

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	17 SEPTEMBER 2018
SUBJECT:	HRA BUDGET MONITORING, QUARTER 1 2018/19
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WILLIAMS
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 Quarter 1 2018/19.
 - (ii) The forecast outturn for 2018/19.
2. **Background**
 - (i) In March 2018, the Council agreed a revenue budget for 2018/19 that showed a planned surplus of £7.3m.
 - (ii) The capital budget for 2018/19 was £12.4m but it should be noted that £3.6m of expenditure planned for 2017/18 had not been completed and had slipped into the 2018/19 capital programme. This gives a total capital budget of £16.0m.
 - (iii) The combination of both the revenue budget and adjusted capital budget gave a planned budget deficit of £6.0m which would be funded from the HRA reserve.
 - (iv) The HRA is 'ringfenced', and its reserves cannot be transferred to the General Fund.
3. This report sets out the financial performance of the HRA for the period from 1st April 2018 to 30th June 2018.
4. **Overview**
 - (i) The revenue financial position for Q1 shows an overspend of £110k. The income forecast is now £70k worse than the original budget as explained below. More detail is shown in Appendix A.
 - (ii) The Capital expenditure is £42k below the profiled budget. The forecast expenditure is £1,811k lower than budget as explained below. More detail is shown in Appendix B.
 - (iii) The forecast deficit (combining both revenue and capital) is £1,741k less than the budget, largely the result of lower than budgeted capital expenditure.

5. Income

- (i)** Income overall is £9k (0.6%) better than budget.
- (ii)** Rental income was £17k below budget. This is primarily due to a lower number of properties commissioned during the last year compared to the assumption built into the budget. The forecast has been adjusted by £90k to reflect this.
- (iii)** The budget assumed that the remodelling of the garage stock would be complete. In the event, the pace of remodeling has been slower. To date, income from this source is £7k better than budget and the forecast has been adjusted by £20k to reflect this.
- (iv)** Other income was £19k better than budget, mostly due to increased service charges.

6. Non Repairs and Maintenance Expenditure

- (i)** Expenditure was £41k below budget. The main savings relate to staff vacancies.

7. Repairs and Maintenance

- (i)** The Housing Maintenance Unit (HMU) shows an overspend of £171k. This is partly due to sub-contractors being used to cover staff sickness and the value of commitments (purchase orders raised) which appear high and will require investigation. The situation will be closely monitored.
- (ii)** Other Repairs and Maintenance were overspent, largely due to a feasibility study into the sewage treatment works that was not envisaged when the 30 year plan was drawn up in December.

8. Year-End Adjustments

- (i)** This heading covers items of expenditure (capital financing costs and recharges from the General Fund) that form part of the year-end accounting process. At this stage, no changes are envisaged.

9. Capital Expenditure

- (i)** The original capital programme approved by the Council in March 2018 totalled £12,417k, which was to be funded by the Major Repairs Allowance £2,665k and contribution from the HRA reserve £9,752k. Planned capital expenditure of £3,581k was brought forward as slippage from 2017/18 to give a revised capital programme of £15,998k. The forecast expenditure is now £14,187k, £1,811k below budget. The most significant underspend relates to the acquisition and new build of properties.

10. HRA balance

- (i)** The opening balance of the HRA Reserve stood at £7,407k. A deficit of £4,309k is now forecast, £1,741k better than budget, that would leave a balance of £3,098k available to fund future HRA expenditure.

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 – Revenue expenditure and forecasts to end of Quarter 1. Appendix B – Capital expenditure and forecast to end of Quarter 1.		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2018/19 HRA budget (as approved by this Committee in March 2018). • HRA 30 Year Business Plan 2018/48 (as approved by this Committee in March 2018). 		

APPENDIX A

HRA ACCOUNT 2018/19

	Annual Budget 2018/19	Profiled Budget to Month 3	Actual to Month 3	Variance to Month 3	Year-End Forecast	Year-End Variance
	£	£	£	£	£	£
REVENUE ACCOUNT						
Income						
Dwellings	(17,339,000)	(4,317,411)	(4,300,013)	17,398	(17,249,000)	90,000
Garages	(190,000)	(47,310)	(54,640)	(7,330)	(210,000)	(20,000)
Service Charges	(99,000)	(24,651)	(36,500)	(11,849)	(99,000)	0
Other	(311,000)	(66,234)	(73,642)	(7,408)	(311,000)	0
Bad Debt Provision	219,000	0	0	0	219,000	0
TOTAL INCOME	(17,720,000)	(4,455,606)	(4,464,795)	(9,189)	(17,650,000)	70,000
Non Repairs & Maintenance Expenditure						
Tenant Participation	115,820	28,812	22,736	(6,076)	115,820	0
Rent Administration	135,360	33,541	32,993	(548)	135,360	0
Estate Management	369,560	91,372	93,977	2,605	369,560	0
Other Revenue Expenditure	1,167,040	271,259	233,967	(37,292)	1,167,040	0
Total Non Repairs & Maintenance Expenditure	1,787,780	424,984	383,673	(41,311)	1,787,780	0
Repairs and Maintenance						
Housing Maintenance Unit (HMU)	3,016,840	751,295	922,920	171,625	3,016,840	0
Building Maintenance Staff (non HMU)	852,560	211,540	188,750	(22,790)	852,560	0
Other Repairs and Maintenance	463,730	115,495	127,268	11,773	463,730	0
Total Repairs & Maintenance	4,333,130	1,078,330	1,238,938	160,608	4,333,130	0
Year- End Adjustments						
Capital Financing Charges	2,987,000	0	0	0	2,987,000	0
Recharge from Housing Services	635,120	0	0	0	635,120	0
Recharge from Central Services	693,360	0	0	0	693,360	0
Total Year-End Adjustments	4,315,480	0	0	0	4,315,480	0
TOTAL REVENUE EXPENDITURE	10,436,390	1,503,314	1,622,611	119,297	10,436,390	0

	Annual Budget 2018/19	Profiled Budget to Month 3	Actual to Month 3	Variance to Month 3	Year-End Forecast	Year-End Variance
	£	£	£	£	£	£
TOTAL REVENUE (SURPLUS) / DEFICIT	(7,283,610)	(2,952,292)	(2,842,184)	110,108	(7,213,610)	70,000
CAPITAL EXPENDITURE ACCOUNT						
2018/19 Expenditure	15,998,276	1,266,272	1,224,275	(41,997)	14,187,149	(1,811,127)
Major Repairs Allowance	(2,665,000)	0	0	0	(2,665,000)	0
TOTAL CAPITAL (SURPLUS) / DEFICIT	13,333,276	1,266,272	1,224,275	(41,997)	11,522,149	(1,811,127)
NET (INCREASE) / DECREASE IN HRA RESERVE	6,049,666	(1,686,020)	(3,055,120)	68,111	4,308,539	(1,741,127)
Opening HRA Balance	(7,406,916)				(7,406,916)	
Net (Increase) / Decrease in HRA Reserve	6,049,666				4,308,539	
Closing HRA Balance	(1,357,250)				(3,098,377)	

APPENDIX B

Service	Annual Budget (£)	Profiled Budget (£)	Total Expenditure (£)	Variance to profile (£)	Projected Expenditure (£)	Projected Under / Over (£)
<u>Housing HRA</u>						
Central Heating Contract	500,000	0	38,003	38,003	500,000	0
Planned Maintenance Contract	3,983,495	841,272	532,463	(308,809)	3,983,149	(346)
Energy Performance Improvement	1,000,000	0	0	0	1,000,000	0
Environmental Works	500,000	0	3,945	3,945	500,000	0
Acquisition of Existing Properties	8,274,781	150,000	150,100	100	6,464,000	(1,810,781)
Premises - Remodelling of Existing Stock	190,000	190,000	189,519	(481)	190,000	0
Public Sector Adaptations	350,000	85,000	111,770	26,770	350,000	0
Fire Risk	200,000	0	3,491	3,491	200,000	0
WHQS	1,000,000	0	194,984	194,984	1,000,000	0
Totals for Housing HRA	15,998,276	1,266,272	1,224,275	(41,997)	14,187,149	(1,811,127)