

Housing Revenue Account (HRA)

Summary

At the end of **Period 10** the HRA is projecting a surplus of **£1,167k**. This is a movement of **£142k** from the position reported at Period 9. Key variances are shown below:

	£000
Increase in projected income from dwelling rents, shops and service charges due to void levels continuing to fall and increased income from shared equity properties	(313)
Reduction in the contribution required from Aire Valley Homes (AVH) to the Swarcliffe PFI project	268
Additional savings on staffing, training and transport costs	(88)
Additional legal fees in relation to the Mears case	200
An increase in costs relating to furnished accommodation	95
Agreed reduction in the grant paid to Leeds Tenants Federation	(24)

Key variances from 2011/12 budget - Income

£2.5m of additional rental income is projected from dwellings and miscellaneous properties. The additional income is as a result of void levels being 1.1% lower than budgeted, planned demolitions starting later in the year than anticipated and an increase in income from shared equity properties. Most of this additional income will be paid over to the ALMOs as additional void incentive payments.

Additional income of **£246k** is projected from shops.

Income from Heat Lease charges is projected to be **£39k** 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 (**£238k**) 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 9. 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 **£193k** on salaries and wages. This is an increase of £73k from Period 9. The savings against budget are due to additional officers leaving the Council under the ELI scheme and savings on the training budget.

The supplies and services budget is projected to underspend by **£3,086k**. The key movements from the 2011/12 budget are savings due to the delay in the LLBH&H PFI project (**£3,158k**), slippage in the implementation of updates to the Keystone system (**£225k**), an agreed reduction in the grant paid to Leeds Tenants Federation (**£51k**), savings on office consumables (**£27k**) pest control (**£20k**). These savings are **offset** by unbudgeted expenditure for noise nuisance (**£62k**), an increase in costs relating to furnished accommodation (**£95k**) and costs relating to Procurement 2011 (**£45k**). Variations of **£200k**

in relation to Swarcliffe access refusals pass through costs and environmental works will be funded from reserves.

Recharges are projected to overspend by **£1,173k**. 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 **£450k** from the General Fund for the Family Intervention Programme, Victim Support scheme and other appropriate costs.

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

A projected increase in legal charges (**£350k**) in relation to the Mears case.

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

A **£40k** recharge from Commercial Asset Management for works in relation to miscellaneous properties.

An increase in paralegal court costs (**£40k**) which will be recovered from tenants.

An increase in the recharge from PPPU (**£22k**).

An analysis of disrepair cases as at the end of Period 10 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.

2.4 Reserves

The HRA General Reserve is projected to be **£5.7m** 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.