

Housing Revenue Account (HRA)

Summary

At the end of **Period 6** the HRA is projecting a surplus of **£947k**. This is a movement of **£467k** from the position reported at Period 5.

Key variances from the 2011/12 budget and Period 5 are detailed below.

Key variances - Income

£2.4m of additional rental income is projected from dwellings and miscellaneous properties. This is a projected increase of **£179k** from Period 5. This additional income is as a result of void levels being 1.1% lower than budgeted and planned demolitions starting later in the year than anticipated. Most of this additional income will be paid over to the ALMOs as additional void incentive payments.

Income from Heat Lease charges is projected to be **£141k** lower than budgeted due to less take up than anticipated. In addition **£100k** budgeted income from the Solar Panel Scheme will not be received this year due to the scheme not yet being fully operational. This reduction in income is partially offset by projected increased telecoms income (**£232k**) as a result of new lease agreements.

At Period 6 there has been a movement of **£16,989k** in Housing Subsidy. This is mainly due to interest rates being lower than budgeted and no subsidy being receivable this year for the Little London Beeston Hill & Holbeck (LLBH&H) PFI project, which is now anticipated to start in April 2012. This reduction in subsidy is offset by a corresponding reduction in capital charges to the HRA and the requirement to establish a Sinking Fund for the PFI project now deferred until 2012/13.

Key Variances - Expenditure

There are projected net savings of **£138k** on salaries and wages. The savings are due to additional officers taking early retirement at the end of March 2011, the delay in the recruitment to approved posts and the impact of the JNC restructure within the Directorate. These savings are offset by staff being seconded to work on the implementation of the ALMO Business Centre Leeds (ABCL).

The premises budget is projected to overspend by **£84k** primarily due to the need to refurbish accommodation required for the ABCL. These costs are partially offset by savings as a result of the Paralegal team now being based in Merrion House.

The supplies and services budget is projected to underspend by **£3,234k** which is a movement of **£3,452k** from Period 5. Key movements are as follows:-

Unitary charge/ Sinking Fund Contribution (LLBH&H PFI)	(£3,158k)
Regeneration savings	(£141k)
Savings on IT software	(£103k)

Other variations from the 2011/12 budget are **£67k** for Swarcliffe environmental works, which will be funded from an earmarked reserve. Other variances relate to an unbudgeted charge of **£65k** for noise nuisance, costs of **£35k** associated with the Procurement 2011 project, unbudgeted set up costs for the Solar Panel Scheme (**£28k**), savings on pest control (**£20k**) and tenant surveys (**£12k**).

Recharges are projected to overspend by **£434k** due to the following:

An unbudgeted recharge of **£130k** from internal audit for work in relation to ALMO assurance.

An increase of **£45k** in PPPU recharges for additional work in relation to the LLBH&H PFI project.

The full year effect of a post to manage Swarcliffe environmental works (**£24k**). This will be funded from earmarked reserves.

An increased recharge of **£167k** from the General Fund for the Sheltered Warden Service.

The funding of Project Management support for the ABCL Change in the Work Place Programme (**£47k**).

A full analysis of disrepair cases as at the end of Quarter 2 has projected a saving against budget of **£79k** in the provision required for disrepair.

Capital charges are projected to reduce by **£4,770k** as a result of the reduction in interest rates. This saving is offset by a corresponding reduction in Housing Subsidy received.

Reserves

The HRA General Reserve is projected to be £5.4m as at the end of 2011/12. In addition, as agreed by Executive Board in March 2011, a £3m reserve has been created to support the move from the current housing subsidy system to the new HRA self financing regime which will be effective from April 2012.