

Report of Head of Finance Environments and Housing

Report to Housing Advisory Board

Date: 28th January 2014

Subject: Financial Position Statement 2013/14 Housing Period 8

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. At the request of Housing Advisory Board, the purpose of this report is to provide a financial position statement on Housing at period 8 of the financial year 2013/14.
2. The attached information has been provided by the relevant Head of Finance for the Board's consideration in relation to:-
 - Housing Revenue Account (section 3)
 - Housing Leeds Capital programme (section 4)

3. Housing Revenue Account

3.1 From 1st October 2013 the management of the council's housing stock was integrated into the Directorate of Environment and Housing. In line with this, HRA financial reporting now reflects the total financial position in respect of Housing Leeds.

3.2 At the end of Period 8 the HRA is projecting a surplus of £(419)k. This is after absorbing an additional recharge of £1m from Adult Social Care in respect of supporting people to remain in their own homes. Savings are projected in relation to employees, supplies and services (utilities, marketing and office consumables), legal recharges. Also additional income from capitalisation is anticipated due to the projected increase in RTB sales (316 more than budget).

3.3 Rent arrears

Rent arrears continue to be closely monitored. Overall, arrears for current tenants are £6.1m compared to £4m at the end of 2012/13, an increase of £2.1m. However £1.1m of this increase is simply due to in year timing differences between when the weekly rent is due and when the rent is actually received from tenants through monthly standing orders and direct debits. Of the rest of the increase £0.3m has arisen due to welfare change in connection with under occupancy.

Collection rates to the first week in November were 97.4% for dwelling rents, compared to 98% at the end of 2012/13. This compares favourably with collection performance in 2011/12 and 2010/11 which was 97.65% and 97.42% respectively.

3.4 Right To Buy (RTB) sales

To the end of November 2013 there were 322 completed sales. Current projections based on live applications are that 450 properties will be sold in 2013/14, generating sales receipts of £19.4m. In accordance with the Government's formula, LCC can retain the sum of £14.2m.

Of this, £5.9m is likely to be passported to Registered Social Landlords (RSLs) as a grant. This is to fund 30% of the cost of building new housing stock, and must be match-funded by a 70% contribution from the RSL. A further £6.3m can be retained for 'allowable debt' which can be used either to repay debt or to fund other capital expenditure; current proposals are that this income will be used to fund capital expenditure. The remaining sum of £2.0m will be retained corporately to fund the General Fund's Capital Programme.

4. Capital Programme

4.1. Capital Programme – Housing Leeds Services

- From October Housing Leeds Services will deliver the refurbishment programme for the remainder of 2013/14 and are reporting spend and commitments to date of £31.1m. Of the £6.1m accruals made in 12/13 at period 8, £1.5m still remain unmatched. Projected outturn at period 8 is expected to be delivered within revised available resources of £55.2m. In November a further £2.2m was slipped to the 2014/15 programme.
- Planned works are running to target across the city in most areas. In the Aire Valley area £3.8m has been slipped to 2014/15, £2.8m on the Malverns and Waverleys refurb and £1m on Manor Park enveloping. In East North East works to Multi Storey Flats £830k, Moorhaven Court conversion £450k and some demolitions work £270k have all slipped to 2013/14.
- Responsive works - low levels of spend on voids programmes could equate to an underspend across the city in 2013/14 but we are awaiting more robust projections and will report back at period 9.
- Adaptations no issues of concern and we're planning to spend on budget.

4.2. Capital Programme - Strategic Landlord (HRA)

- At period 8 Strategic Landlord actual spend is £201k. Resources available in 2013/14 have been revised to £1.53m this now allows for £0.5m additional boiler replacement works and £150k works to communal aerials in multi storey flats. A programme of works will be put in place and this will determine if there is any more slippage to come in 2013/14.. .
- The Council Housing Growth programme is underway and has a number of strands within it: new build properties; purchase of new properties from developers and the acquisition and refurbishment of long term empty properties to bring them back into use as council housing. The first phase of delivery has commenced - a planning application has been submitted for the first new build site at East End Park which will deliver 30 properties and anticipated to start on site in January and design work has started for a second site at The Garnets in Beeston; the opportunity to acquire new properties “off plan” from a developer is currently being appraised and will deliver 25 new properties at Thorn Walk Gipton which it is anticipated will be ready for occupation in December 2014. Further phases will include the delivery of a purpose built Extra Care scheme providing specialist housing for older residents which also has the benefit of additional grant funding from the Homes and Communities Agency.

5. Recommendation

5.1. Housing Advisory Board are asked to note the projected financial position at period 8 of the financial year 2013/14.

6. Background documents¹

6.1.5. No documents referred to.

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.