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

**Report to Housing Advisory Board**

**Date: 3rd February 2015**

**Subject: Housing Leeds (HRA) Revenue Financial Position Period 8 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

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**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 8.

**Recommendations**

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

## **1. Summary Position**

- 1.1 At the end of Period 8 the HRA is projecting a surplus of £(1.4)m which is a net movement of £(0.1)m from Period 7. Key movements are additional savings on employee costs £(0.5)m, offset by a reduction in income of £0.1m and the requirement to increase the provision for Disrepair by a further £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 being less than budgeted levels of 1.25%.
- 2.2 £(0.4)m of unbudgeted income has been received in connection with contract-related performance payments and profit sharing. This is offset by a projected reduction of £0.3m in salaries which can be capitalised in accordance with council's principles.

## **3. Key Variances - Expenditure**

- 3.1 Savings of £(1.9)m over the £1m assumed in the budget are projected in relation to employees and transport. This is primarily due to vacancies being held whilst revised structures are 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 repairs £(0.1)m, the contribution to the Bad Debt Provision £(0.5)m, and against charges for capital £(0.4)m which is due to interest rates on debt being lower than budgeted.
- 3.3 These savings contribute towards offsetting the additional £1.5m of costs in relation to Disrepair claims against the Council.
- 3.4 In respect of Disrepair the number of claims received from 2005 to 2012 averaged between 80-90 cases per year. In 2013-14 323 cases were received and to date 373 cases have been received in 2014/15.
- 3.5 The sudden increase in the number of claims is due to the city being targeted by the no win no fee type of companies who have used both social media and the traditional door knocking to encourage tenants to make claims. The increase in the number of claims has overwhelmed the Disrepair team who are resourced to deal with the smaller number of claims that had been witnessed in previous financial years.
- 3.6 In order 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

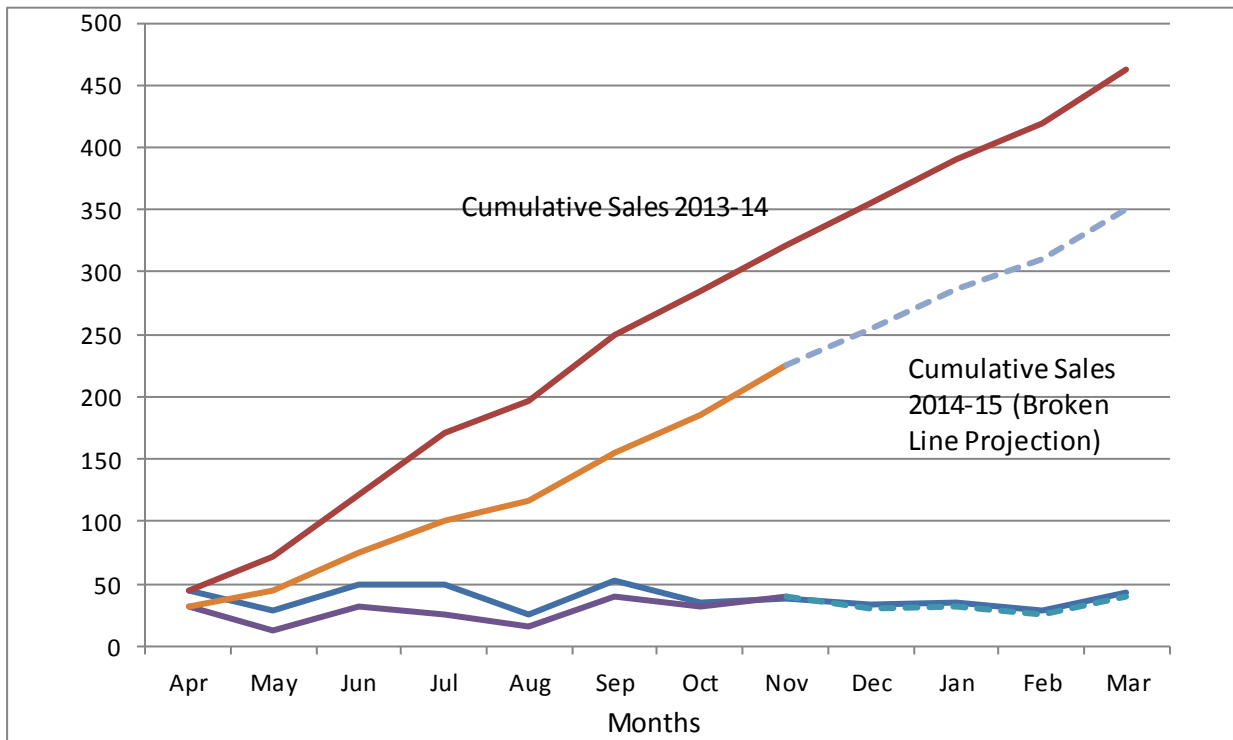
regular meetings with internal and external teams including surveyors, legal, asbestos and contractors responsible for completing the works monitoring progress, identifying blockages in the system and amending processes. In addition to this the team is engaging with both the Repairs Teams and Housing Management to introduce measures to stem the growth in caseload.

- 3.7 In addition the claims management process has been re-designed to provide a more efficient response cutting out costs both within the Council and with claimants. Revised protocols have been implemented to address the root causes of the claims by both investment programmes in to the stock and tenant education to promote lifestyle changes that will prevent disrepair issues arising in the properties.
- 3.8 The Department for Communities and Local Government (CLG) has recently issued a direction allowing the Council to fund payments to the Council's own tenants under the Discretionary Housing Payments (DHP) scheme. A maximum of £0.25m has been earmarked to fund tenants with severe disabilities living in adapted properties.
- 3.9 A revenue contribution to capital of £1.2m has been identified to fund a vehicle replacement programme for Construction Services.

#### **4. Right to Buy (RTB) Sales**

- 4.1 To the end of November there were 225 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 £16.4m. In accordance with the Government's formula, LCC can retain the sum of £11.2m.
- 4.2 Of the £11.2m, £4m is likely to be passed 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 £4.5m 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.

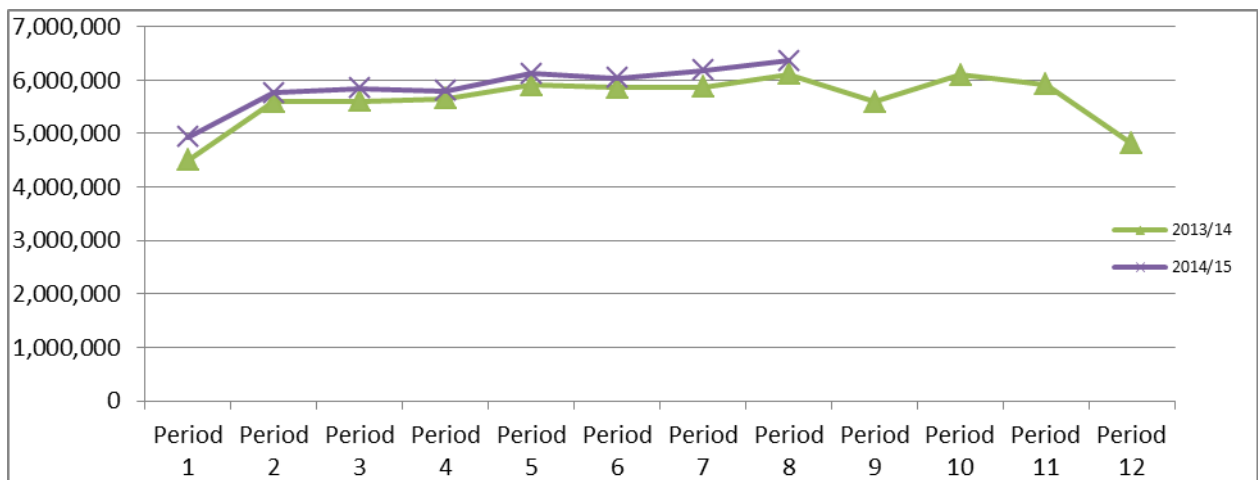
## Council House Sales to end of November 2014 & Projected Sales to Year End



### 5. Arrears

5.1 Excluding technical arrears, arrears for current tenants are £5.4m compared to £4.6m at the end of 2013/14, an increase of £0.8m. There are currently circa 5,472 tenants classified as under-occupied. At the end of 2013/14 approximately 41% of under-occupiers were in arrears, this rose to 50% as at the end of September 2014. 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 September were 97.70% 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.