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

**Report to Housing Advisory Board**

**Date: 10<sup>th</sup> November 2015**

**Subject: Housing Leeds (HRA) Revenue Financial Position - Period 6 - 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

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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 the end of September 2015.

**Recommendations**

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

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## 1. Summary Position

- 1.1 At the end of September (Period 6) the HRA is projecting to come in on line against the 2015/16 Budget.

## 2. Key Variances – Income

- 2.1 Income is projected to be £(515)k more than budget. Key variations include additional rental income of £(247)k primarily as a result of voids being less than budgeted levels of 1.25% and additional income of £(152)k from service charges.
- 2.2 Other variations include increased staff capitalisation £(38)k linked to the number of Right To Buy Sales, a reduction in the charge for Corporate Management costs £(71)k, PFI pass through costs due to a higher number of adaptations than expected £(50)k and a reduction of £55k in telecoms income due to renegotiated leases.

## 3. Key Variances - Expenditure

- 3.1 **Disrepair** - The charge to the disrepair provision is projected to be £1,932k, which is £432k above the original estimate.

There has been a continuing reduction in Disrepair caseload from a peak of 910 cases at the start of the financial year, with the service currently on target to reduce this to 392 cases by the end of March 2016 – a reduction of 57%.

This reduction is due to clearing the backlog of cases and changes in strategy and processes which have streamlined the case management process and reduced the number of new claims being submitted.

The projected overspend against budget in 2015/16 is primarily due to clearing the backlog of outstanding cases. This, together with changes in processes and preventative work being undertaken should lead to both a reduction in cases and resources required in future years.

- 3.2 The repairs budget is currently projected to overspend by £400k which is due to a combination of the requirement to address outstanding repairs resulting from the backlog of disrepair cases and through taking a more pro-active approach to avoid expensive disrepair claims in the future. A recovery plan has been put in place to ensure a balanced position at year end.
- 3.3 Savings of £(353)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.
- 3.3 There are projected savings of £(100)k on utilities which offset unbudgeted rent and premises costs.

- 3.4 Further key variations include costs of £144k for three Anti-Social Behaviour Link Officers (charged from West Yorkshire Police), charges from PPPU for category management (£171k) and energy portfolio work (£110k), a more appropriate charge for the support provided by HR (£116k), increased charges of £108k for support provided by Regeneration staff in the delivery of the New Council House Growth programme, £50k for property clean ups and an additional charge from Adult Social Care for the provision of floating support.

These additional costs are offset by reductions in charges from LASBT £(147)k and Housing Options £(110)k together with other minor variations.

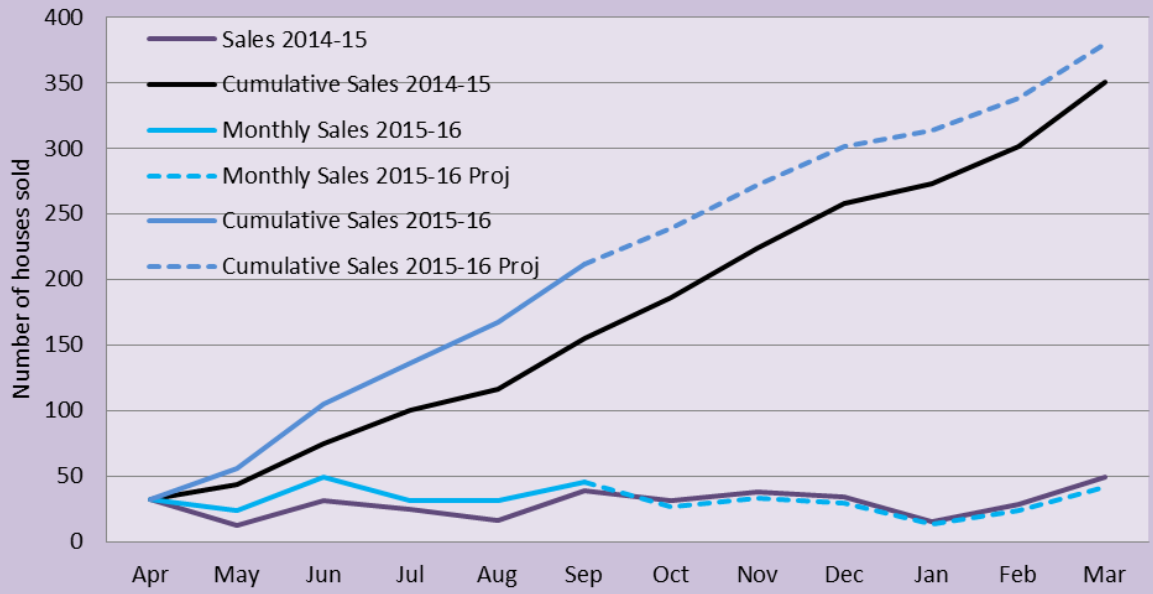
- 3.5 In order to address the budget pressures in respect of both disrepair and repairs the intention is to reduce the amount that is used for repaying debt at year end by £(567)k.

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

- 4.1 To the end of September were 212 completed sales with total sales of 380 being projected to year end. It is anticipated that total year sales will generate sales receipts of £17m. The Government formula in respect of 2015/16, indicates that the Council would be able to retain total receipts of £10.7m. Of this £3m 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 £7.7m could be used to repay debt, or to fund other capital expenditure.

#### **Council House Sales to end of September 2015 & Projected Sales to Year End**

### Council House Sales



## 5. Collection Rates

- 5.1 Collection rates to the end of September were 96.70% for dwelling rents, compared to the target of 98.06%.

## 6. Arrears

- 6.1 Excluding technical arrears, arrears for current tenants are currently £6.4m compared to £5.8m at the end of 2014/15, an increase of £0.6m. There are currently 5,047 tenants classified as under-occupied. At the end of 2014/15 approximately 53% of under-occupiers were in arrears, this rose to 54% as at the end of September 2015. The value of dwelling rent arrears for under-occupiers has increased by £14k since the end of 2014/15 and now stands at £861k.

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

