
Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 7th September 2015

Subject: Housing Leeds (HRA) Revenue Financial Position July 2015/16

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 the end of July 2015.

Recommendations

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

1. Summary Position

1.1 At the end of Period 4 the HRA is projecting a surplus of £(506)k against the 2015/16 Budget.

2. Key Variances – Income

2.1 Income is projected to be £(439)k more than budget and this is largely due to income from rents, which is projected to be £(335)k more than budget. This is primarily due to actual level of voids being less than budgeted levels of 1.25%. In addition to this, income of £(35)k is being projected from equity share properties.

2.2 Additional income is anticipated from PFI pass through costs due to a higher number of adaptations than expected £(50)k, staff capitalisation £(38)k and a reduction in the charge for Corporate Management costs £(71k)). These offset telecoms income which is projected to be under budget by £90k.

3. Key Variances - Expenditure

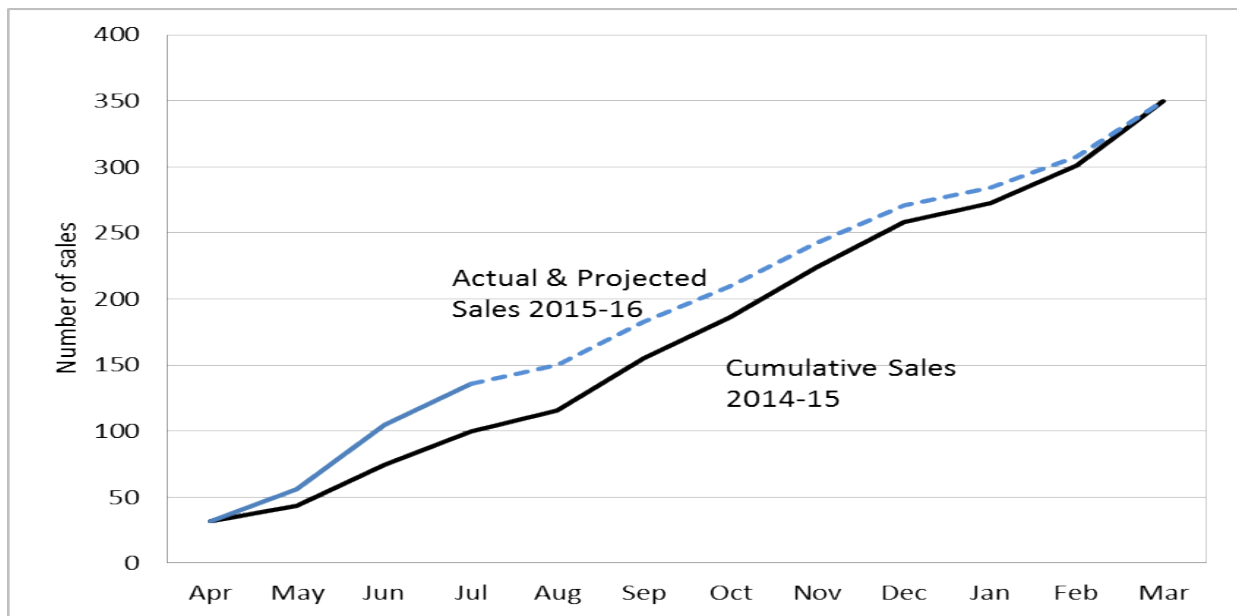
- 3.1 Savings of £(371)k are projected in relation to employees which is primarily due to posts which are currently vacant. Interviews have recently taken place for a number of these vacant posts and it is anticipated that most posts will be filled within the next 2-3 months.
- 3.2 Other variations to budget include a projected saving on the flats' utilities budget of £(100)k. This part offsets additional costs of £144k for three Anti-Social Behaviour Link Officers (charged from West Yorkshire Police), a more appropriate charge for the support provided by HR £116k and an increased charge of £108k for support provided by Regeneration staff in the delivery of the New Council House programme.

4. Right to Buy (RTB) Sales

- 4.1 To the end of July there were 136 completed sales. It is anticipated that total year sales of 350 units will generate sales receipts of £15.8m. The Government formula in respect of 2015/16, indicates that the Council would be able to retain total receipts of £9.56m. £2.46m could be used by the Council for acquisition/build of properties representing 30% of the costs, or to passport to Registered Social Landlords (RSLs) as a grant to fund 30% of the cost of building new housing stock. The balance of £7.1m could be used to repay debt, or to fund other capital expenditure.

Total receipts to be retained are down by £1.6m from £11.17m in 2014/15. This is due to the increase in the share of receipts to be taken up by Government (up £0.7m) and a smaller increase in the share to the Council (up £0.1m). In addition to this, the net sale price per property is also down (£3k per property) at present, this would indicate that total receipts would be down by £1m, assuming 350 sales.

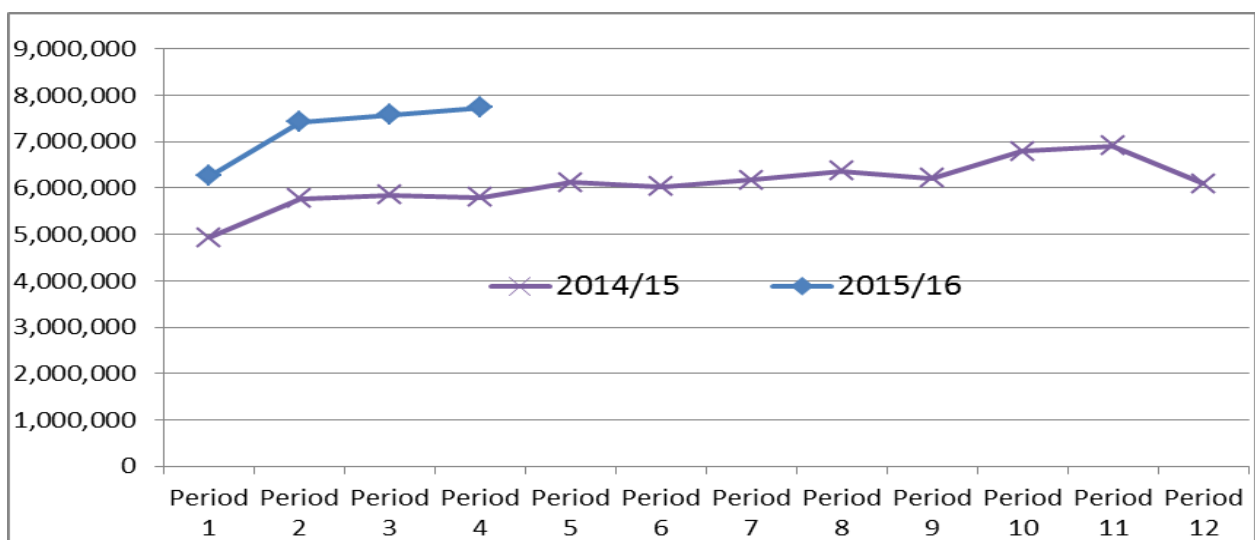
Council House Sales to end of July 2015 & Projected Sales to Year End



5. Arrears

5.1 Excluding technical arrears, arrears for current tenants are £6.7m compared to £5.8m at the end of 2014/15, an increase of £0.9m. There are currently 5,100 tenants classified as under-occupied. At the end of 2014/15 approximately 53% of under-occupiers were in arrears, this rose to 55% as at the end of July 2015. The value of dwelling rent arrears for under-occupiers has decreased by £19k since the end of 2014/15 and now stands at £836k.

Comparison of Current Tenant Arrears 2014/15 and 2015/16



6. Collection Rates

6.1 Collection rates to the end of July were 96.31% for dwelling rents, compared to the target of 98.06%.