

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 07 July 2014

Portfolio:	Policy and Resources
Subject:	Actual Housing Revenue Account Expenditure and Financing 2013/14
Report of:	Director of Finance and Resources
Strategy/Policy:	
Corporate Objective:	A Balanced Housing market and A Dynamic, Prudent and Progressive Council

Purpose:

The purpose of this report is to provide the Executive with the details of the actual expenditure and income for 2013/14 in the Housing Revenue and Repairs Accounts.

Executive summary:

The final figures for 2013/14 show that, overall, the actual deficit on the Housing Revenue Account and Housing Repairs Account is £240,000 compared to a forecast surplus of £547,000. Of this, £852,900 relates to non-capitalised repairs from the capital programme. However, if the requested carry forward are agreed then the deficit will increase to £243,400.

Recommendation:

- (a) That the balance on the Housing Revenue and Repairs Accounts as at 31 March 2014 be carried over to 2014/15.
- (b) That the following budget be carried forward:
 - i. £3,400 Environmental Improvements.

Reason:

To ensure that the balances on the Housing Revenue and Repairs Accounts at 31 March 2014 will be available in future years and that 2014/15 budgets are sufficient to meet the level of work programmed.

Cost of proposals:

There are no additional costs relating to the recommendations.

Appendices: A: Housing Revenue and Repairs Accounts

Background papers: Report to the Executive Housing Revenue Account Spending Plans including the Capital Programme for 2014/15 dated 10 February 2014

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Executive Briefing Paper

Date: 07 July 2014

Subject: Actual Housing Revenue Account Expenditure and Financing 2013/14

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. On the 10th February 2014, the Executive considered the revised budgets for the Housing Revenue Account (HRA) and Housing Repairs Account for the financial year 2013/14. At this time, the estimated surplus for the revenue account was £547,000.
2. The final figures for 2013/14 show that, overall, the actual deficit is £240,000 for the combined Housing Revenue and Repairs Accounts.
3. The actual position compared with the revised budget is detailed in Appendix A. The tables below summarise the position and indicates the effect of the year's activities on the overall position.

Housing Revenue Account	Revised Budget 2013/14 £000s	Actual 2013/14 £000s	Variance 2013/14 £000s
Income	(11,461)	(11,441)	(20)
Expenditure	<u>6,989</u>	<u>7,810</u>	<u>(821)</u>
(Surplus)/Deficit on HRA Services	(4,472)	(3,631)	(841)
Net interest	1,761	1,748	13
Revenue contribution to capital expenditure, Pension, etc	0	(57)	57
Transfer to Reserve	<u>2,164</u>	<u>2,180</u>	<u>(16)</u>
(Increase)/Decrease in HRA balances in year	(547)	240	(787)
Balance brought forward	<u>(4,358)</u>	<u>(4,358)</u>	0
Balance carried forward	<u>(4,905)</u>	<u>(4,118)</u>	<u>(787)</u>

Repairs Account	Revised Budget 2013/14 £000s	Actual 2013/14 £000s	Variance 2013/14 £000s
Contribution from HRA	(1,621)	(2,510)	889
Other Income	(60)	(95)	35
Expenditure	1,681	2,589	(908)
Transfer to/(from) Leaseholder (Increase)/Decrease in Repairs Account balance in year	<u>0</u>	<u>16</u>	<u>(16)</u>
Balance brought forward	(1,800)	(1,800)	0
Balance carried forward	<u>(1,800)</u>	<u>(1,800)</u>	<u>0</u>

Leaseholder Reserve Account

	2013/14 £000s
Transfer to/(from) Repairs Account	(16)
Opening Balance	<u>(166)</u>
Closing Balance	<u>(182)</u>

Capital Development Fund

	2013/14 £000s
Transfer from Housing Revenue Account	(2,164)
Opening Balance	<u>(2,164)</u>
Closing Balance	<u>(4,328)</u>

TOTAL BALANCE

(£10,428)

The following paragraphs examine the most significant variances in more detail:

HRA EXPENDITURE

- Contributions to the Repairs Account: The most significant variance of £889,000 related primarily to capital expenditure that for accounting reasons cannot be capitalised and therefore charged to Revenue.
- General Administration Expense: The variance of £72,000 can be partly attributed to the additional costs of debt recovery and severance payments following the recent Council restructure.

REPAIRS EXPENDITURE

- A total of £2,589,630 was spent on maintaining the housing stock during 2013/14 which included the following types of expenditure.
- Responsive repairs: £1,109,500 was spent on day-to-day responsive repairs compared to the revised estimate of £995,500. The largest over spend was on General Repairs of £142,400 with various other areas showing modest underspends.
- Other repairs: £1,172,300 was spent on repairs that had previously been budgeted within the capital programme compared with the revised estimate of £222,000. This

includes overspends of £80,900 on Disabled Modifications, £32,300 on Cavity Insulation and £852,900 that whilst originally charged to the Capital Programme did not add to the value of the properties on a like for like basis. Consequently, the part not adding value has been charged to the Repairs Account.

9. Cyclical repairs: £331,500 was spent on cyclical repairs compared with a revised budget of £452,100. The largest area of underspend relates to External Decoration.

CONCLUSION

10. The report sets out the actual expenditure and income for the HRA and Housing Repairs Account. The combined balance on the HRA, Repairs Account, Leaseholder Reserve and Capital Development Fund at 31 March 2014 is £10,428,000.
11. The Executive are asked to note the contents of the report and approve the carry forward balance and budgets, in order that agreed work can be completed in the current year.

Reference Papers:

10 February 2014 Executive report – Housing Revenue Account Spending Plans including the Capital Programme for 2014/15.

Appendix A

HOUSING REVENUE ACCOUNT

	Revised Budget	Actual	Variance
	2013/14	2013/14	2013/14
	£000s	£000s	£000s
<u>Income</u>			
Gross rental income:			
- Dwellings	10,360	10,344	(16)
- Other	245	248	3
Charges for services & facilities	508	502	(6)
Contributions towards expenditure	348	347	(1)
Total Income	11,461	11,441	(20)
<u>Expenditure</u>			
Contribution to Repairs Account	1,621	2,510	889
Supervision & Management	2,599	2,597	(2)
Rent, Rates & other Taxes	48	48	0
Depreciation & Impairment	2,476	2,444	(32)
Debt Management Costs	29	32	3
Increase/(Decrease) in HRA Bad Debt Provision	27	(5)	(32)
Bad Debts Written Off	30	38	8
HRA Share of Corporate & Democratic Core	159	146	(13)
Total Expenditure	6,989	7,810	821
Net Cost of HRA Services	(4,472)	(3,631)	841
Interest Payable	1,871	1,871	0
Pension interest costs and expected return on pension assets	0	305	305
Movement on Pension Reserve	0	241	241
Interest Receivable	(110)	(123)	(13)
(Surplus)/Deficit for the year on HRA Services	(2,711)	(1,337)	1,374
Additional amounts required to be debited/ (credited) to HRA balances for the year.			
Pension Reserve Contributions	0	(595)	(595)
Depreciation greater than Major Repairs Allowance	0	(1)	(1)
Difference between any other item of income or expenditure determined in accordance with The Code and determined in accordance with statutory requirements	0	(7)	(7)
Transfer to Reserves	2,164	2,180	16
(Increase)/Decrease in HRA balances for the year.	(547)	240	787
HRA Surplus brought forward	(4,358)	(4,358)	0
HRA Surplus carried forward	(4,905)	(4,118)	787

REPAIRS ACCOUNT

	Revised Budget 2013/14 £000s	Actual 2013/14 £000s	Variance 2013/14 £000s
Contribution from HRA	(1,621)	(2,510)	(889)
Other Income	(60)	(95)	(35)
Expenditure:			
-Day to day response repairs	996	1,109	113
-Previous capital works	222	1,172	950
-Cyclical repairs	452	331	(121)
-Administration and bad debts	11	(23)	(34)
Transfer to/(from) Leaseholder Reserve	<u>0</u>	<u>16</u>	<u>16</u>
(Increase)/Decrease in Repairs Account balance in year	0	0	0
Balance brought forward	<u>(1,800)</u>	<u>(1,800)</u>	<u>0</u>
Balance carried forward	<u><u>(1,800)</u></u>	<u><u>(1,800)</u></u>	<u><u>0</u></u>