

HRA REVENUE ACCOUNT

1. The HRA annual expenditure budget is £23.070m and income budget is £29.579m, which allows a contribution of £6.509m to reserves to present a net budget of zero. A subjective breakdown of budget, year to date position and forecast outturn is shown in Table 1 below.
2. There are a number of year to date variances across the HRA. Total income has an adverse variance of £0.160m with a full year forecast adverse variance of £0.250m. The negative income variance to date is due to a rent free week in May, the rent year beginning on the 6th April and an even profile in the budget for rental incomes generated by the Priory View development. The slippage of completion of this project accounts for the full year variance.
3. Housing Management is reporting a positive year to date variance of £0.084m. The variance is mostly due to out of profile expenditure within Housing Estate Management (0.038m) and insurance related repairs (0.043m). The adverse variance for the full year relates to non achievement of the managed vacancy factor.
4. The Maintenance budget has a year to date underspend of £0.267m. The variance is accounted for by out of profile spend on internal and external decorating, fire safety works within Cyclical maintenance (£0.159m), reduced expenditure within Voids (£0.044m) and savings on Day to Day maintenance (0.075m). Controls initiated during the previous financial year are expected to continue delivering savings in 2015/16 of £0.234m.

Table 1

	205/16 Budget	Budget YTD	Actual YTD	Variance YTD	Full Year Forecast	Variance Full Year Forecast to Budget
	£m	£m	£m	£m	£m	£m
Total Income	(29.579)	(7.395)	(7.235)	0.160	(29.329)	0.250
Housing Management	5.127	1.286	1.202	(0.084)	5.286	0.159
Financial Inclusion	0.280	0.070	0.072	0.002	0.299	0.019
Asset Management	1.134	0.283	0.248	(0.035)	1.144	0.010
Corporate Resources	1.710	0.428	0.443	0.015	1.770	0.060
Maintenance	5.392	1.337	1.070	(0.267)	5.158	(0.234)
Debt related costs	0.119	0.030	0.030	0	0.119	0
Direct Revenue Financing	5.302	1.326	1.326	0	5.302	0
Efficiency Programme	(0.160)	(0.040)	(0.040)	0	(0.160)	0
Interest repayment	4.166	1.041	1.041	0	4.166	0
Principal repayment	0	0	0	0	0	0
TOTAL Expenditure	23.070	5.761	5.392	(0.369)	23.084	0.014
Surplus	(6.509)	(1.634)	^(1.843)	(0.209)	(6.245)	0.264
Contribution to / (from) reserve (actioned at year end)	6.509	1.634	^1.843	0.209	6.245	(0.264)
Net Expenditure	0	0	0	0	0	0
^ Included for balancing and illustrative purposes only						

HRA CAPITAL PROGRAMME

5. Across the HRA Capital Programme there is a minor year to date positive variance of £0.004m, with a forecast year end outturn of £18.154m against a budget of £20.954m. The budget includes deferred works of £4.009m from 2014/15 relating to the Priory View development.
6. The forecast underspend of £2.8m relates to the Croft Green Development where major construction work is now forecast to commence in 2016/17 with completion forecast for the summer of 2017. The delayed start is as a result of procurement advice received recommending a two stage tender process due to changes within the construction industry. When complete, the development will provide 23 self-contained flats and communal facilities.

7. Meadsway Construction commenced work in May 2015 to build four units of accommodation at Creasy Park Drive, including one designed for wheelchair access. Completion of the development is expected in the winter of 2015.

Table 2

Scheme Title	Approved Budget 2015/16	Full Year Forecast	Variance	Monthly Budget Monitoring June 2015		
				Profiled YTD	Actual YTD	Variance
	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000
General Enhancements (Minor Works)	105	105	0	15	7	(8)
Lift Replacement	50	50	0	0	0	0
Fire Safety & Alarm Systems	100	100	0	0	0	0
Garage Refurbishment	31	31	0	8	8	0
Paths & Fences siteworks	150	150	0	15	15	0
Estate Improvements	265	265	0	90	96	6
Energy Conservation	812	812	0	0	0	0
Roof Replacement	550	550	0	25	30	5
Assisted Living Technology	65	65	0	0	0	0
Central Heating Installation	1,040	1,040	0	230	257	27
Rewiring	375	375	0	30	27	(3)
Kitchens and Bathrooms	1,202	1,202	0	26	28	2
Central Heating communal	78	78	0	6	2	(4)
Door Replacement	286	286	0	69	60	(9)
Structural repairs	259	259	0	63	78	15
Aids and adaptations	550	550	0	137	105	(32)
Drainage and Water Supply	50	50	0	12	0	(12)
Capitalised salaries	500	500	0	125	125	0
Asbestos management	360	360	0	90	65	(25)
Stock remodelling	200	200	0	50	44	(6)
Green Space Improvement	100	100	0	0	0	0
Parking Schemes	125	125	0	0	0	0
Priory View	8,134	8,134	0	3,040	3,166	126
Investment Panel Programme	100	100	0	0	0	0
Mixed Tenure Independent Living Scheme, HR	50	50	0	0	0	0
Communal/PIR Lighting	700	700	0	162	188	26
Targeted door replacement	75	75	0	0	0	0
Garage Site Assembly	174	174	0	15	0	(15)
Creasey Park New Homes	600	600	0	102	15	(87)
Garage Site Development	318	318	0	0	0	0
Croft Green	3,000	200	(2,800)	19	16	(3)
Sheltered Housing Refurbishment	300	300	0	0	0	0
New Homes, North Central Beds	125	125	0	0	1	1
Major Renewal Schemes	125	125	0	0	0	0
HRA	20,954	18,154	(2,800)	4,330	4,334	4

8. The Garage Site Development programme has identified 30 sites that have the potential to deliver 123 new homes of mixed type and tenure. The tenure of the housing will be informed by the availability of funding such as from the Homes and Communities Agency and the receipts from homes sold under the "Right to Buy". The resources will be used to progress land and garage buy-backs and planning consent on the above sites. A financial business case for alternative uses will be prepared prior to implementation to ensure that any future use identified does not have a negative impact on the Housing Revenue Account.
9. The Landlord Business has worked with colleagues in other areas of the Council to identify land that is suitable for housing and within the Council's ownership. The objective is to extend the supply of affordable housing throughout the county, rather than just in the south of the area. Land with the potential to deliver 2-3 units, currently owned by Corporate Assets has been identified at Havelock Road, Biggleswade. The housing service is to acquire the land subject to successful planning permission.

HRA EFFICIENCY PROGRAMME

10. Since 2010 the Housing service has been using Housemark to provide a benchmarking service. The analysis provided has assisted in identifying the areas where HRA budgets are higher relative to other stock retained authorities.
11. The HRA revenue budget for 2015/16 was reduced by £0.160m, as part of the Council's efficiency programme.
12. This year's HRA efficiency target comprises a combination of increased income (improved tenancy sustainment and additional recouping of service charges), improvements in lead time for gas servicing, reduced security costs on voids, and use of NEPRO. Forecasts suggest that the efficiencies for 2015/16 will be fully achieved.

HRA ARREARS.

13. Table 3 shows a breakdown of the HRA Debt position at the end of June. Total tenant debt amounted to £1.006m compared to £0.930m at the end of May 2015. Current tenant arrears are £0.555m or 1.83% (£0.493m or 1.63% at May) of the annual rent debit of £30.272m, whilst former tenant arrears are at 1.49% with a balance of £0.451m against a target of 1% (1.44% with a balance of £0.437m at May). Housing Benefit payments account for 56% of the rental income received. A total of £57 of rent arrears has been written off in the financial year to the end of June 2015.
14. In light of welfare reform housing management have implemented a proactive approach to managing the impact on rent arrears. This includes early intervention, downsizing where necessary, increased contact with our residents, supporting tenants in making the right decisions regarding payment of rent and strong enforcement action when all other options have been exhausted.

Table 3

Debt Analysis - Tenant Arrears							
Description of debt	0-4 weeks	4-8 weeks	8-13 weeks	13-52 weeks	Over 1 yr	TOTAL	
	£M	£M	£M	£M	£M	£M	
Current Tenant	0.191	0.146	0.127	0.091	0	0.555	
Former Tenant						0.451	
						1.006	
Debt Analysis - Other Arrears							
Description of debt	From 15 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 365 days	Over 1 yr but not over 2 yrs	Over 2 yrs	TOTAL
	£M	£M	£M	£M	£M	£M	£M
Shops	0.006	0	0.001	0.005	0.001	0.006	0.019
Leaseholders	0	0.017	(0.005)	0.007	0.006	0.031	0.056
Void recoveries	0.001	0	0	0.004	0.020	0.025	0.050
Misc recoveries	(0.001)	(0.002)	0.001	0.007	(0.007)	0.025	0.023
	0.006	0.015	(0.003)	0.023	0.020	0.087	0.148

15. There are currently £0.148m of non tenant arrears (£0.124m May), which comprises the following: rents at shops owned by the HRA, service charges and ground rent relating to leaseholders who purchased flats via the Right to Buy scheme, and property damage relating to existing and former tenants.

Leaseholder debt can be recovered by placing a charge on the property so that the debt is recouped when the property is sold.

PROMPT PAYMENT INDICATOR

16. The performance target for payment to suppliers, where there is no dispute over the amount invoiced, is 90% of invoices paid within 30 days of invoice receipt date. The HRA performance for June was 70% of 240 invoices paid on time.
17. Actions are being implemented to improve this aspect of the service but have not yet taken effect. Managers and team leaders are reviewing the late payment list each month to investigate whether the service is at fault and what remedial action is necessary to improve performance. There is a Self Billing project in progress to automate payment of invoices. This project is progressing well and will significantly improve timescales for making payment.

HRA CAPITAL RECEIPTS

18. New Right to Buy (RtB) discounts and proposals for re-investing the capital receipts came into effect from April 2012, which increased the maximum discount available to tenants from £0.034m to £0.075m.
19. Up to the end of June 2015, 24 RtB applications were received with 8 properties being sold, compared to 21 Applications and 9 sales over the same period in 2014/15. It is currently projected that the number of RtB sales will be between 25 and 30 for the year, resulting in a residual receipt for the year of approximately £1.500m.
20. As a result of the changes to housing pooling the council has a balance at the end of June of useable capital receipts of £3.897m (balance bought forward from 2014/15 £3.451m), of which £2.097m is reserved for investment in new social housing. The Council has entered into an agreement with the Secretary of State to invest these receipts in new social housing. The use of these receipts is restricted to schemes that do not receive Homes and Communities Agency (HCA) funding.
21. The retained receipt can represent no more than 30% of the cost of the replacement properties, so the Council is committed to spend at least £6.990m on new build by 30 June 2018.
22. The Priory View project has been awarded £1.703m from the HCA, therefore the retained receipts from RtB sales reserved for new build cannot be used on this scheme.
23. The HRA's Budget proposals for the period of the Medium Term Financial Plan (MTFP) propose significant investment in new build (in excess of £10.5m by 31 March 2018, excluding spend on Priory View).
24. Current projections suggest RtB sales will not have a negative impact on the Business Plan, particularly if the number of new build properties exceeds

the properties sold. However if annual RtB sales were to make up a significant percentage of the Housing Stock, such that it diminished by 10% (equivalent to approximately 500 properties) or more over the period to 31 March 2019, then this would pose a threat to the surpluses predicted both in the medium and longer term.

25. If additional sales continue to represent a small percentage of the Council's stock, there is a significant benefit as retained receipts will provide the Council with additional funds for reinvestment.

RESERVES

26. The total reserves available as at year end 2014/15 were £20.556m, comprising £2.000m in HRA Balances, £11.962m in the Independent Living Development Reserve, £6.394m in the Strategic Reserve and £0.200m in the Major Repairs Reserve.
27. The current position indicates a year end balance in reserves of £16.031m. HRA Balances are projected to remain at a contingency level of £2.000m, with the Independent Living Development Reserve decreasing to £10.023m, the Strategic reserve decreasing to £3.808m, and the Major Repairs Reserve (MRR) remaining at £0.200m.
28. In total this equates to a forecast contribution to reserves for the year of £6.245m, offset by spend from reserves of £10.770m to result in a net decrease of £4.525m.
29. An Investment Strategy has been formulated, that sets out proposals for the use of the reserves that are forecast to materialise in the short to medium term. This strategy was referred to in the HRA Budget Report that was approved by Council in February 2015.

Table 4

Reserves

Month: June 2015

Description	Opening Balance 2014/15	Spend against reserves	Release of reserves	Proposed transfer to Reserves	Proposed Closing Balance 2014/15
	£000	£000	£000	£000	£000
HRA Balances	2,000	-	-	-	2,000
Independent Living Development Reserve	11,962	(8,184)	-	6,245	10,023
Strategic Reserve	6,394	(2,586)	-	-	3,808
Major Repairs (HRA)	200	-	-	-	200
	20,556	(10,770)	-	6,245	16,031

Table 5**Net Revenue Position Full Analysis**

Month: June 2015	Year to date				Year				
Director	Budget	Actual	Use of Reserves	Variance	Approved Budget	Provisional Outturn	Variance	Transfers to/(from) reserves	Variance after use of earmarked reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Assistant Director Housing Service	4,674	4,664	-	(10)	18,698	18,667	(31)	-	(31)
Housing Management (HRA)	(6,315)	(6,314)	-	1	(25,266)	(25,024)	242	-	242
Asset Management (HRA)	1,620	1,307	-	(313)	6,480	6,250	(230)	-	(230)
Financial Inclusion	21	44	-	23	88	107	19	-	19
Total	0	(299)	0	(299)	0	0	0	0	0