

HOUSING REVENUE ACCOUNT DETAIL

		2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Amount (£'000)	2019/20 Reserve Transfer s (£'000)	2019/20 Outturn Variance (£'000)
Housing Committee	Para Ref					
Dwelling Rents and service charges	1.1	(21,855)	(21,855)	(22,493)	0	(638)
Other charges and income	1.1	(551)	(551)	(768)	0	(217)
Provision for Bad Debt	1.2	80	80	149	0	69
Total Income		(22,325)	(22,325)	(23,111)	0	(786)
Supervision and Management	1.3	4,203	4,256	4,004	0	(251)
Repairs and Maintenance	1.4	3,733	3,793	3,975	0	182
Sheltered Housing Service	1.5	1,083	1,083	987	0	(96)
Other Expenditure	1.6	460	460	561	0	102
Sheltered Housing Modernisation	1.7	470	470	522	(52)	0
Total Expenditure		9,948	10,061	10,049	(52)	(63)
Support Service Charges from the GF		1,560	1,560	1,567	0	7
Revenue Funding of Capital Programme (Depn & RCCO)		6,687	6,687	6,519	168	0
Provision for repaying debt		900	900	900	0	0
Interest Payable/Receivable	1.8	3,354	3,354	3,202	0	(152)
Total Other Costs and Income		12,501	12,501	12,188	168	(145)
Total Housing Revenue Account		123	236	(874)	116	(994)
Transfers to/from HRA Earmarked reserves		(226)	(286)	(170)	(116)	0
Transfers to/from General Reserves		103	50	50	0	0
Total Transfers to/from reserves		(123)	(236)	(120)	(116)	0

1.1 Income – (£855k) additional income

As previously reported additional rental income has been received when compared to budget, in part because of prudent budgeting of dwelling numbers included in the new build programme and sheltered modernisation programme.

There is also an increased level of lease income representing the work by Tenant Services of providing some housing for temporary accommodation in the district.

Garage rents are expected to be higher than budgeted, but will continue to reduce in line with the approval to review the use of all garage sites.

Leaseholder charges are also higher, with a number of major works being completed in blocks containing leaseholders. Leaseholders are charged a share of the cost of works, based on the provision in their lease. For example, if a leaseholder is in a block of four flats, they would usually be expected to pay one quarter of the total cost for the block. Leaseholders are consulted under Section 20 of the Landlord and Tenant Act. This income will offset the cost of the works which was largely completed in 2018/19.

1.2 Provision for Bad Debt – £69k overspend

A provision is put aside in order to reflect the likelihood that some outstanding debts across rents and other charges will not be received. A provision of £149k has been made in 2019/20. This is higher than was forecast at Quarter 3 budget monitoring due to the expected impact of the Coronavirus pandemic.

1.3 Supervision and Management – (£251k) underspend

Significant salary savings have been made, predominantly in Contract Services (£209k). This is largely due to posts being held vacant pending the implantation of the in house repairs and maintenance service from April 2020.

The Development Team has also seen salary savings (£37k) due to vacant posts.

This area also includes the set up costs for the in house service starting April 2020. Further detail on these costs are included in the HRA Outturn Information Paper.

1.4 Repairs and maintenance - £182k overspend

Maintenance spend is £182k overspent overall, but this does include some large variances within the service.

An overspend in general maintenance of £436k relates to responsive repairs. This area will be transferred to the in house repairs and maintenance service from April 2020. This is a demand led service and as in previous years this area of work has had both positive and negative variances. Additional spend was incurred for the installation of heat detectors following a change in legislation, £100k of electrical of associated remedial works, and £100k for structural works to balconies.

Void works are £194k overspent. £50k of this relates to Council Tax on void properties. This demand led service, and again as in previous years variances have been both positive and negative. The condition of some properties has necessitated additional spend due to the condition they have been return in.

Planned maintenance spend is £329k less than budget largely due to a lower than anticipated cost for asbestos works, and uncompleted works on the North contract (Mi-Space).

Gas in house provider is £118k underspent. This is due to a small underspend in salaries due to a vacant apprentice post, as well as slippage in a contractor delivering (non urgent) servicing to renewable heating systems.

1.5 Sheltered Housing Service – (£96k) underspend

As previously reported, there is a reduced staffing cost compared to the budget (-£74k), and significant savings made on services (-£45k). This has however been partially offset by additional costs relating to works and equipment needed to implement the changes to call monitoring as approved by Housing Committee in September 2019.

1.6 Other expenditure - £102k overspend

As previously reported, the cost of grounds maintenance, including fly tipping, is higher than anticipated (£69k overspend). This will continue to be monitored, and the budget has been increased in 2020/21.

Some additional works have undertaken on some trees on HRA land, along with other expenses including a 'dowry' payment made with the transfer of playing fields, have further increased the pressure. This is part of the Council's ongoing Community Asset transfer programme and will generate future savings as the HRA will no longer be paying for the maintenance of the areas.

1.7 Sheltered Housing Modernisation – funded from earmarked reserve

The Sheltered Modernisation Programme includes modernisation works to green and amber schemes, as well as the decanting costs and void costs e.g. council tax for the red schemes. It consists of works to schemes that are part revenue and part capital and the budget is split based on estimates.

This is fully funded from the Sheltered modernisation earmarked reserve, along with a contribution towards the lost service charges that formed part of the original business case.

The expenditure in 2019/20 relates in part to decanting and holding void Glebelands, Cambridge House, and Ringfield Close all 'red' schemes, and to modernisation works at Concord and George Pearce House, both amber schemes.

Overall, across revenue and capital, there is an underspend of £116k. The majority of the underspend is due to savings on the contract value against the original estimates, and also additional savings against the contract value as the projects were subsequently delivered under-budget. This resulted in an overall saving against estimated budgets of 7% for Concord and an anticipated saving of over 10% for George Pearce House. These savings are at least partly due to the relationship that has been established with our partner contractor due to the Dynamic Purchasing System utilised when procuring these services. The works at George Pearce House were all due to be completed in 2019/20 but works had to be suspended due to Covid-19 and were completed in June and hence some spend has fallen into 2020/21.

There is an increase in the decant costs as residents from Glebelands have been rehoused quicker than anticipated and so more of the costs have fallen into 2019/20. There will therefore be less spend in 2020/21 in this area.

As this spend is fully funded from the earmarked reserve, the variance won't affect the bottom line of the HRA revenue position, but instead means that the earmarked reserve will close £116k higher than budgeted.

This will be used for future modernisation costs including the slippage on George Pearce House. Further information on the Sheltered Modernisation earmarked reserve can be found in Section 8 of the main report.

A full breakdown of the Sheltered Modernisation budget (including the financing of the capital expenditure through Revenue Contribution to Capital Outlay (RCCO)) is contained within the below table.

Table 2 – Sheltered Modernisation Summary

	Budget £k	Outturn £k	Variance £k
Project costs eg newsletter	5	2	(3)
Decanting and empty property costs in red schemes	202	223	21
Contribution towards lost service charges (part of business case)	141	141	0
Modernisation works:			
Revenue	263	297	34
Capital (included in Revenue Funding of Capital Programme as RCCO)	614	446	(168)
Total – Transfer from EMR	1,225	1,109	(116)

1.8 Interest payable/receivable – (£152k) additional income

Investment income has been much higher than budget in this financial year. This is unlikely to continue into 2020/21 as interest rates are again much lower.