

## Central Bedfordshire Council

EXECUTIVE

6 December 2016

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### September Q2 Housing Revenue Account Budget Monitoring

Report of **Cllr Carole Hegley, Executive Member for Social Care and Housing** ([cllr.carole.hegley@centralbedfordshire.gov.uk](mailto:cllr.carole.hegley@centralbedfordshire.gov.uk)) and **Cllr Richard Wenham, Executive Member for Corporate Resources** ([cllr.richard.wenham@centralbedfordshire.gov.uk](mailto:cllr.richard.wenham@centralbedfordshire.gov.uk))

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**This report relates to a Non Key Decision.**

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#### Purpose of this report

1. The report provides information on the 2016/17 Housing Revenue Account (HRA) projected outturn revenue and capital position as at September 2016.

#### RECOMMENDATIONS

The Executive is asked to note and approve:

1. **That the Revenue forecast position is to achieve a balanced budget with a contribution to HRA Reserves of £6.075M, thus strengthening the Council's ability to invest and improve its stock of Council Houses.**
2. **That the Capital forecast position indicates a net outturn of £11.620M, against a budget of £15.589M. It is proposed that £2.184M of future investment works are deferred to 2017/18.**
3. **That £1.2M of the budget allocated to the Croft Green project in 2016/17 is vired to enable the purchase of further properties throughout the Council area; in order to avoid temporary accommodation costs.**
4. **That RtB sales will be monitored for the possible impact on predicted surpluses in the medium to longer term.**

#### Issues

2. The revenue forecast position as at the end of September 2016 projects a year end surplus of £6.075M compared to a budgeted surplus of £5.363M, an increase of £0.712M.

3. There is a forecast of reduced expenditure within Maintenance (£0.456M), due to a combination of procurement and contract efficiencies, and an under spend in Housing Operations (£0.193M), due to reduced spend on electronic file management, stock analysis and savings from tenancy sustainment, resulting in lower costs. The forecast under spend in the Financial Inclusion service (£0.116M) is due to reduced spend on downsizing and the slower than anticipated roll out of Universal Credit.
4. The forecast position for the HRA capital programme indicates a net outturn below budget at £11.620M; this includes deferred works of £4.280M from 2015/16. It is proposed that £2.184M of future investment works are deferred to 2017/18, whilst Executive approval is sought to vire £1.2M of the budget currently allocated to the Croft Green project to enable the continuing purchase of properties which will be used to mitigate demand for temporary accommodation, and therefore save expenditure in the General Fund.
5. The £1.2M is still required for the Croft Green project, and this will be reflected in the HRA's forthcoming MTFP report and Business Case supporting the HRA's Future Investment programme. The HRA's Business Plan can accommodate this additional expenditure due to in year revenue savings, a windfall from the reduction in interest rates, and efficiency savings achieved in relation to the Maintenance programme.
6. The additional properties acquired will mainly be occupied as HMOs (Houses in Multiple Occupation), by single person households aged under 35 years; and also to be used as supported housing for vulnerable persons, as part of the Independent Living offer. The strategic approach is to create 'System Resilience', which will enable the Council to avoid the high level of costs relating to temporary accommodation that is being seen in other local authority areas. As part of the approach, the Housing Service is creating an Intensive Property Management Team (within the HRA) that will manage all of the properties and rooms that are used for Supported/Temporary Accommodation on a hotel style basis, in part to maximise income; but more importantly, to avoid cost to the General Fund at the level seen in neighbouring local authorities.
7. The 2016/17 budget for the HRA anticipates a contribution to the Independent Living Development Reserve (ILDR) of £5.2M and contribution to the strategic reserve of £0.163M. The year end forecast suggests a contribution to reserves of £6.075M, an increase of £0.712M, with a contribution of £6.075M to the ILDR. This equates to a predicted total reserve balance of £23.028M (not including the proposed additional expenditure on new homes).

### **Council Priorities**

8. Sound financial management contributes to the Council's Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 6 Council priorities.

## **Corporate Implications**

9. None

## **Legal Implications**

10. None

## **Financial Implications**

11. The financial implications are contained in the report.

## **Equalities Implications**

12. Equality Impact Assessments were undertaken prior to the allocation of the 2016/17 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

## **Conclusion and next Steps**

13. The report presents the 2016/17 HRA financial position as at the end of September 2016. It sets out spend to date against the profiled revenue and capital budgets, the forecast financial outturn, and provides explanations for any variations. This report enables the Executive to consider the overall financial position of the HRA.

## **Appendices**

### **Appendix A – Housing Revenue Account Detailed Commentary**