

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	12 JUNE 2017
SUBJECT:	HRA BUDGET MONITORING, QUARTER 4 2016/17
PORTFOLIO HOLDER(S):	COUNCILLOR
HEAD OF SERVICE:	MARC JONES
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. The Executive is requested to note the following:-
 - (i) The position set out in respect of the financial performance of the Housing Revenue Account (HRA) for 2016/17.
 - (ii) That the outturn reported in this document remains provisional until the completion of the statutory audit.
2. **Background**
 - (i) In March 2016, the Council agreed a budget for 2016/17 that showed a planned deficit of £2,738k.
 - (ii) The budget for 2016/17 included a contribution to the capital programme of £8,515k and further savings of £250k for the Housing Maintenance Unit.
 - (iii) The HRA is 'ringfenced', and its reserves cannot be transferred to the General Fund.
3. This report sets out the provisional outturn of the financial year which relates to period 1 April 2016 to 31 March 2017.
4. **Overview**

The draft financial position for 2016/17 shows an underspend of £3,263k. Therefore, the HRA generated a surplus of £525k (against a planned deficit of £2,738k), leaving a balance on reserves of £7,567k which can be carried forward to fund future capital programmes, including new build, as outlined in the latest 30 year plan. More detail is shown in Appendix A.
5. **Income**
 - (i) The income outturn is within £8k (0.05%) of the original budget.
 - (ii) Income includes the Major Repairs Allowance grant of £2,660k.
6. **Expenditure**
 - (i) Overall, expenditure is £261k above budget, of which £58k relates to the HRA's share of year end adjustments to the pension scheme.
 - (ii) Much of the remaining overspend is due to changes in the staff structure during the year that were not reflected in the original setting of the budget. This has resulted in a mix of under and overspends within all the categories of expenditure, as the actual allocation varied from the budgeted allocation.

7. Year End Adjustments

- (i) This heading covers items of expenditure that form part of the year end accounting process, and are not generally monitored during the year.
- (ii) The HRA share of interest costs and the MRP (Minimum Revenue Provision - a sum put aside in order to repay future debt) was £314k below budget due to slippage in the HRA capital programme (see below) and an increase in borrowing by the General Fund that reduces the proportion of interest charged to the HRA.
- (iii) The increase in the provision for bad debt is less than originally budgetted for, reflecting the efforts being taken to recover rent owed.
- (iv) The HRA is charged for its share of Central charges, such as Finance, Legal, HR etc. The basis of the charge is reviewed annually and this year there is an increase of £21k in the sum chargeable to the HRA.
- (v) The Revenue Contribution to Capital Programme is £3,457k below budget, reflecting the delayed start to the New Build Programme and the deferral of the refurbishment of Llawr y Dref. The 'saved' funds are available for future Capital Programmes as outlined in the HRA 30 Year Plan. The HRA funds its own Capital Programme and has the power to borrow if necessary.

8. Repairs and Maintenance

- (i) The Housing Maintenance Unit (HMU) showed an overspend of £236k. The overspend was due to additional call out requests from tenants, additional work on gas repairs and additional expenditure due to the delays in outsourcing the HMU stores. It should be noted that expenditure on sub-contractors was £350k less than last year as planned. The HMU budget was reduced by a further £250k in 2016/17, on top of the similar reduction in 2015/16.
- (ii) Other repairs and maintenance were overspent due to additional works on door entry systems.

B - What other options did you consider and why did you reject them and/or opt for this option?

n/a

C - Why is this a decision for the Executive?

This matter is delegated to the Executive.

CH - Is this decision consistent with policy approved by the full Council?

Yes

D - Is this decision within the budget approved by the Council?

Yes

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a– this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	Will be consulted as part of SLT
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A – Provisional Outturn		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2016/17 HRA budget (as approved by this Committee on 14 March 2016). • HRA 30 Year Business Plan 2016/46 (as approved by this Committee on 14 March 2016). 		

HRA Outturn 2016/17**Appendix A**

<u>HRA</u>	<u>Budget</u> <u>2016/17</u>	<u>Actual</u> <u>Expenditure</u>	<u>Variance</u>
Income			
Income - Dwellings	-14,950,000	-14,953,580	-3,580
Income - Garages	-212,000	-218,805	-6,805
Income- Service Charges	-95,000	-103,646	-8,646
Income - Other	-293,000	-281,377	11,623
Total Income	-15,550,000	-15,557,408	-7,408
Expenditure			
Tenant Participation	134,150	73,531	-60,619
Rent Administration	140,710	83,809	-56,901
Estate Management	326,420	406,304	79,884
Building Maintenance Staff (Non BMU)	479,730	730,444	250,714
Other Revenue Expenditure	378,190	425,644	47,454
Total Expenditure	1,459,200	1,719,732	260,532
Year end adjustments			
Interest/MRP	3,210,000	2,896,167	-313,833
Bad Debt Provision	137,000	39,634	-97,366
Recharge from Housing Service	612,810	612,981	171
Recharge from Central Services	749,780	771,238	21,458
Revenue Contribution to Capital Programme	8,515,000	5,057,670	-3,457,330
HRA Total	-866,210	-4,459,986	-3,593,776
HMU	3,155,810	3,391,789	235,979
Other Repairs and Maintenance	448,400	543,627	95,227
Repairs and Maintenance	3,604,210	3,935,416	331,206
TOTAL HRA DEFICIT	2,738,000	-524,570	-3,262,570