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**Report of Head of Finance, Resources and Housing**

**Report to Housing Advisory Board**

**Date: 20th June 2017**

**Subject: Housing Leeds (HRA) Revenue Outturn Position – 2016/17**

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 inform Housing Advisory Board of the outturn position for the 2016/17 financial year in respect of the Council's Housing Revenue Account (HRA).

**Recommendations**

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

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## Summary

- 1.1 Following finalisation of the HRA the outturn for the year is a surplus of £3.61m when compared against the 2016/17 budget.
- 1.2 Executive Board approval is being sought to utilise part of the above surplus to create earmarked reserves of;
- 1.3 a) £0.26m to fund costs of scanning Housing Management paper files within the 'E-file' project. This will facilitate the Housing Service exiting the current Housing offices in order to provide the service in Community Hubs. The hubs will provide accessible and integrated services, bringing together existing one-stop shops, libraries and housing offices thereby realising capital receipts in excess of £2m.
- 1.4 b) £0.35m to fund anticipated costs of 'Changing the Workplace'.
- 1.5 The balance of the in year surplus of £3m will be transferred to the HRA Capital Reserve to fund expenditure on multi-storey dwellings.

## 2. Key Variances to Budget - Income

- 2.1 Income is projected to be £1m higher than budget.
- 2.2 Rental income was £0.2m lower than budgeted due to lower stock numbers as a result of increased RTB sales.
- 2.3 Income other than rents was £1.2m higher than budgeted. Additional income of £0.6m was received through the 'Gainshare' arrangements with the Council's external maintenance contractors whereby the Council shares in the benefit of external contract costs being less than the initial target cost. An increase in Right To Buy (RTB) sales has generated additional fee income of £0.2m. External funding contributions for a number of initiatives such as Biomass, Solar Panel, Telecoms and secondments to external organisations have generated £0.3m more than budgeted. Income from miscellaneous streams such as insurance refunds, property income and charges for paralegal costs and additional leasehold income have generated £0.3m variation against budget. This additional income has offset reduced income on capitalised salaries due to vacant posts of £0.2m.

## 3. Key Variances to Budget - Expenditure

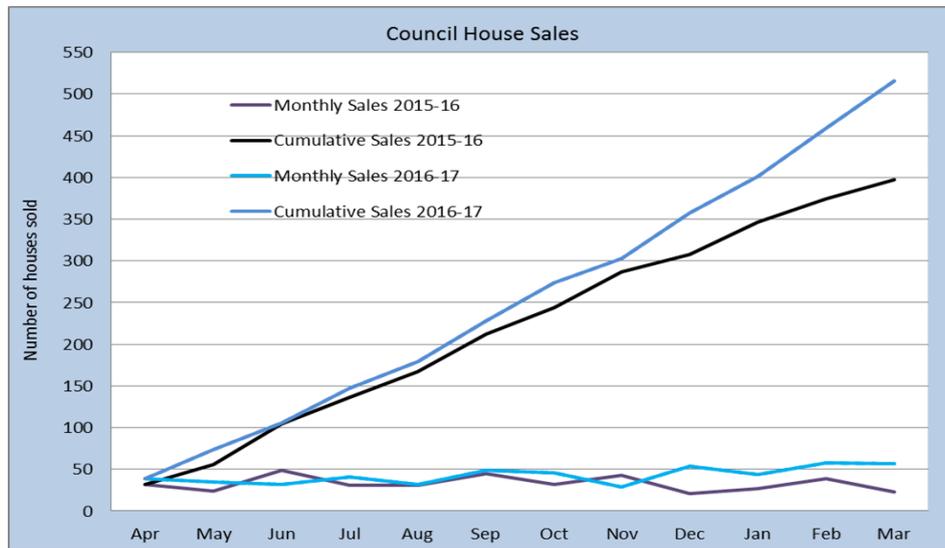
- 3.1 The budget for disrepair was overspent by £0.7m. This was largely as a result of a combination of resolving an increased number of disrepair cases and by taking a more pro-active approach to avoid expensive claims in the future.
- 3.2 Against a budget of £43.5m expenditure on maintaining and repairing the Council's housing stock was £0.4m underspent.
- 3.3 Savings of £0.70m on employees arose due to posts being held vacant awaiting the implementation of new structures.

- 3.4 Net savings of £0.8m have been realised in relation to Supplies and Services. These include ICT budgets (£0.2m), Office equipment (£0.1m), Tenant Mobility (£0.1m), Reduced transaction charges (£0.1m), Changing the Workplace (£0.1m) and a range of other minor variations totalling (0.2m).
- 3.5 A reduction in charges for services commissioned from Council services has resulted in a saving of £0.5m. These include legal services, internal audit, community safety and environmental services.
- 3.6 Other key savings include a reduction in the provision for doubtful debts £0.3m, payments to external organisations £0.1m, transport costs £0.1m along with minor variations on remaining budget headings totalling £0.4m.
- 3.7 An overspend against budget on the Capital Programme of £1.9m expenditure on the Environmental Improvement Programme and Sheltered Housing schemes has been funded through the use of earmarked reserves within the appropriation account.
- 3.8 The Capital charges overspend of £1.6m is largely due to a revision to the timetable for the capital contribution from the Council to the contractor delivering the PFI contracts in Little London, Beeston Hill and Holbeck. The £1.6m repayment of the PFI scheme is offset by adjustments within the PFI Unitary charge.

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

- 4.1 To the end of March 2017 there were 516 completed sales. This is 119 more than during 2016/17. The total year sales have generated sales receipts of £26,062k. In accordance with the Government's formula, LCC can retain the sum of £19,750k.
- 4.2 Of this, £9,328k will be used to fund the provision of new social housing and can be spent either through passport to Registered Social Landlords (RSLs) as a grant or utilised by the Authority. This value is to fund 30% of the cost of building new housing stock, and must be match-funded by a 70% contribution from the RSL or Leeds City Council. A further £8,085k can be retained for 'allowable debt' which can be used either to repay debt or to fund other capital expenditure. The remaining sum of £2,337k will be retained corporately to fund the General Fund Capital Programme.

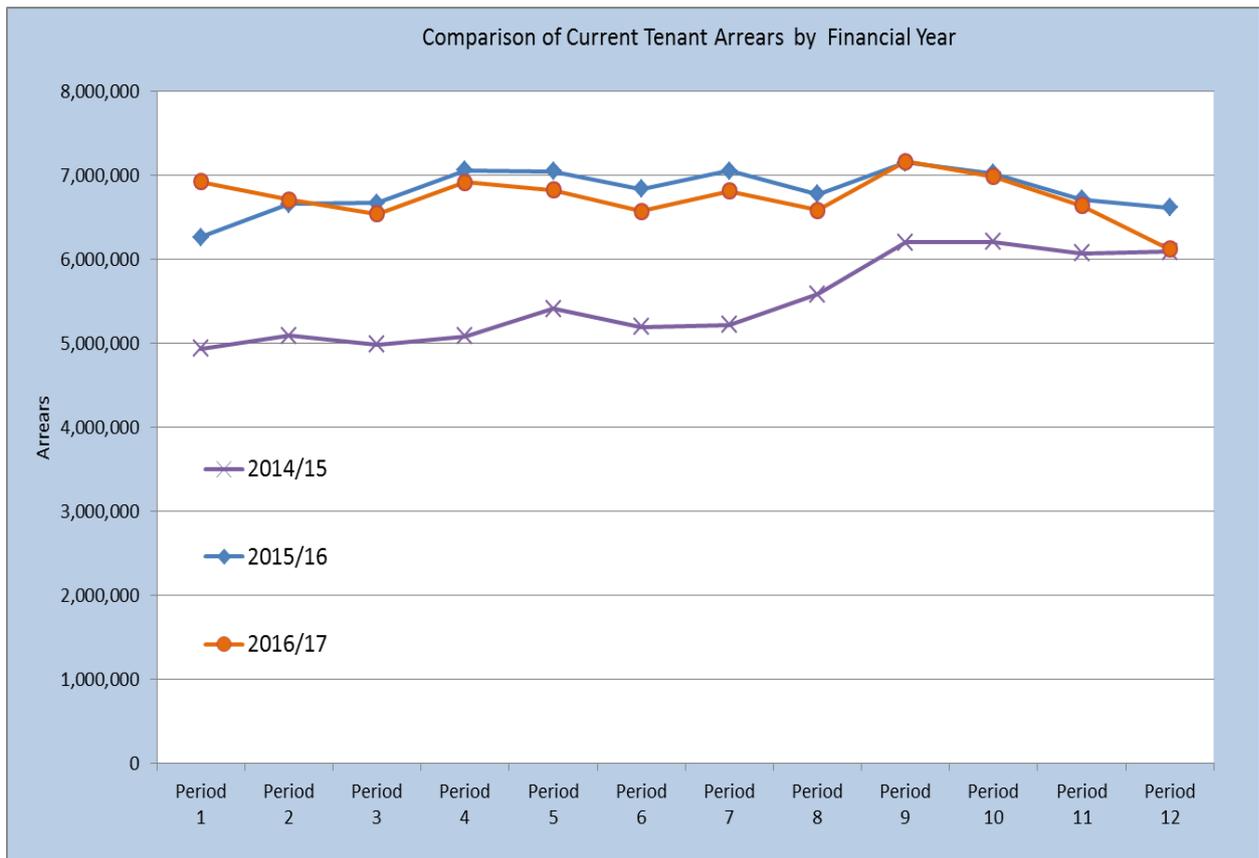
## Council House Sales to end of March 2017



### 5. Arrears

- 5.1 Excluding technical arrears, arrears for current tenants are £6,123k at the end of 2016/17 compared to £6,613k at the end of 2015/16, a decrease of £490k.

#### Comparison of Current Tenant Arrears 2014/15 and 2015/16 and 2016/17



5.2 Dwelling rent collection rates for all tenants as at the end of March 2017 was 97.43% against a target of 98.06%. As can be seen in the table below this is higher than the previous 2 months and higher than the collection rate of 97.24% as at the end of March 2016.

**Comparison of Collection rates Jan to March 2015/16 and 2016/17**

	Jan	Feb	Mar
2015/16	97.00%	97.17%	97.24%
2016/17	96.98%	97.16%	97.43%

5.3 This improvement represents a positive outturn, particularly when taking into account;

- Increasing numbers of tenants moving onto Universal Credit – 981 tenants have claimed Universal Credit since February 2016
- The number of families affected by the Benefit Cap increased in January from 74 to 381
- The number of tenants claiming Housing Benefit has reduced meaning Housing Leeds had to collect an additional £2.8m in rent last year

5.4 The improvement in rent collection and reduction in arrears is due to a number of factors including;

- A successful year end arrears campaign including dedicated themed weeks of activities for staff to follow.

- Regular Arrears Challenge events taking place with the Chief Officer reviewing teams' performance and improvement plans.
- Housing office teams have implemented a robust performance management framework down to patch level, with recovery plans in place for any patches with lower levels of performance.
- Further promotion and publicising of Direct Debit to move more tenants onto the most convenient and cost effective payment method. The number of tenants paying by Direct Debit has increased over the year by 4%. 36.6% of tenants with a charge to pay now pay by Direct Debit.
- The Enhanced Income Service contacting and providing support to all tenants newly affected by Welfare Reform changes including contacting all families affected by the revised Benefit Cap.

5.5 Housing Leeds will continue to utilise the good practice used in 2016-17 to improve rent collection throughout 2017-18. The Chief Officer has held the first Arrears Challenge events in April 2017 and new challenging targets are being set for offices this year. The robust performance management frameworks used last year will continue throughout this year. The Income Service has produced a revised Service Improvement Plan for 2017-18 and key themed campaigns have been planned up until March 2018. This includes undertaking increased levels of financial inclusion work and activity against Loan Sharks.

## 6. Under Occupation

6.1 Arrears due to Under Occupation continue to decrease. The number of tenants affected by Under Occupation has been gradually reducing and over the last 12 months from 4974 in March 16 to 4655 in March 17.

**Comparison of number of tenants in under-occupation  
Jan to March 2015/16 and 2016/17**

	Jan	Feb	Mar
2015/16	5129	5078	4974
2016/17	4717	4683	4655

6.2 There continues to be approx. 300 tenants per month who are newly affected by Under Occupation as household compositions change. Housing Leeds are contacting those tenants and arranging a home visit if required and a range of support measures are offered including;

- Assistance with downsizing through the Leeds Homes Register or via a mutual exchange.
- Budgeting Support and Debt Advice through partner agencies in house and through partner agencies.
- Benefit advice and applying for Discretionary Housing Payment.
- Fuel switch and utility grants.
- Help finding employment and voluntary work.

6.3 Housing Leeds are continuing to provide an enhanced level of support to all tenants affected by Welfare Reform including Universal Credit and the revised Benefit Cap.

## **7. Background Documents**

7.1 None.

## **8. Recommendations**

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