

**Report of Head of Finance, Environment & Neighbourhoods**

**Report to Housing Advisory Board**

**Date: 9<sup>th</sup> September 2014**

**Subject: Housing Leeds (HRA) Revenue Financial Position Period 3 2014/15**

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**

The purpose of this report is to update Housing Advisory Board on the revenue financial position for the Housing Leeds (HRA) service as at Period 3.

**Recommendations**

Housing Advisory Board is requested to note the contents of this report.

## **1 Summary Position**

- 1.1 At the end of Period 3 the HRA is projecting a surplus of £(0.9)m. Key variances from budget are detailed below.

## **2 Key Variances - Income**

- 2.1 Income from dwelling rents is projected to be £(0.7)m more than budgeted. This is due to voids levels being less than budgeted, voids are currently 0.7% but budgeted at 1.25%. RTB sales are budgeted at 450 for the year (compared to 462 sales in 2013/14) and no change to this is currently forecast. A further £(0.3)m of unbudgeted income has been received in connection with contract-related performance payments.

## **3 Key Variances - Expenditure**

- 3.1 Savings of £(0.25)m are expected from Council Tax in relation to void properties, and savings of £(0.5)m are expected against the contribution to the Bad Debt Provision, both of these projections are based on trends in 2013/14.
- 3.2 There is a projected saving of £(0.4)m against Capital Charges, this is due to the interest rates on debt being lower than budgeted.
- 3.3 These positive variations are offset by an additional cost of £0.5m from internal services. This is mainly in connection with unbudgeted costs of £0.45m for Contract Cleaning.
- 3.4 There is a requirement to increase the contribution to the Disrepair Provision by £0.7m more than the budget. This is due to claims firms targeting the City which has resulted in a 284% increase in cases from 2012/13 levels. In order to deal with this increase in caseload two additional surveyors and two legal officers have been engaged and processes put in place to manage the service to improve efficiency and create clearer accountabilities and responsibilities within the teams.

The Disrepair service is being proactively managed with regular meetings with internal and external teams including surveyors, legal, asbestos and contractors responsible for completing the works monitoring progress, identifying blockages in the system and amending processes. Alongside these activities the team is engaging with both the Repairs Teams and Housing Management to introduce measures to stem the growth in caseload.

## **4 Leeds Credit Union**

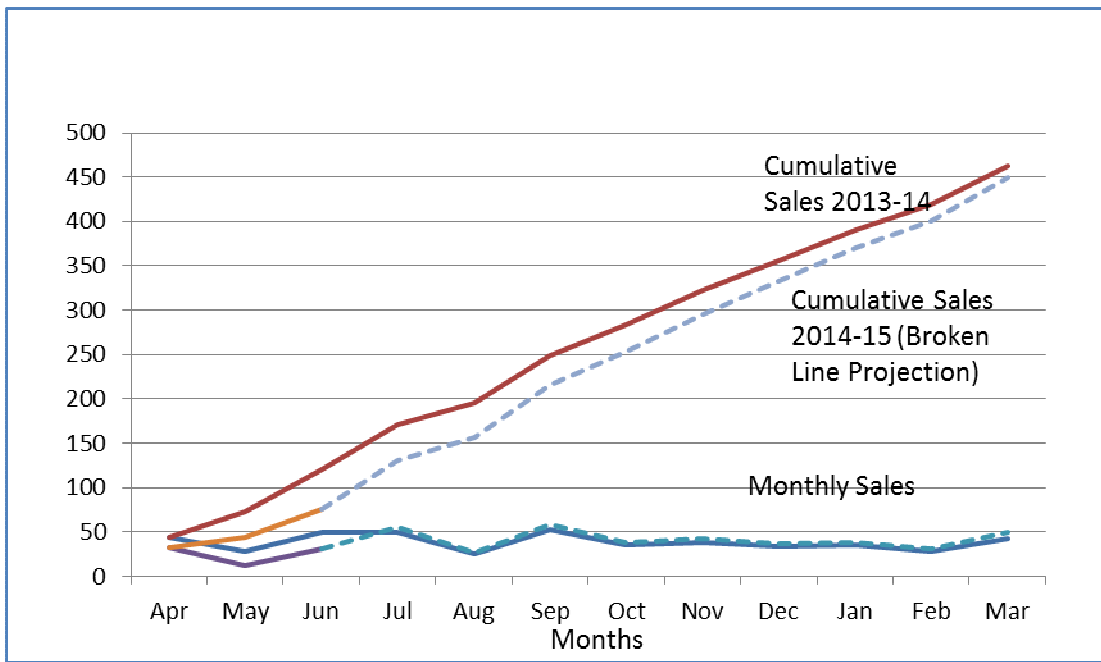
- 4.1 A payment of £90k will be made to LCCU this year, this is consistent with the funding provided by the ALMOs last year.

## **5 Right To Buy Sales**

- 5.1 To the end of June there were 69 completed sales. This has generated sales receipts of £3.4m. It is anticipated that the total year sales of 450 units will generate sales receipts of £19.6m. In accordance with the Government's formula, LCC can retain the sum of £14.5m.

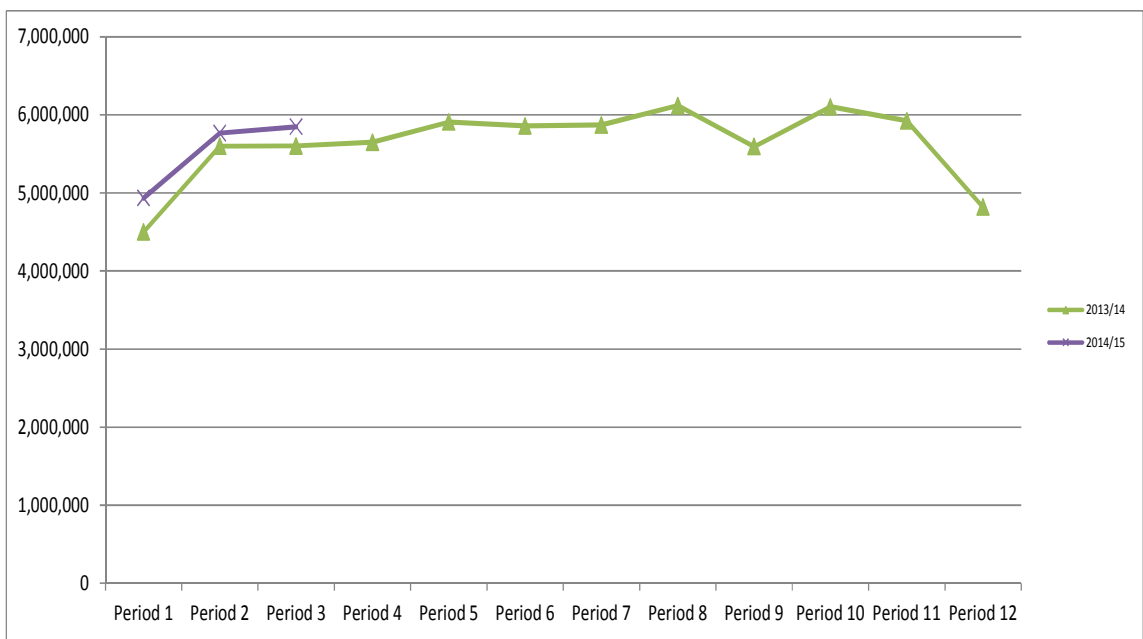
5.2 Of this, £5.9m is likely to be passported to Registered Social Landlords (RSLs) as a grant. This is to fund 30% of the cost of building new housing stock, and must be match-funded by a 70% contribution from the RSL. A further £5.7m can be retained for 'allowable debt' which can be used either to repay debt or to fund other capital expenditure; proposals are currently being developed. The sum of £0.6m will be retained to fund administration costs and the remaining sum of £2.2m will be retained corporately to fund the General Fund's Capital Programme.

**Council House Sales to June 2014 and Projected Sales to Year End**



**6 Arrears**

**Comparison of Current Tenant Arrears 2013/14 and 2014/15**



- 6.1 Overall, arrears for current tenants are £5.8m compared to £4.8m at the end of 2013/14, an increase of £1.0m. Of this approximately £0.9m is due to timing differences between rent being charged on a weekly basis and payments being actually received from tenants who pay monthly by standing order of direct debit. There are currently circa 5,600 tenants classified as under-occupied. At the end of 2013/14 approximately 41% of under-occupiers were in arrears, this rose to 48% as at the end of May. Total dwelling rent arrears for under-occupiers were £0.7m at the end of May. This is the same position as at the end of 2013/14.

## **7 Collection Rates**

- 7.1 Collection rates to the first week in June were 97.3% for dwelling rents, compared to the target of 98.06%.

## **8 Background Documents**

- 8.1 None.

## **9 Recommendations**

- 9.1 HAB is requested to note the contents of this report.