

Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 11th November 2014

Subject: Housing Leeds (HRA) Revenue Financial Position Period 6- 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 6.

Recommendations

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

1. Summary

- 1.1 At the end of Period 6 the HRA is projecting a surplus of £(1.1)m which is a movement of £(0.7)m from Period 5. This movement is largely due to additional savings of £(0.3)m on employee costs, £(0.3)m on void repairs and £(0.4)m on premises and supplies and services following a detailed review of budgets rolled forward from the ALMOs. These savings are offset by a requirement to increase the provision for Disrepair by £0.3m.

2. Key Variances - Income

- 2.1 Income from dwelling rents is projected to be £(1.0)m more than budget. This is primarily due to the actual level of voids (0.7%) being less than budgeted levels (1.25%).
- 2.2 Unbudgeted income of £(0.4)m has been received in connection with contract-related performance payments and profit sharing. This is offset by a projected reduction of £0.4m in salaries which can be capitalised in accordance with council's principles.

3. Key Variances – Expenditure

- 3.1 Savings of £(0.9)m over the £1m assumed in the budget are projected in relation to employees and transport. This is due to vacancies being held whilst revised structures are agreed and implemented as a result of the housing management function coming back in house. It should be noted however that these additional savings may not be recurring.
- 3.2 Savings of £(0.3)m are expected from Council Tax in relation to void properties. This is due to reducing void levels and is consistent with trends in 2013/14. Savings are also projected in relation to void repairs £(0.3)m, supplies and services £(0.2)m and utilities £(0.2)m following an in depth review of budgets rolled forward from the ALMOs.
- 3.3 Savings of £(0.5)m are expected against the contribution to the Bad Debt Provision, again, this is in line with 2013/14.
- 3.4 There is a projected saving of £(0.4)m against charges for capital which is due to interest rates on debt being lower than budgeted.
- 3.5 These savings contribute towards offsetting the additional £1.1m of costs in relation to Disrepair claims against the council. Additional resources have been provided to address this issue. 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. In addition to this the team is engaging with both the Repairs Teams and Housing Management to introduce measures to stem the growth in caseload.
- 3.6 A revenue contribution to capital of £1.2m has been identified to fund a vehicle replacement programme for Construction Services.

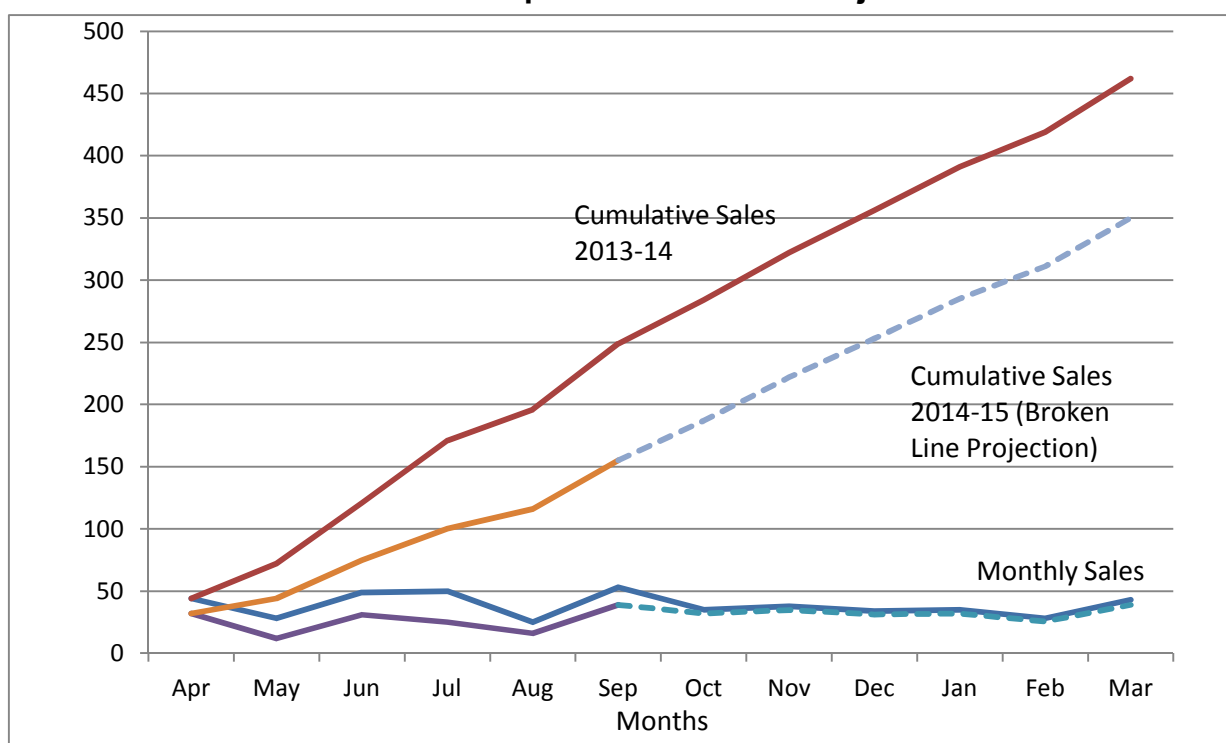
3.7 A payment of £90k will be made to Leeds Credit Union this year, this is consistent with the funding provided by ALMOs in previous years.

4. Right to Buy (RTB) Sales

4.1 To the end of September there were 155 completed sales with total sales of 350 being projected at year end. This is 112 less than 2013/14. It is anticipated that the total year sales of 350 units will generate sales receipts of £16.2m.

4.2 In accordance with the Government's formula, LCC can retain the sum of £10.4m. Of this, £3.4m 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 £4.3m 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 £0.5m 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 end of September 2014 and Projected Sales to Year End

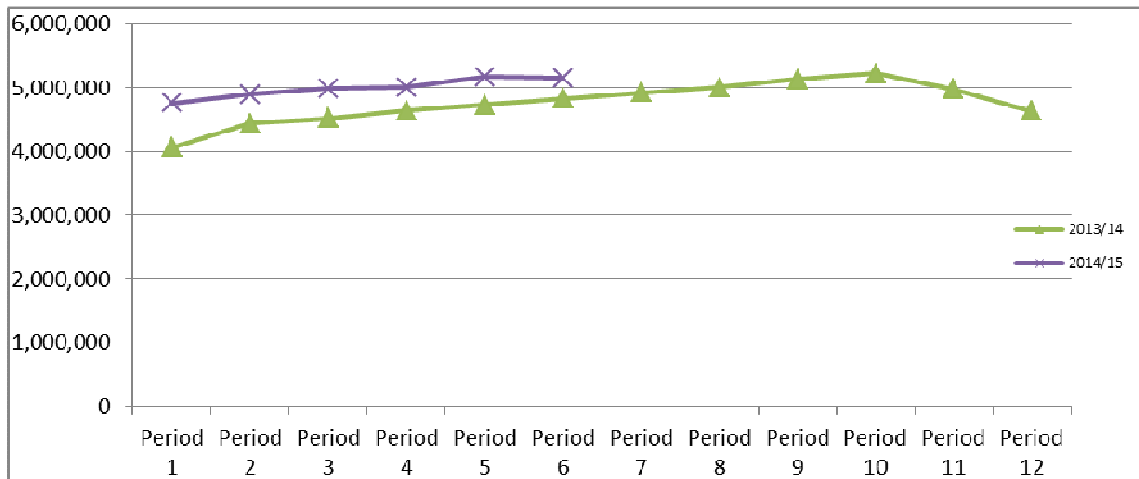


5. Arrears

5.1 Excluding technical arrears, arrears for current tenants are £5.1m compared to £4.6m at the end of 2013/14, an increase of £0.5m.

5.2 There are currently circa 5,400 tenants classified as under-occupied. At the end of 2013/14 approximately 41% of under-occupiers were in arrears, this rose to 51% as at the end of August. However, the value of dwelling rent arrears for under-occupiers has remained static at £0.7m.

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



6. Collection Rates

6.1 Collection rates to the end of August were 97.48% for dwelling rents, compared to the target of 98.06%.

7. Background Documents

7.1 None.

8. Recommendations

8.1 HAB is requested to note the contents of this report.