
Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 29^h November 2016

Subject: Housing Leeds (HRA) Revenue Financial Position Period 6 - 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 September 2016 (Period 6).

Recommendations

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

1. Summary Position

1.1 At the end of Period 6 the HRA is projecting a surplus of £ (350) k against the 2016/17 Budget.

2. Key Variances – Income

2.1 Income is projected to be £121k lower than budget. Additional income of £(146)k is projected from PFI pass through costs £(100k) and administration costs £(46) 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 £62k which has arisen primarily as a result of lower stock numbers due to higher RTB sales, a £16k reduction in service charge income from Sheltered Accommodation, a £170k reduction in capitalised salaries due to vacant posts £170k.

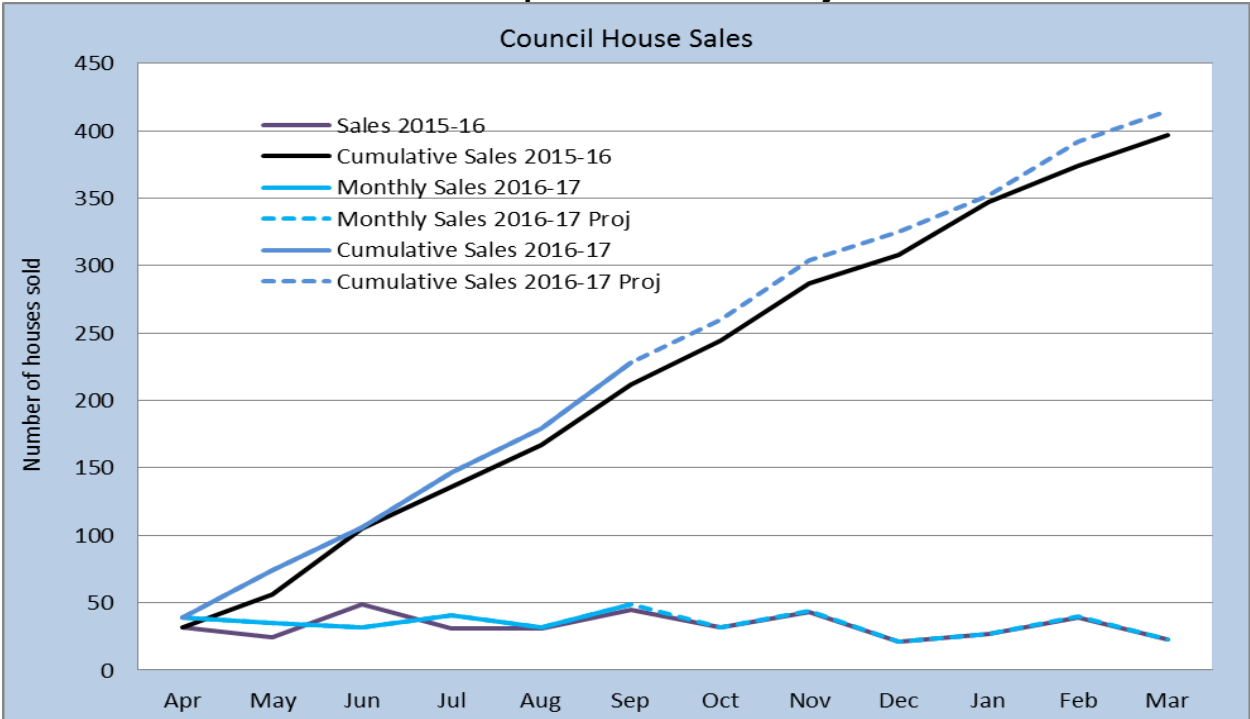
3. Key Variances – Expenditure

- 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 which are being closed is consistent with budgeted assumptions the number of new claims is higher than anticipated. More details are contained within the Performance report on this agenda.
- 3.2 As a result of vacant posts savings of £ (801) k are projected in relation to employee and training costs.
- 3.3 Premises are projected to overspend by £88k as a result of an unbudgeted increase in charges for the removal and disposal of bulky items.
- 3.4 Supplies and Services are projected to overspend by £178k. This is largely due to large insurance claims of £249k being partially offset by Tenant Mobility saving (£75k).
- 3.5 There is a projected net underspend of £(32)k in relation to charges for internal services.

4. Right to Buy (RTB) Sales

- 4.1 To the end of September 2016 there were 228 completed sales. It is anticipated that total year sales of 415 units will generate sales receipts of £20.7m. The Government formula in respect of 2016/17 indicates that the Council would be able to retain total receipts of £14.2m. Of this £5.8m 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 £6.0m could be used to repay debt with £2.3m being used to fund other capital expenditure.

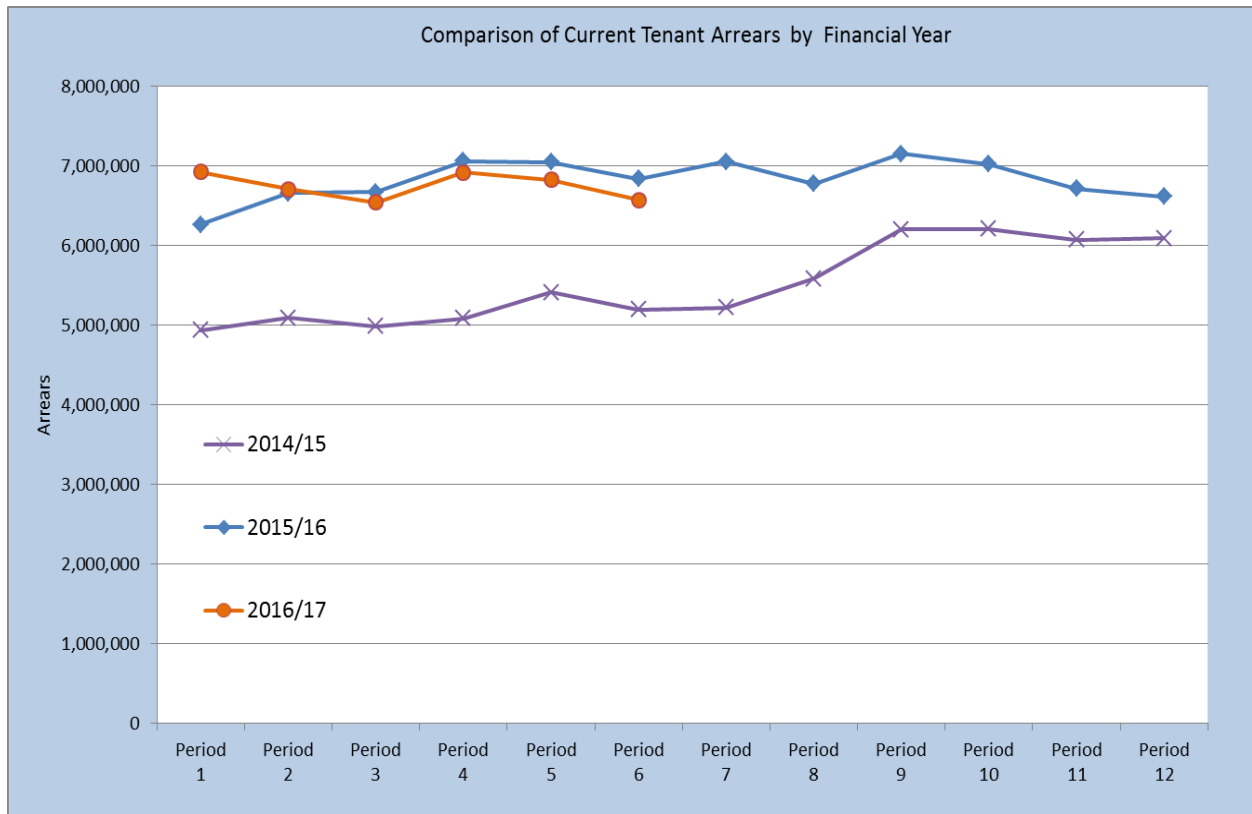
Council House Sales to end of September 2016 & Projected Sales to Year End



5. Arrears and Collection Rates

5.1 As shown below arrears for current tenants as at the end of September 2016 (£6,573k) remain below the reported level of arrears 12 months ago (September 2015)..

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



5.2 Collection Rates

Comparison of Collection Rates May to September 2015/16 to 2016/17

	Jul	Aug	Sep
2015/16	96.19%	96.36%	96.70%
2016/17	97.73%	96.87%	96.73%

Maximising rent collection continues to be one of the main priorities for Housing Leeds. Compared to 2015/16 performance is in a stronger position this year and has increased from 96.70% to 96.73%, an increase of 0.03%. This year the monthly direct debits for the end of September were posted to the accounts one week later due to the 1st of October being a Saturday, this has resulted in a slightly lower performance figure being reported at month end.

A number of key activities and campaigns are in place to further increase rent collection during Quarter 3. These include the following:

- The rent arrears procedures have been reviewed and updated, refresher training will be provided to staff where necessary.
- Arrears Challenge days are continuing with the Chief Officer who is reviewing teams performance and their individual performance recovery plans.
- All tenants affected by the revised Benefit Cap which comes into effect in November are being contacted and offered an interview to review their circumstances, check for any potential exemptions and offer support as required.
- A pre-Christmas arrears campaign will begin in November to highlight the importance of the “rent first” message leading up to the Christmas period.
- Robust performance monitoring every month with Area teams and individual officers.

5.3 Under occupation

Number of tenants in under-occupation:

	Jul	Aug	Sep
2015/16	5115	5068	5047
2016/17	4835	4860	4855

It is positive to note that arrears due to Under Occupation continue to decrease. The number of tenants affected by Under Occupation is gradually reducing and at the end of September there were 4855 tenants under occupying. There continues to be approx. 300 tenants per month who are newly affected by Under Occupation as household compositions change. Housing Leeds are contacting those tenants and arranging a home visit if required and a range of support measures are offered including;

- 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

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.