
Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 2nd February 2016

Subject: Housing Leeds (HRA) Revenue Financial Position - Period 9 - 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 December 2015.

Recommendations

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

1. Summary Position

- 1.1 At the end of December (Period 9) the HRA is projecting a surplus of £(510)k against the 2015/16 Budget.

2. Key Variances – Income

- 2.1 Income is projected to be £(803)k more than budget. Key variations include additional rental income of £(468)k primarily as a result of voids being less than budgeted levels of 1.25%, additional income of £(152)k from service charges and unbudgeted contributions to capital works from leaseholders £(184)k.

3. Key Variances - Expenditure

- 3.1 **Disrepair** - The charge to the disrepair provision is projected to be £1,581k, which is £81k 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 £696k 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.
- 3.3 Net savings of £(660)k are projected in relation to employees. Of this £(580)k is due to vacant posts during the year as new structures were recruited to, a savings on training £(171)k and occupational health £(40)k. These savings offset by additional severance costs of £129k.
- 3.4 Savings of £(284)k are projected in relation to premises costs of which £(250)k relates to utility costs. The balance is due to minor variations in rents, cleaning and NNDR.
- 3.5 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 (£134k), 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 of £47k from Adult Social Care for the provision of floating support.

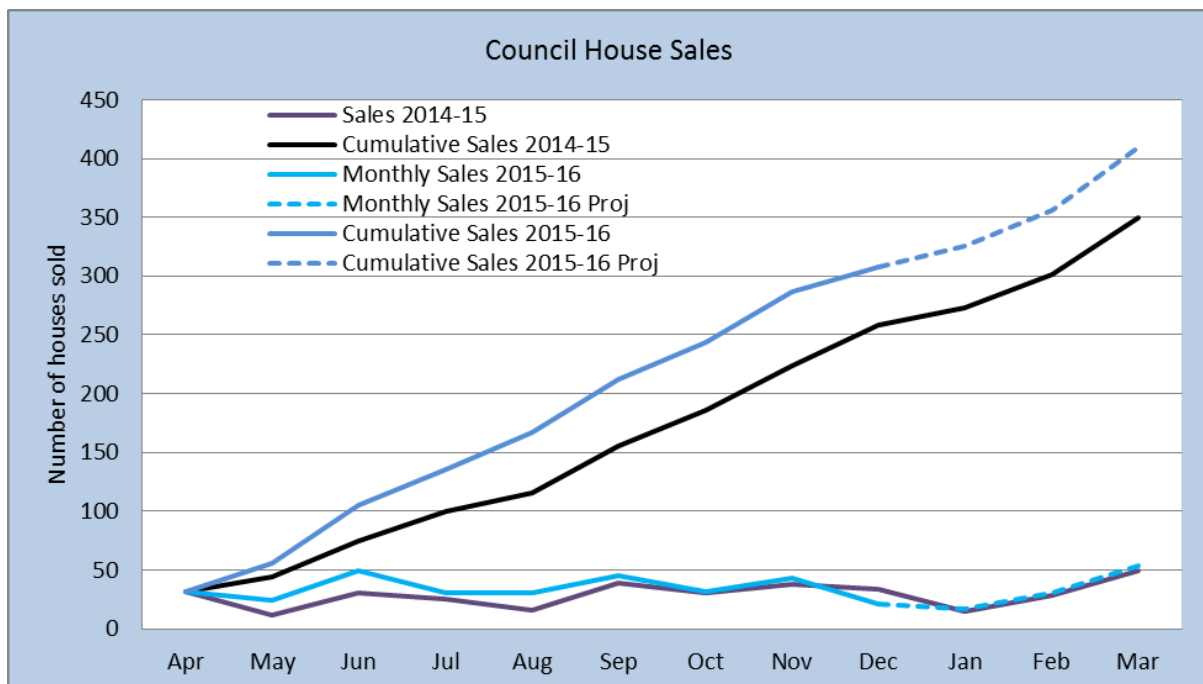
These additional costs are offset by reductions in charges from LASBT £(147)k and Housing Options £(110)k, savings in legal fees £(122)k and the tenant mobility scheme £(170)k together with other minor variations.

- 3.6 A change in forecast HRA balances has resulted in a reduction of interest payable to HRA of £338k.

4. Right to Buy (RTB) Sales

- 4.1 To the end of December there were 308 completed sales with total sales of 410 being projected to year end. It is anticipated that total year sales will generate sales receipts of £18.8m. The Government formula in respect of 2015/16, indicates that the Council would be able to retain total receipts of £11.97m. Of this £3.99m 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 £8.0m could be used to repay debt, or to fund other capital expenditure.

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



5. Collection Rates

- 5.1 Collection rates to the end of December were 96.86% for dwelling rents, compared to the target of 98%.

6. Arrears

- 6.1 Excluding technical arrears, arrears for current tenants are currently £6.7m compared to £5.8m at the end of 2014/15, an increase of £0.9m. There are currently 5,054 tenants classified as under-occupied. At the end of November 2015 approximately 53% of under-occupiers were in arrears, the same % as at the end of 2014/15. The value of dwelling rent arrears for under-occupiers has decreased by £52k since the end of 2014/15 and now stands at £803k.

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

