

## Housing Revenue Account (HRA)

### Summary

At the end of **Period 9** the HRA is projecting a surplus of **£1,309k**. This is a movement of **£434k** from the position reported at Period 8 and is primarily due to the requirement to correctly reflect the allocation of costs between the General Fund and the HRA. This has resulted in an increased recharge of **£476k** which has been offset by a projected net increase of **£45k** in income from shops, service charges and dwelling rents.

### Key variances from 2011/12 budget - Income

**£2.4m** of additional rental income is projected from dwellings and miscellaneous properties. This is in line with the projection at Period 8. The additional income is as a result of void levels being 1.1% lower than budgeted and planned demolitions starting later in the year than anticipated. Most of this additional income will be paid over to the ALMOs as additional void incentive payments.

Additional income of **£196k** is projected from shops.

Income from Heat Lease charges is projected to be **£130k** lower than budgeted due to less take up than anticipated. In addition **£100k** budgeted income from the Solar Panel Scheme will not be received due to the scheme being on hold. This reduction in income is offset by projected increased telecoms income (**£232k**) as a result of new lease agreements.

Housing Subsidy is showing a movement of **£16,449k** from the 2011/12 budget. This is in line with Period 8. The movement from budget is mainly due to interest rates being lower than budgeted and no subsidy being receivable this year for the Little London Beeston Hill & Holbeck (LLBH&H) PFI project, which is now anticipated to start in April 2012. This reduction in subsidy is offset by a corresponding reduction in capital charges to the HRA and the requirement to establish a Sinking Fund for the PFI project now deferred until 2012/13.

### Key variances from 2011/12 budget - Expenditure

There are projected net savings of **£120k** on salaries and wages. This is an increase of £8k from Period 8 as a result of revised pension costs. The savings against budget are due to additional officers taking early retirement at the end of March 2011, the delay in the recruitment to approved posts and the impact of the JNC restructure within the Directorate. These savings are offset by staff being seconded to work on the implementation of the ALMO Business Centre Leeds (ABCL).

The supplies and services budget is projected to underspend by **£3,247k** which is in line with Period 8. The key movements from the 2011/12 budget are savings due to the delay in the LLBH&H PFI project (**£3,158k**) and slippage in the implementation of updates to the Keystone system (**£236k**) offset by unbudgeted expenditure for noise nuisance (**£62k**) and costs relating to Procurement 2011 (**£46k**)

Recharges are projected to overspend by **£882k**. This is due to the following key variances:

The full year effect of a post to manage Swarcliffe environmental works (**£24k**). This will be funded from earmarked reserves.

An increased recharge from the General Fund for the Sheltered Warden Service (**£167k**).

An increased recharge of **£476k** from the General Fund for the Family Intervention Programme, Victim Support scheme and other costs largely relating to the Housing Options function.

The funding of Project Management support for the ABCL Change in the Work Place Programme (**£47k**).

A projected increase in legal charges (**£150k**) in relation to the Mears case.

An increase in the recharge from Customer Services of **£35k**.

An analysis of disrepair cases as at the end of Period 9 has projected a saving against budget of **£82k** in the provision required for disrepair.

Capital charges are projected to reduce by **£4,770k** as a result of the reduction in interest rates. This saving is offset by a corresponding reduction in Housing Subsidy received.

### **Reserves**

The HRA General Reserve is projected to be **£5.8m** as at the end of 2011/12. In addition, as agreed by Executive Board in March 2011, a £3m reserve has been created to support the move from the current housing subsidy system to the new HRA self financing regime which will be effective from April 2012.