

Central Bedfordshire Council

EXECUTIVE

4 April 2017

December Q3 Housing Revenue Account Budget Monitoring

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

Advising Officers: Julie Ogley, Director of Social Care, Health and Housing (julie.ogley@centralbedfordshire.gov.uk) and Charles Warboys, Director of Resources and s151 Officer (charles.warboys@centralbedfordshire.gov.uk)

This report relates to a Non Key Decision.

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 December 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 £23.314M, 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 £11.837M, against a budget of £15.589M. It is proposed that £2.586M of future investment works are deferred to 2017/18.
3. That General Fund (GF) assets at Havelock Road in Biggleswade and Greenacres in Dunstable are transferred to the HRA, generating the equivalent of a capital receipt of £1.575M to the GF and enabling the HRA to provide accommodation solutions that will avoid temporary accommodation costs.
4. That Right to Buy (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 December 2016 projects a year end surplus of £6.578M compared to a budgeted surplus of £5.363M, an increase of £1.215M.
3. There is a forecast of reduced expenditure within Maintenance (£0.781M), due to a combination of procurement and contract efficiencies, and an under spend in Housing Operations (£0.177M), due to reduced spend on electronic file management, efficiency savings achieved by bringing project work in house and utilising existing resources, and tenancy sustainment work. The forecast under spend in the Financial Inclusion service (£0.108M) is due to reduced spend on downsizing and the slower than anticipated roll out of Universal Credit. Further savings (£0.092M) have been achieved as a result of reduced interest payments on the HRA debt, due to reductions in interest rates.
4. The forecast position for the HRA capital programme indicates a net outturn below budget at £11.837M; this includes deferred works of £4.280M from 2015/16. It is proposed that £2.586M of future investment works are deferred to 2017/18.
5. Land with the potential to deliver 2 units, previously owned by Corporate Assets, has been identified at Havelock Road, Biggleswade. It is proposed that the land is transferred from the GF to the HRA, for the agreed land value of £0.075M. It is also proposed to transfer Greenacres, the former care home in Dunstable, from the GF into the HRA. The site has recently been independently valued at £1.5M, which would be funded from existing HRA Reserves and provide the equivalent of an immediate capital receipt for the GF. In the short to medium term this could provide flexible bedsit accommodation for up to 50 people, addressing demands for Temporary Accommodation (TA) or Supported accommodation.
6. The approach being taken is to create “system resilience” for the future, establishing flexible provision across Central Bedfordshire, to be managed intensively as either TA and/or supported housing. 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 £6.578M, an increase of £1.215M, with a contribution of £6.578M to the ILDR. This equates to a predicted total reserve balance of £23.314M (not including the proposed cost of transferring the Havelock Road and Greenacre sites).

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

Legal Implications

9. None

Financial Implications

10. The financial implications are contained in the report.

Equalities Implications

11. 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

12. The report presents the 2016/17 HRA financial position as at the end of December 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