
Report of Head of Finance, Environment & Neighbourhoods

Report to Housing Advisory Board

Date: 20th May 2015

Subject: Housing Leeds (HRA) Provisional Revenue Outturn Position - 2014/15

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 inform Housing Advisory Board of the provisional outturn position for the 2014/15 financial year in respect of the Council's Housing Revenue Account (HRA).

Recommendations

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

1. Summary

1.1 The HRA is projecting to provisionally outturn for 2014/15 with a surplus of £(4.7)m.

2. Key Variances to Budget - Income

2.1 Income from rents is projected to be £(1.0)m more than budget. This is primarily due to the actual level of voids being less than budgeted levels of 1.25%.

2.2 Additional income of £(0.2m) from leaseholder contributions to capital works is projected and £(0.4)m of unbudgeted income is anticipated due to be received in connection with contract-related performance payments and profit sharing. This is offset by a projected reduction of £0.4m in salaries which can be capitalised in accordance with council's principles.

3. Key Variances to Budget - Expenditure

3.1 Savings of £(2.9)m over the £1.0m assumed in the budget are projected in relation to employees and transport. This is primarily due to vacancies being held whilst revised structures were being implemented as a result of the housing management function coming back in house. It should be noted however, that all these additional savings will not be recurring.

3.2 Savings of £(0.4)m are expected from Council Tax in relation to void properties. This is due to reducing void levels and is consistent with trends in 2013/14. Net savings of £(0.7)m are projected in relation to repairs which is primarily due to savings on void repairs and gas servicing offset by an overspend on planned maintenance and responsive repairs. In addition, it is projected that Construction Services will outturn with a net surplus of £0.5m.

3.3 Further savings are projected in relation to the contribution to the Bad Debt Provision £(0.5)m, and against charges for capital £(0.5)m which is due to interest rates on debt being lower than budgeted.

3.4 These savings contribute towards offsetting the additional £1.7m of costs in relation to Disrepair claims against the Council. Additional resources have been provided to address this issue. Two surveyors and two legal officers have been engaged and processes put in place to manage the service to improve efficiency and create clearer accountabilities and responsibilities within the teams. The Disrepair service is being proactively managed with regular meetings with internal and external teams including surveyors, legal, asbestos and contractors, identifying blockages in the system and amending processes. In addition to this the team is engaging with both the repairs and housing management teams to introduce measures to stem the growth in caseload.

3.5 There is a net increase of £0.5m in relation to charges for internal services. Key variances include increased charges for additional grounds maintenance & forestry services (£0.4m) and an additional charge of £(0.3)m to reflect the cost of staff commissioning HRA Supporting People contracts offset by savings on the charges for Anti-Social Behaviour (£0.3m).

3.6 The Department for Communities and Local Government (CLG) has recently issued a direction allowing the Council to fund payments to the Council's own tenants under the Discretionary Housing Payments (DHP) scheme. A maximum of £0.25m

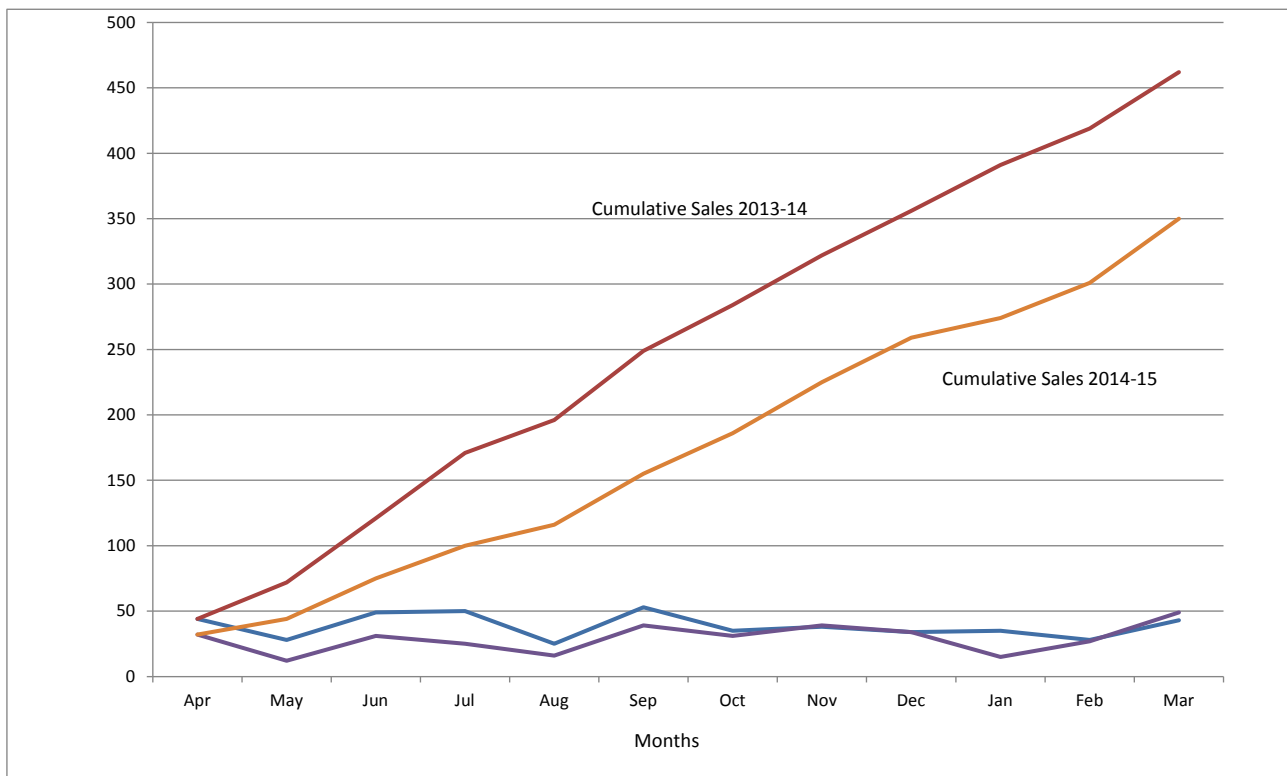
has been earmarked to fund tenants with severe disabilities living in adapted properties.

4. Right to Buy (RTB) Sales

4.1 To the end of March 2015 there were 350 completed sales. This is 112 less than 2013/14. The total year sales have generated sales receipts of £16.8m. In accordance with the Government's formula, LCC can retain the sum of £11.24m.

4.2 Of this, £4.24m will be passported to Registered Social Landlords (RSLs) as a grant. This is to fund 30% of the cost of building new housing stock, and must be match-funded by a 70% contribution from the RSL. A further £4.8m can be retained for 'allowable debt' which can be used either to repay debt or to fund other capital expenditure. The remaining sum of £2.2m will be retained corporately to fund the General Fund's Capital Programme.

Council House Sales to end of March 2015

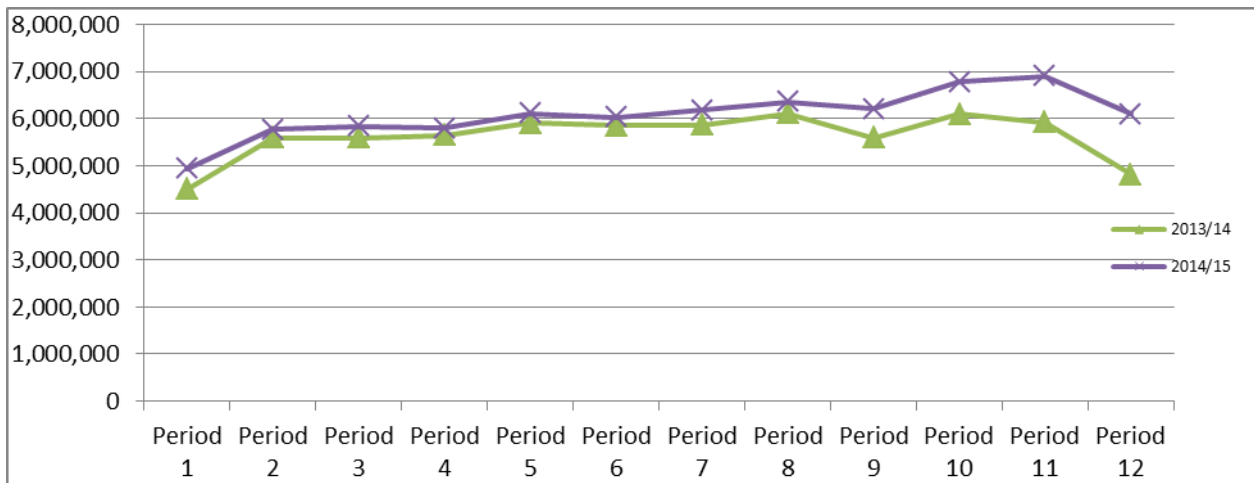


5. Arrears

Excluding technical arrears, arrears for current tenants are £5.8m at the end of 2014/15 compared to £4.6m at the end of 2013/14, an increase of £1.2m. Collection rates to the end of March were 97.45% for dwelling rents, compared to the target of 98.06%.

At the end of March there were 5,255 tenants classified as under-occupiers. At the end of 2013/14 approximately 41% of under-occupiers were in arrears, this has risen to 53% as at the end of March 2015. The value of dwelling rent arrears for under-occupiers is £0.8m.

Comparison of Current Tenant Arrears 2013/14 and 2014/15



6. Background Documents

6.1 None.

7. Recommendations

7.1 HAB is requested to note the contents of this report.