

Environment & Neighbourhoods Directorate
Financial Report - 2011/12

Housing Revenue Account (HRA)

Summary

At the end of **Period 7** the HRA is projecting a surplus of **£1,668k**. This is a movement of **£721k** from the position reported at Period 6.

Key variances from Period 6 are as follows:-

An increase in shop income	(£97k)
Increased Housing Subsidy	(£540k)
Increased income from leaseholder service charges	(£70k)
Savings on Swarcliffe PFI & support services	(£80k)
A reduction in savings on salaries	£41k
A requirement to undertake additional surveys	£50k
Other minor variations	£25k

Key variances from 2011/12 budget - Income

£2.4m of additional rental income is projected from dwellings and miscellaneous properties. This is in line with the projection at Period 6. The 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.

Additional income of **£146k** is projected from shops.

Income from Heat Lease charges is projected to be **£130k** lower than budgeted due to less take up than anticipated. In addition **£100k** budgeted income from the Solar Panel Scheme will not be received due to the scheme being on hold. This reduction in income is offset by projected increased telecoms income (**£232k**) as a result of new lease agreements.

Housing Subsidy is showing a movement of **£16,449k** from the 2011/12 budget. This is a movement of £540k from Period 6. The movement from budget 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.

Movement from Period 6 is due to subsidy being received from CLG following the audit of the 2010/11 Subsidy Claim.

Key variances from 2011/12 budget - Expenditure

There are projected net savings of **£97k** on salaries and wages. This is a reduction of £41k from Period 6. 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).

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The premises budget is projected to overspend by **£134k**. This is an increase of £50k from Period 6 which is due to an audit requirement to undertake additional surveys of the housing stock, linked to a change in the calculation of depreciation. Other variations are the projected cost of refurbishing accommodation required for the ABCL and savings as a result of the Paralegal team now being based in Merrion House.

The supplies and services budget is projected to underspend by **£3,153k** which is a movement of £81k from Period 6. The key movement from the 2011/12 budget is directly related to the delay in the LLBH&H PFI project (**£3,158k**).

Recharges are projected to overspend by **£435k**. This is in line with Period 6 and is 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. This will be reviewed at the end of Quarter 3.

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 **£6.2m** 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.