

Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 13^h September 2016

Subject: Housing Leeds (HRA) Revenue Financial Position July 2016/17

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 2016.

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 £(77)k against the 2016/17 Budget.

2. Key Variances – Income

2.1 Income is projected to be £(38)k higher than budget. Additional income of £(86)k is projected from service charges, PFI pass through costs and administration costs associated with higher than budgeted Right to Buy (RTB) sales which can be capitalised in accordance with the Council's principles. These increases in income partially offset a projected reduction in rental income of £48k which has arisen primarily as a result of lower stock numbers due to higher RTB sales.

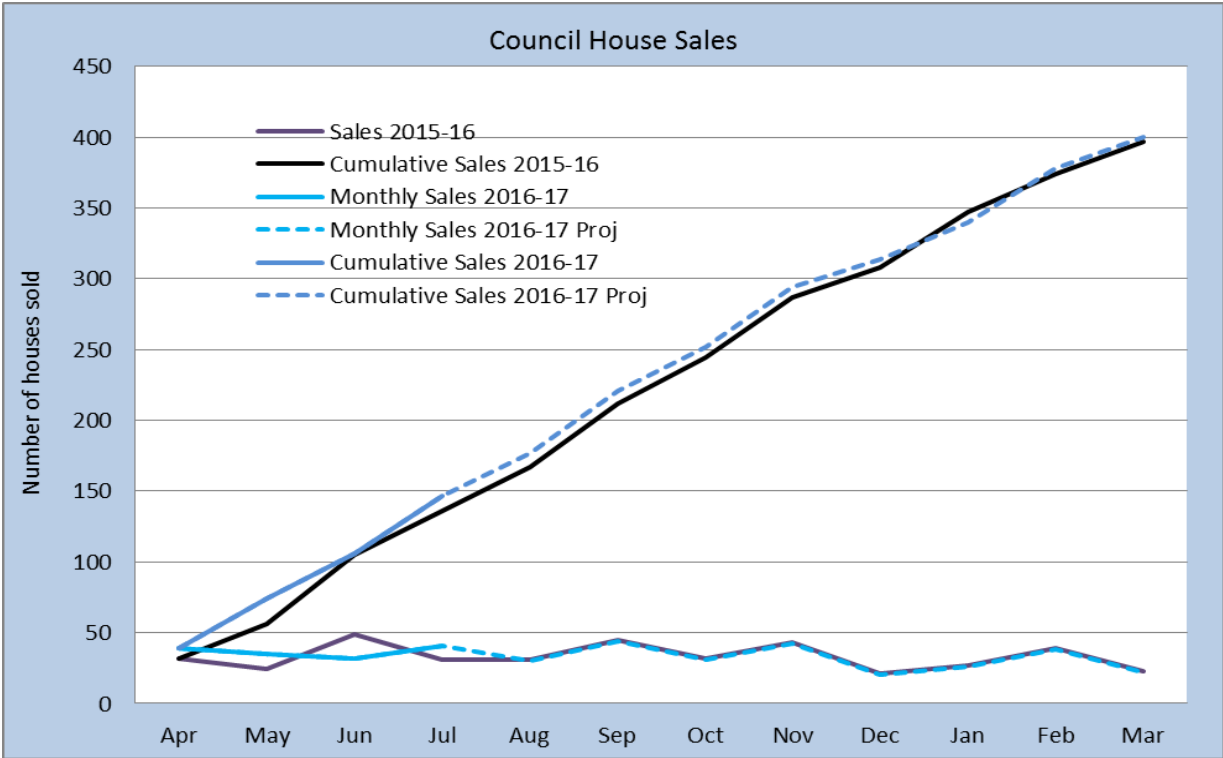
3. Key Variances – Expenditure

- 3.1 Based on current activity levels the charge to the disrepair provision is projected to be £200k above budget. Whilst the number of cases being closed is broadly in line with budget the number of new claims is higher than anticipated. More details are contained within the Performance report on this agenda.
- 3.2 Savings of £(193)k are projected in relation to employee and transport costs which is primarily due to vacant posts.
- 3.3 Premises are projected to overspend by £78k as a result of an unbudgeted increase in charges for the removal and disposal of bulky items.
- 3.4 There is a projected net underspend of £(148)k in relation to charges for internal services These include savings on charges from the Housing Options Team and LASBT which have arisen due to vacant posts in the service. These savings offset the increase in surveyor fees for valuation work linked to RTB sales together with other minor variations.

4. Right to Buy (RTB) Sales

- 4.1 To the end of July 2016 there were 147 completed sales. It is anticipated that total year sales of 400 units will generate sales receipts of £20.2m. The Government formula in respect of 2016/17 indicates that the Council would be able to retain total receipts of £13.8m. Of this £5.6m 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. Of the balance £5.9m could be used to repay debt with £2.3m being used to fund other capital expenditure.

Council House Sales to end of July 2016 & Projected Sales to Year End

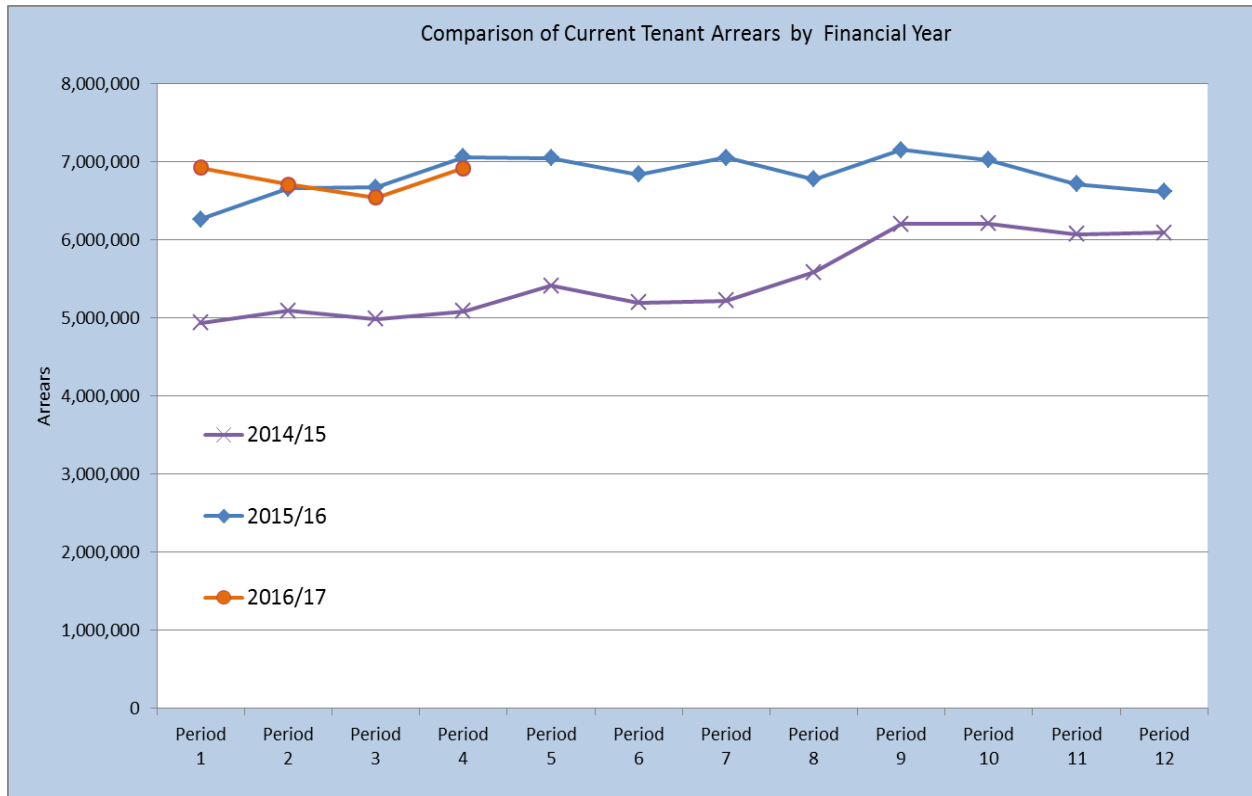


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5. Arrears and Collection Rates

5.1 As shown below arrears for current tenants as at the end of July 2016 (£6,918k) are broadly consistent with the position at as the end of July 2015.

Comparison of Current Tenant Arrears 2014/15, 2015/16 and 2016/17



5.2 Collection Rates

Comparison of Collection Rates May to July 2014/15 to 2016/17

	May	June	July
2014/15	97.31%	97.71%	97.69%
2015/16	96.07%	96.31%	96.19%
2016/17	96.77%	97.15%	96.73%

Maximising rent collection continues to be one of the main priorities for Housing Leeds. Compared to 2015/16 performance is in a much stronger position this year and has increased from 96.19% to 96.73%, an increase of 0.54%. It is worth noting that an increase in collection of 1% equates to approximately £2.15m of additional income being collected. A number of key activities and campaigns are in place to further increase rent collection. These include the following:

- Targeted Direct Debit take up campaigns.
- A review of rent arrears procedures to ensure they are robust and reflect current best practice.
- Arrears Challenge Days with the Chief Officer reviewing the performance of teams and their individual performance recovery plans.

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- Targeted work to provide support to certain groups of tenants who have been identified with a higher risk of going into arrears such as the Under 25s and those residing in high rise accommodation.
- Robust performance monitoring every month with Area Teams and individual officers.

5.3 Under occupation

As shown in the table below the number of tenants affected by under occupation is gradually reducing .At the end of June 2016 there were 4,861 tenants classed as under - occupiers.

Number of tenants in under-occupation:

	May	June	July
2014/15	5570	5555	5563
2015/16	5174	5100	5115
2016/17	4986	4861	N/A

There continue to be approximately 300 tenants per month who are newly affected by under occupation as household compositions change. Housing Leeds are contacting these tenants and arranging a home visit if required together with a range of support measures as follows;

- Assistance with downsizing through the Leeds Homes Register or via a mutual exchange
- Budgeting support and debt advice through partner agencies in house and through partner agencies.
- Benefit advice and applying for Discretionary Housing Payment
- Fuel switch and utility grants
- Help finding employment and voluntary work

At the end of 2015/16 approximately 52% of under-occupiers were in arrears. This has reduced to 49% as at the end of June 2016. The value of dwelling rent arrears for under-occupiers has decreased by £131k since the end of 2015/16 and now stands at £694k.

Housing Leeds are providing an enhanced level of support to all tenants affected by Welfare Reform including Universal Credit and the revised Benefit Cap.

6. Recommendations

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