

**Report of Head of Finance, Resources and Housing.**

**Report to Housing Advisory Board**

**Date: 21 November 2017**

**Subject: Housing Leeds (HRA) Revenue Financial Position Period 6 - 2017/18**

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 2017 (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 balanced position against the 2017/18 Budget.

**2. Key Variances – Income**

2.1. Income is projected to be £172k lower than budget. The main areas of projected variation are; a projected reduction in rental income of £367k which has arisen primarily as a result of lower stock numbers due to higher Right to Buy (RtB) sales, a £233k increase in fee income from increased RtB sales, increased catering income of £36k at the new Whafedale View extra care facility, £195k underachievement on capitalised salaries due to staff vacancies, £88k additional KPI income and £33k additional income from a range of other sources such as charges for the use of Housing Leeds property for polling station use.

**3. Key Variances – Expenditure**

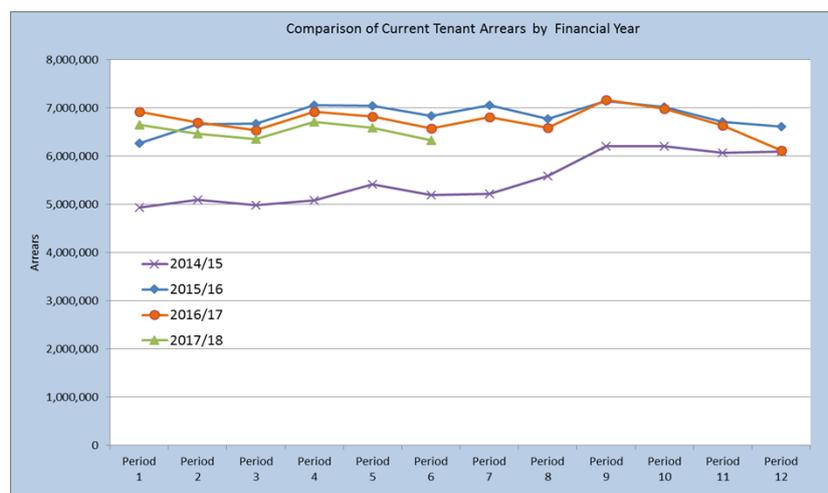
- 3.1. Expenditure is projected to be £172k under budget.
- 3.2. The actions around Fast Track Disrepair are having an impact, however a pressure of £449k is forecast this year.
- 3.3. As a result of savings on vacant posts, a saving of £804k is projected in relation to employee and training costs.
- 3.4. Premises are projected to underspend by £9k.
- 3.5. Supplies and Services are projected to underspend by £255k, primarily due to Community Links furniture expenditure being less than budgeted for, savings following a review of printing requirements and ICT savings.
- 3.6. There is a projected net overspend of £329k in relation to charges for internal services. This is primarily due to planned Additional Fire Safety work of £321k and £65k investment in Community Safety to provide additional support outside of normal working hours. This is offset by net savings of £236k across other internal charges.
- 3.7. Other expenditure minor variations total a £118k overspend.

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

4.1. To the end of September 2017 there were 260 completed sales. It is anticipated that total year sales of 530 units will generate sales receipts of £27.4m. The Government formula in respect of 2017/18 indicates that the Council would be able to retain total receipts of £21m. Of this £10.9m 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 £7.7m could be used to repay debt with £2.4m being used to fund other capital expenditure.

#### 5. Arrears and Collection Rates

**Comparison of Current Tenant Arrears 2014/15- 2017/18**



#### 5.1. Collection Rates

**Rent & Arrears Collection Rate (%):**

	Jul	Aug	Sept
2016/17	96.73	96.87	96.73
2017/18	96.48	96.71	96.55

- 5.2. Rent collection performance for September 2017 stood at 96.55% which is 0.18% lower than the September 2016 figure of 96.73%. However performance has continued to improve over the last three months increasing from 96.48% in July to 96.55% in September. The trend between July and September is in a stronger position this year and the gap between this and last year's performance is getting smaller, if the current trend continues, rent collection will be in an improved position at year end.
- 5.3. Rent arrears have reduced by £230,000 over the last 12 months from £6.50m in September 2016 to £6.27m in September 2017. This is a really positive as recent benchmarking with a number of other organisations has shown the majority of the reporting an increase in arrears this year.
- 5.4. Rent Collection is a key priority for Housing Leeds and staff resources are focused on rent collection each week. Robust performance management is thoroughly embedded within the service with local managers monitoring individual housing officer performance and activities on a weekly basis. A number of offices have received support from the Income Service over recent months to analyse their performance and provide further guidance on improvement processes to follow.
- 5.5. Cases are now being processed and sent to Court quicker this year where tenants are not making payments or engaging with the local officer. This ensures that tenants who won't pay are effectively managed and ultimately the overall level of arrears at possession stage will be lower. Housing Leeds ensure all tenants who are struggling to pay their rent are offered support with money management and budgeting.
- 5.6. The Chief Officer is monitoring performance on a weekly basis and held further arrears challenge meetings with managers in September 2017. These are being particularly useful with performance being scrutinised down to team and officer level with recovery plans being both formulated and reviewed as necessary.
- 5.7. The Enhanced Income Service continues to contact and provide support to tenants newly affected by Under Occupation, the Benefit Cap and Universal Credit.

**5.8. Under occupation****Number of tenants in under-occupation:**

	Jul	Aug	Sept
2016/17	4,835	4,860	4,855
2017/18	4,346	4,341	4,312

5.9. Arrears due to Under Occupation continue to decrease. The number of tenants affected by Under Occupation has been gradually reducing over recent months from 4,855 in September 2016 to 4312 in September 2017. There are now approx. 250 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

## **6. Recommendations**

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