Other Costs and Income</b>				
Interest Payable/Receivable	3,488	3,395	3,326	(69)
Transfers to/(from) Earmarked Reserves	136	1,518	1,458	(60)
Transfers to/(from) General Reserves	(126)	519	519	0
<b>Total Other Costs and Income</b>	<b>3,498</b>	<b>5,408</b>	<b>5,302</b>	<b>(106)</b>
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>76</b>
Carry Forward Request				60
<b>Net Outturn Forecast</b>				<b>136</b>

Note: Support Service Charges and accounting adjustments (pension adjustments) are included within the Supervision and Management, Repairs and Maintenance, Sheltered Housing Service and Other Expenditure lines.