

Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 28^h February 2017

Subject: Housing Leeds (HRA) Revenue Financial Position Period 9 - 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 December 2016 (Period 9).

Recommendations

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

1. Summary Position

1.1 At the end of Period 9 the HRA is projecting a surplus of £405 k against the 2016/17 Budget.

2. Key Variances – Income

2.1 Income is projected to be £384k higher than budget. The main areas of projected variation are; additional income of £125k from PFI pass through costs (costs which are not part of the PFI contract), £91k additional fee income as a result of higher than budgeted Right to Buy (RTB), £50k from a capital contribution to the Biomass project and £490k 'gainshare' ('gainshare' is a result of pro-active management of external contracts which has resulted in a saving on the anticipated contract price) and £13k additional income from other sources. These increases in income partially offset; a projected reduction in rental income of £89k which has arisen primarily as a result of lower stock numbers due to higher RTB sales, a £34k reduction in service charge income from Sheltered Accommodation, a £50k reduction in tenant

insurance income and a £212k reduction in capitalised salaries due to vacant posts.

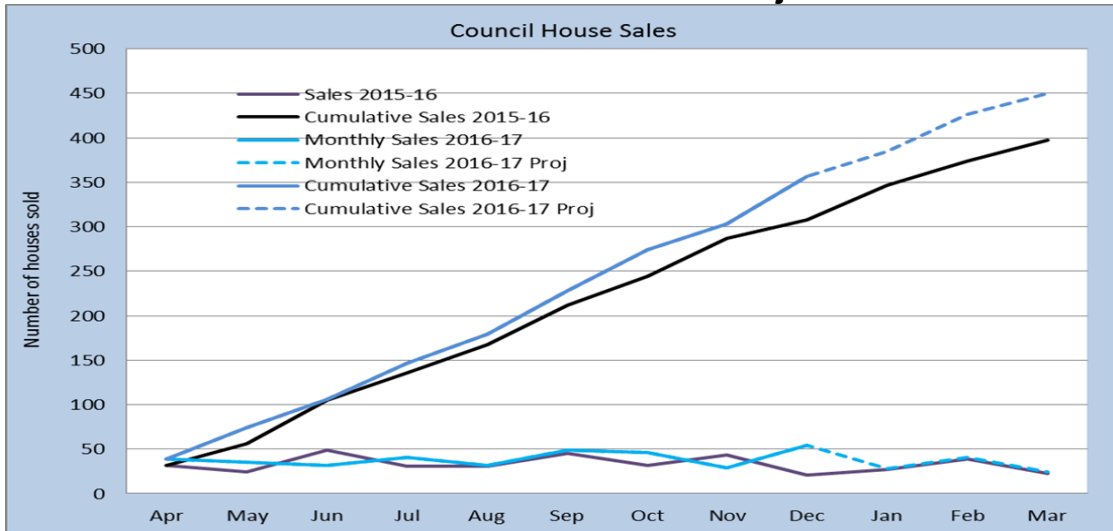
3. Key Variances – Expenditure

- 3.1 Expenditure is projected to be £21k under budget. Based on current activity levels the charge to the disrepair provision is projected to be £620k 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 Council tax payable on void properties is projected to be £62k over budget.
- 3.3 As a result of savings on vacant posts a saving of £972k is projected in relation to employee and training costs.
- 3.4 Premises are projected to overspend by £12k as a result of an unbudgeted increase in charges for the removal and disposal of bulky items offset by savings on NNDR £15k and utilities £81k.
- 3.5 Supplies and Services are projected to overspend by £117k. This is largely due to large insurance claims of £249k being partially offset by Tenant Mobility savings of £75k and reduced transaction charges of £51k.
- 3.6 There is a projected net underspend of £36k in relation to charges for internal services.
- 3.7 Other expenditure variations total an overspend of £176k. This is largely net movements through the appropriation account for; use of 'gainshare' referred to in para.2.1, large insurance claims and PFI adjustments.

4. Right to Buy (RTB) Sales

- 4.1 To the end of September 2016 there were 357 completed sales. It is anticipated that total year sales of 450 units will generate sales receipts of £23.07m. The Government formula in respect of 2016/17 indicates that the Council would be able to retain total receipts of £16.2m. Of this £7.1m 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 £6.7m could be used to repay debt with £2.3m being used to fund other capital expenditure.

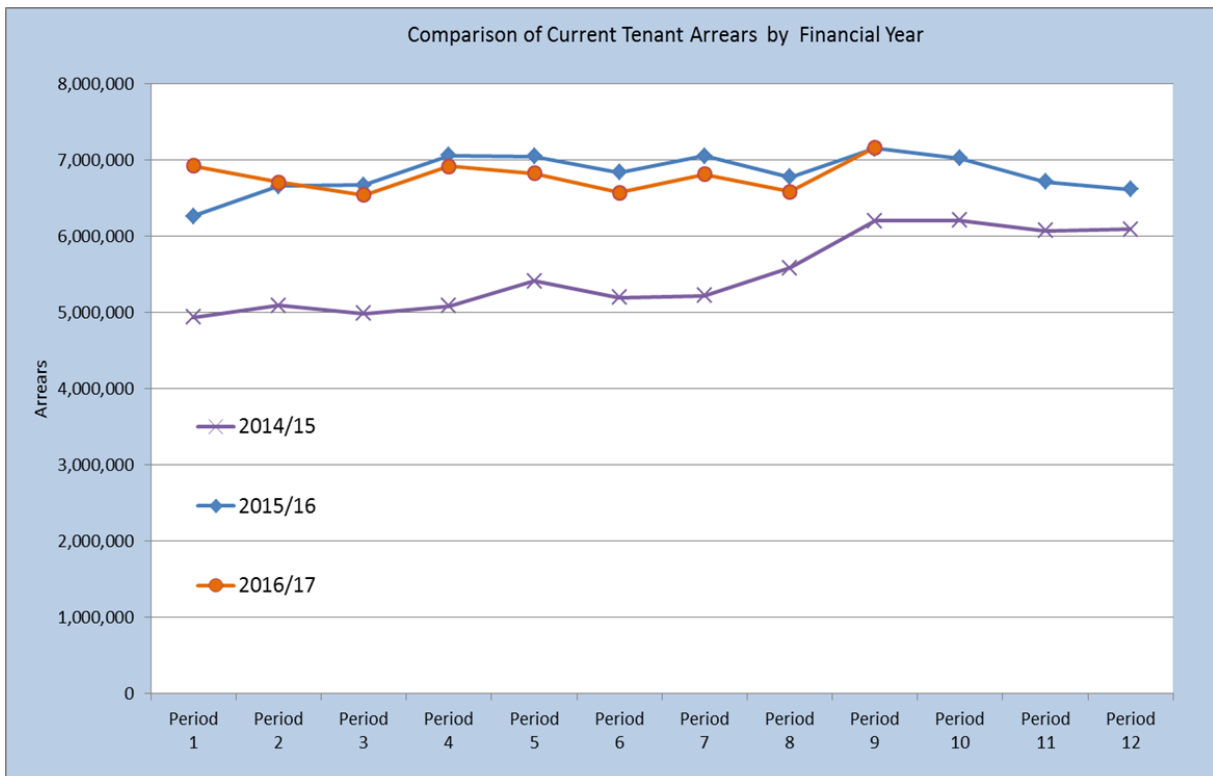
Council House Sales to end of December 2016 & Projected Sales to Year End



5. Arrears and Collection Rates

5.1 As shown below arrears for current tenants as at the end of December 2016 (£7,164k) is consistent with the level of arrears 12 months ago in December 2015 (7,148k).

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	Dec
2015/16	96.19%	96.36%	96.70%	97.24%
2016/17	97.73%	96.87%	96.73%	97.16%

Maximising rent collection continues to be one of the main priorities for Housing Leeds. Compared to December 2015/16 performance is slightly reduced this year and has decreased from 97.24% to 97.16%, a decrease of 0.08%.

In comparing performance between financial years consideration needs to be given to the fact that increasing numbers of tenants are moving into work resulting in less Housing Benefit being paid direct onto rent accounts. Between November and December 2016 the reduction in Housing Benefit amounted to £64K per week being paid direct onto rent accounts. This means that Housing Leeds have to collect the rent from the tenant directly, this is resulting in an increase in arrears as tenants are adjusting to managing their rent payments themselves. In addition, more tenants now pay their rent by Direct Debit. There has been an increase in returned Direct Debits during December 2016 when compared to 2015/16.

A number of key activities and campaigns are in place to further increase rent collection during Quarter 4. These include the following:

- A specific year end campaign strategy has been developed identifying weekly key tasks for office teams to focus on up to the end of March 2017. This includes an increased use of “rent first” messages being communicated to tenants via text and social media.
- A further Arrears Challenge event was held on 13th January 2017 with the Chief Officer to review teams performance and their individual recovery plans.
- All tenants affected by the revised Benefit Cap are being contacted and offered an interview to review their circumstances, check for any potential exemptions and offer support as required.
- Robust performance monitoring every month with Area teams and individual officers.

5.3 Under occupation

Number of tenants in under-occupation:

	Jul	Aug	Sep	Dec
2015/16	5115	5068	5047	5078
2016/17	4835	4860	4855	4609

Arrears due to Under Occupation continue to decrease. The number of tenants affected by Under Occupation has been gradually reducing and 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 continuing to provide 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.