

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - COMMUNITY**  
**4 SEPTEMBER 2012**

**HOUSING REVENUE ACCOUNT**  
**BUDGET MONITORING TO 30 JUNE 2012**

**1. PURPOSE OF REPORT**

- 1.1 To advise Members of any major differences, by management unit, between the original budget and the outturn forecast for the three months of the financial year up to 30 June 2012 in respect of the Housing Revenue Account and the Council's new build schemes.

**2. BUDGET MONITORING TO JUNE 2012**

**2.1 HOUSING SELF-FINANCING**

The Government made significant reforms to council housing finance within the Localism Act 2011, which resulted in the commencement of self-financing and the abolition of the Housing Revenue Account subsidy system from 1 April 2012.

Under the HRA subsidy system rents were pooled and redistributed by central government. Exeter City Council was a net contributor to the central pot, whereby it paid more into the central pot than it received back in subsidy. Over the last few years we have paid around £4m per year to the Government and had an annual budgeted deficit on the HRA.

Self-financing enables each stock owning local authority to retain their own income collected from rents, service charges and other sources at a local level to deliver housing services to tenants and to maintain their housing stock. Under self-financing it is anticipated that local authorities will achieve a surplus each financial year, which will help facilitate service improvements, repay debt and to provide investment in the stock.

**2.2 PROJECTED SURPLUS**

During this period the total budget variances indicate that there will be a net surplus of £2,357,550 in 2012-13 which will be transferred to the HRA working balance. This represents an increase of £37,280 compared to the budgeted transfer to the working balance of £2,320,270. It is estimated that the working balance will stand at £8,121,973 at 31 March 2013.

**2.3 VARIANCES FROM BUDGET AS AT JUNE 2012**

The main variations by management unit are detailed below. Please also refer to Appendix 1.

	£
<b>2012-2013 ESTIMATED TRANSFER TO THE WORKING BALANCE</b>	<b>(2,320,270)</b>
<b>85A1 MANAGEMENT</b>	<b>(33,480)</b>

Savings are projected in respect of employee costs due to a lower than budgeted pay award for 2012-13 and from the outcomes of the Senior Management Review.

These savings will be partially offset by additional staff resources required to backfill a Technical Officer post, so that the post holder can devote time to undertaking housing stock condition surveys. Unbudgeted redundancy costs will also be incurred this financial year in respect of four posts.

Additional income is also forecast in respect of solar panels installed on council dwelling. This income will be set aside to help finance future investment in energy efficient measures for other council dwellings.

### **85A3 SUNDRY LANDS MAINTENANCE**

0

There are no overall variances from budget to report in respect of this management unit.

A minor overspend is expected in the cost of the Garden Assistance Scheme, as the scheme has taken on the regular maintenance of more gardens. Garden assistance is provided to help the vulnerable, elderly and disabled maintain their gardens.

A compensating saving is expected to be made in the cost of initial cultivations, as fewer gardens will need an initial tidy up prior to joining the Garden Assistance Scheme following a reduction to the waiting list.

### **85A4 REPAIRS FUND CONTRIBUTION**

0

There is a separate report being presented to this committee which seeks additional funding of £1.775m for the 2012-13 HRA Capital Programme, as follows:

£1.250m for the Kitchen Replacement Programme  
£0.370m for the Bathroom Replacement Programme  
£0.030m for Asbestos Surveys  
£0.075m for Asbestos Removal Works  
£0.050m for additional staff appointed within the Contracts Unit to help facilitate the works

In addition to this, additional funding has been sought for the acquisition of social housing from Section 106 development sites of £212,550.

Both these proposals would be met by significantly increasing the revenue contribution to capital from £2,169,550 to £4,157,100, which will in turn reduce the surplus transferable to the working balance at the end of the financial year.

However, as these increases are both subject to Executive approval, they have not yet been reflected in the June budget monitoring figures.

In addition to the budgeted revenue contribution to capital, this management unit also provides for the cost of annual repairs and maintenance to council dwellings. The annual programme has been amended to include a budget of £61,000, which was agreed via delegated powers to enable repairs and painting of flats in Parr Close to be undertaken. There are no forecast variances from budget in respect of the revised annual repair and maintenance programme.

**85A6 CAPITAL CHARGES** 0

There are no variances from budget to report in respect of this management unit, which comprises the depreciation of HRA dwellings, garages, IT software, vehicles, plant and equipment.

**85A8 RENTS** (3,800)

Minor additional income is forecast from lease agreements relating to other council assets, such as parking spaces and access rights.

**85B2 INTEREST** 0

There are no variances from budget to report in respect of this management unit, which comprises the interest receivable on HRA balances and interest payable on HRA debt.

**2012-2013 1<sup>st</sup> QUARTER FORECAST TRANSFER TO THE WORKING BALANCE** (2,357,550)

**3. COUNCIL OWN BUILD (COB) BUDGET MONITORING TO JUNE 2012**

The Council's new properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing.

**3.1 COB WORKING BALANCE**

During this period the total budget variances indicate that there will be a net surplus of £42,850 achieved in 2012-2013, which will be transferred to the COB working balance. This represents an increase of £25,280 compared to the budgeted transfer to the working balance of £17,570. It is estimated that the working balance will stand at £71,056 at 31 March 2013.

**3.2** The main variations are detailed below, please also refer to Appendix 1:

£

**2012-2013 ESTIMATED TRANSFER TO THE WORKING BALANCE** (17,570)

**85B5 COB INCOME AND EXPENDITURE** (25,280)

Savings are expected to be made in respect of repair and maintenance costs at Knights Place, as recent works have been undertaken by the building contractor as part of resolving snagging issues.

Additional income is also forecast in respect of service charges, such as communal cleaning, lighting, door entry systems and

ground maintenance.

**2012-2013 1<sup>st</sup> QUARTER FORECAST TRANSFER TO THE WORKING BALANCE (42,850)**

**4. RECOMMENDATION**

4.1 That the Scrutiny Committee – Community note the content of this report

ASSISTANT DIRECTOR FINANCE

S:PA/LP/Cttee/912SCC8  
21.8.12

**Local Government (Access to Information) Act 1985 (as amended)  
Background papers used in compiling this report:**

None