

**Subject:** **HOUSING REVENUE ACCOUNT – OUTTURN 2015-16  
(SUBJECT TO AUDIT)**

**Report to:** **Policy and Resources - 26<sup>th</sup> July 2016**  
**Housing & Neighbourhoods Committee – 28<sup>th</sup> July 2016**

**Report by:** **Housing Business and Finance Manager**

**SUBJECT MATTER AND RECOMMENDATION / DECISION REQUIRED:**

This report sets out the outturn position of the Housing Revenue Account 2015-16 (subject to Audit review – completion September 2016)

**1. Introduction**

- 1.1 There is a statutory requirement to maintain a Housing Revenue Account (HRA) and that account must not show a deficit. The HRA is a separate (ring fenced) account of the Council covering income and expenditure relating to its role as landlord. Under the self financing arrangements for local authorities, the HRA records the costs of management and maintenance of the Council's dwellings and the related income from rents and other charges. The Government provides guidance on what should be included in the HRA to protect Council tenants.

**2 HRA Outturn 2015-16**

- 2.1 The Housing Revenue Accounts annual outturn was a surplus of £2.7m against a Forecasted surplus of £921k, resulting in a favourable variance of £1.8m.
- 2.2 Table 1 shows a summary of the HRA Income and Expenditure Statement. This summary is from the provisional 2015-16 Statements of Accounts for Great Yarmouth Borough Council, which will be presented to Council for approval in September 2016.
- 2.3 Table 2 shows the HRA Capital Programme Outturn for 2015-16.

**Table 1 – HRA Income and Expenditure 2015-2016**

Income / Expenditure	Original Budget 2015-16	Forecast Budget 2015-16	Outturn Expenditure 2015-16	Variance to Forecast	Comments
Dwelling Rents	(22,490)	(22,490)	(22,589)	(99)	Under estimated Rental income.
Other Non-Dwelling Rents	(218)	(218)	(247)	(28)	Garages and Stores income
Charges for Services & Facilities	(1,362)	(1,357)	(1,253)	103	Overestimated budget for tenant adaptation contributions
Contribution towards Expenditure	(142)	(142)	(150)	(8)	
Interest & Investment Income	(13)	(13)	(17)	(4)	
<b>Income Total</b>	<b>(24,225)</b>	<b>(24,220)</b>	<b>(24,256)</b>	<b>(36)</b>	
Repairs and Maintenance	10,935	10,426	8,741	(1,685)	Majority of Neighbourhood Plans expenditure was actually Capital works and moved to the Capital Programme in 2015-16.
Supervision and Management	4,469	4,489	4,505	17	
Rents, Rates and Taxes	162	164	153	(12)	
Capital Exp. funded by HRA	6,464	2,039	2,256	217	
Depreciation - Dwellings	2,854	2,920	2,920	0	Depreciation of Council Dwellings in year – under estimated
Depreciation Non Dwelling	131	119	123	4	Depreciation of Other HRA property in year
Impairment/(Gain) of Fixed Assets	0	0	(14,273)	(14,273)	Gain on Housing Stock/other HRA Property Valuation.
HRA Interest Payable	2,693	2,821	2,642	(179)	Interest Payable lower – small amount of loans paid off in year.
Provision - Bad & Doubtful Debts	150	150	64	(86)	Long term debtors – lower than anticipated for 1516
<b>Expenditure Total</b>	<b>27,858</b>	<b>23,128</b>	<b>7,131</b>	<b>(15,997)</b>	
Movement on the HRA Statement (summarised)	171	171	14,372	14,193	Pension Costs lower than anticipated at year end. Valuation gain of housing stock not estimated in budget.
<b>(Surplus)/Deficit Outturn</b>	<b>3,804</b>	<b>(921)</b>	<b>(2,753)</b>	<b>(1,840)</b>	

- 2.4 Income from Charges for services and Facilities were less than anticipated due to a reduced amount of contributions from tenants on Adaptations works.
- 2.5 Within the planned repairs and maintenance works, the neighbourhood planned works spent £1.6m in 2015-16. The Majority of this - £1.4m, was transferred to the Capital programme at year end, due to the works carried out being more capital improvement works rather than revenue repairs works. These include new and secure door entry screens and updated intercom door entry fob systems at Da Volls Court and Conway Road. In addition to this, the car park repairs budget was not spent in year (£100k) and savings were made on the rewires and legionella budgets (£110k).
- 2.6 The supervision and management budget was slightly over spent due to an extra cost on IT system upgrades for Housing tenancy Services. These were in conjunction with the Council's digital by design programme.
- 2.7 Capital Expenditure funded by the HRA was in line to revised forecasts. The Stock condition survey and flat roofing works didn't begin in 15/16, and will now commence in 2016-17. Savings were made in year on other capital projects such new communal heating systems, new sewer connections, and heating one offs.
- 2.8 In year, a revaluation gain of £14m was applied to the value of the Housing Dwellings in 2015-15. Usually this gain would increase the balance on the HRA Revaluation reserve, but in 2015-16, only £215k was posted to the Revaluation Reserve and overall £14m was credited to the HRA Income and Expenditure Account to offset losses relating to dwellings that have been previously charged here.
- 2.9 The Dwelling revaluation gain of £14m included in the HRA Income and Expenditure Account has been reversed out, in the statement of Movement on the HRA Balance, so that this transaction has no impact on the HRA Balance.
- 2.10 Interest Payable has been reduced in year due to repayment of loans in 2015-16.

**Table 2 – Capital Expenditure and Financing Outturn – 2015-16**

	Original Budget 2015-16	Forecast Budget 2015-16	Outturn 2015-16	Variance to forecast	Comments
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Improvement Programme	3,956	2,579	2,629	50	Kitchen & Bathroom & Windows & Bathrooms.
Planned Maintenance	1,050	793	1,939	1,146	Increase in Neighbourhood planned capital works.
Energy & Efficiency Improvements	2,557	1,271	1,020	(251)	Savings on communal heating programme upgrades.
Specific Planned Projects	291	390	160	(230)	Stock condition survey moved to Quarter 1 16/17
Estate Improvements	422	515	234	(281)	Savings on new sewer connection work. Other works to commence in 16/17
Empty Properties	545	406	800	394	Underestimated budget for major voids works.
New Build	2,000	0	0	0	Programmed moved to 2016-17
<b>Total Expenditure</b>	<b>10,821</b>	<b>5,954</b>	<b>6,782</b>	<b>828</b>	
Borrowing	959	0	0	0	
Capital Receipts	877	877	1,483	606	Under estimated Receipts from sale of housing land/stock in year.
Major Repairs Reserve	2,980	3,039	3,043	4	Depreciation as estimated.
Revenue	6,005	2,038	2,256	218	Contribution from revenue.
<b>Total Financing</b>	<b>10,821</b>	<b>5,954</b>	<b>6,782</b>	<b>828</b>	

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- 2.11 Capital Expenditure on HRA property amounted to £6.782m in 2015-16 (£8.721m in 2014-15). This has resulted in an overspend of £841k, against a revised forecast budget of £5,941m.
- 2.12 The Kitchen contract was successfully completed during November 2015. 390 kitchens including a large number of “Category 1 Hazard” essential improvements including structural alterations asbestos removal and partial re-wire.
- 2.13 The Bathroom contract was successfully completed during November 2015 also. 166 bathroom’s and separate toilets were completed including the installation of economy saving environmentally friendly shower installations and upgrades.
- 2.14 50 rewires have been completed in 2015/16. In some of the rewired properties, kitchen refurbishments had already taken place and new consumer units had been fitted; this resulted in deductions in the unit cost price, and so in addition to the originally planned 45 rewires, 4 more have completed without exceeding the budget.
- 2.15 The 15/16 programme of replacement of heating systems was completed in year. The 2016/17 programme is running ahead of schedule and a report will be presented to Council in September requesting an addition to the capital programme to increase the volumes for this year.
- 2.16 Within the Energy Efficiency programme, Loft insulation works, coved ceilings and External wall insulation works have been deferred into the Neighbourhood Plan programme. Delivery of works will now commence during 2016/17.
- 2.17 The Communal Heating programme completed with a saving of £200k. Works are now complete at Manor close, Grenville Place, Suffolk Road. The boiler rooms have now been successfully completed within three properties at Suffolk Close. The second boiler room and nine properties have also been completed. The proposed upgrade to the Boiler at Charter Close and services are due for a possible start in August 2016.
- 2.18 Within specific planned projects, we had the first time installation of sewerage systems project. Rural properties at St. Michaels Close, Croft Hill, Filby Road and Ferry Court were connected to mains foul drainage in 2015/16.
- 2.19 Stock Condition Survey consultants successfully procured the contract in 2015. Surveys are now due to commence in the 2nd Quarter of 2016/17.
- 2.20 Within the planned maintenance budget - £1.4m of neighbourhood planned work was transferred from Revenue to Capital, due to the nature of improvement works completed.
- 2.21** The Empty Properties budget was over spend by £395k. The void standard has been greatly enhanced in 2015-16, to include higher standard of works and now incorporates Asbestos and cleaning/clearing works. Savings have been made on the Asbestos budgets in year due to this.

### 3 Review of Variances 2015-16

3.1 The significant variances for 2015-16 are set out below in Table 3, by Housing Revenue Service.

**Table 3 – Major Variances by HRA Service.**

HRA Service	Original Budget 2015-16	Forecast Budget 2015-16	Outturn 2015-16	Variance Forecast Budget	Comments
	£000	£000	£000	£000	
Accounting Adjustments	171	171	14,372	14,201	Year-end accounting adjustments – pension & Asset revaluations.
Adaptations for the Disabled	535	535	358	(177)	Demand led service
Capital Financing expenditure	12,290	8,017	(6,233)	(14,250)	Financing of Capital Exp & Loan interest payments. Asset revaluations.
Tenancy Services	2,062	2,130	2,376	246	IT costs higher than budgeted Internal recharges higher than budgeted
Maintenance & Improvement	10,030	9,521	7,960	(1,561)	Demand led service on Responsive Repairs. Neighbourhood planned work transferred to Capital.
Environmental Services	651	665	650	(15)	Tree cutting, fly tipping clearance works.
Tenant Participation	29	29	20	(9)	
HRA Income	(23,019)	(23,013)	(23,147)	(134)	Budgeted rental income under budgeted.
Sheltered Housing – Landlord Costs	84	89	96	7	Sheltered housing General costs – Rates, Insurance & Utility costs
Sheltered Housing – Outreach	0	(19)	8	27	Sheltered Housing Support - Internal recharges higher than expected.
Supporting People warden service	199	198	212	14	
Yare care Alarm Scheme	77	77	198	121	Yare care alarm Scheme & out of hours Service. Internal recharges higher than expected.
Housing Landlord Costs	694	679	377	(302)	Tenanted Communal Area general costs – Rates, insurance, Utility costs
<b>Total</b>	<b>3,803</b>	<b>(921)</b>	<b>(2,753)</b>	<b>1,840</b>	

### Impact on Balances

- 4 As a result of the 2015-16 surplus in year, the HRA is holding a higher balance moving into 2016-17 than originally anticipated, as shown in Table 4.
- 4.1 The build-up of higher levels of balance than would normally be expected has been a deliberate policy in order to mitigate the impact of the 1% rent reduction over the next four years and the anticipated impact of the forthcoming 'sale of higher value properties' and 'pay to stay'. When the full implications of the latter two are known, this information, along with the data from this year's complete stock conditions survey, will be used to re-set the HRA Business Plan for the next 30 years. As well as mitigating the impact of the changes above, the reserves will help us to ramp up delivery of improvement programmes in line with the needs identified in the stock condition survey.

**Table 4 – Housing Revenue Account - Reserves Summary.**

<b>Housing Revenue Account Balances – Movement 2015-16</b>	<b>£000</b>
Opening Balance - 1 April 2015	6,584
Add Expected forecast Surplus/ (Deficit)	921
<b>Forecast Balance</b>	<b>7,505</b>
Actual Surplus/ (Deficit)	2,753
<b>Balance Carried forward – 1 April 2016 (subject to Audit)</b>	<b>9,337</b>

## **5 Right to Buy Receipts Outturn 2015-16**

- 5.1 There were a similar number of RTB sales during 2015-16 compared to 2014-15.
- 5.2 The Council had 39 Right to Buy Sales during 2015-16 against an estimated figure of 40. (40 in 2014-15). One further housing property was sold at Auction.
- 5.3 The Council was responsible for managing stock of 5903 dwellings as at the 31 March 2016 (5943 in 2014-15).
- 5.4 Table 5 shows a summary on the movement and breakdown of the Housing Stock during 2015-16.

**Table 5 – Housing Stock summary.**

	<b>2014-15</b>	<b>2015-16</b>
<b>Stock as at 1 April</b>	<b>5970</b>	<b>5943</b>
<b>Less:</b>		
- Sales	-41	-40
- Conversions	0	0
- Demolished	0	0
<b>Add</b>		
- New dwellings	13	0
- Repurchase/Purchase	1	0
<b>Stock as at 31 March</b>	<b>5943</b>	<b>5903</b>

<b>Summary of Housing Stock</b>		
<b>Houses</b>	2384	2352
<b>Flats and Maisonettes</b>	2668	2661
<b>Bungalows</b>	891	890
	<b>5943</b>	<b>5903</b>

Departmental reference:

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[HRA Outturn Report 15-16.docx](#)

[HRA 1516 final outturn JB 040716.xlsx](#)

[..\2. Monitoring - HRA Capital Programme 1516\Qtr 4\Capital Expenditure 1516 P12 - 150616.xls](#)

[..\RTB and Quarterly Pooling Returns 1516\Qtr 4\6. R15 Q3 Great Yarmouth RTB Model v14 QTR 4.xlsm](#)

[..\RTB and Quarterly Pooling Returns 1516\Qtr 4\3. R15 Stock Analysis - 1516 Working Paper Q4.xlsx](#)

Does this report raise any legal, financial, risk, sustainability, equality, crime and disorder, human rights or every child matters issues and, if so, have they been considered?	Issues	
	Legal	Yes, and taken into account
	Financial	Yes, and taken into account
	Risk	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Equality	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No

