

# EXETER CITY COUNCIL

## SCRUTINY COMMITTEE - COMMUNITY

5 JUNE 2007

### HOUSING REVENUE ACCOUNT

#### FINAL ACCOUNTS 2006-2007

## 1 PURPOSE OF REPORT

- 1.1 To advise Members of the overall financial performance of the Housing Revenue Account (HRA) for the 2006-2007 financial year ended 31 March 2007.

## 2 HOUSING REVENUE ACCOUNT (Appendix A)

- 2.1 During the financial year regular reports were made to this committee on the estimated outturn and variance in the working balance. The final outturn has now been calculated, and the report below highlights the major differences by Management Unit from the approved annual budget.
- 2.2 There is a net surplus of £577,174, of this £488,950 has been used to fund capital expenditure associated with achievement of the Decent Homes Standard and £88,224 was transferred to the working balance at 31 March 2007. The working balance has been increased to £2,843,166 at 31 March 2007.

## 3 MAIN VARIATIONS

The main variations by management unit are detailed below:

	£
<b>2006-2007 ESTIMATED REQUIREMENT FROM WORKING BALANCE</b>	<b>0</b>
<b>5A1 MANAGEMENT</b>	<b>28,669</b>
There has been a saving on staffing costs within the HRA due to vacancies; in addition to this a saving is expected on legal costs and superannuation back funding. These savings have been offset by an increase in utility costs at sheltered sites, costs associated with tenant participation and support service costs exceeding the budget.	
<b>5A3 SUNDRY LANDS MAINTENANCE</b>	<b>3,422</b>
There has been an increase in the cost of maintenance of HRA land.	
<b>5A4 REPAIRS FUND CONTRIBUTION</b>	<b>297,131</b>
Additional rent income together with the reduction in HRA maintenance costs has been used to fund capital schemes in respect of the Government's decent homes standard. In total £1.5m has been utilized in revenue contributions to capital.	

<b>5A6 CAPITAL CHARGES</b>	(706)
<p>There has been a change in the value of the HRA asset portfolio due to a reduction in the adjustment factor from 56% to 44%. The adjustment factor is used to reflect the value of property if sold with sitting tenants enjoying rents at less than open market rents and tenants' rights, including Right to Buy. A further reduction in depreciation has resulted from changes in the treatment of defective property in respect of the decent homes standard.</p>	
<b>5A8 RENTS</b>	(327,619)
<p>A significant reduction in the number of properties sold has resulted in additional rent income, additionally there has been a reduction in the loss from void property rent as a result of faster turn over times. There has also been an increase in income from garage rents.</p>	
<b>5B1 GOVERNMENT SUBSIDY</b>	(16,040)
<p>Changes to the final settlement for 2006-2007 have resulted in a small reduction in the amount payable to the Government for HRA Subsidy.</p>	
<b>5B2 INTEREST</b>	12,272
<p>The performance of the investment manager has been disappointing and has resulted in a deficit of £9,220 compared with the original budget. Mortgage interest is £3,052 less than the original budget due to an increase in premature redemptions.</p>	
<b>Less Capital Charges</b>	<u>(85,353)</u>
<b>2006-2007 TRANSFER TO THE WORKING BALANCE</b>	<u>£ (88,224)</u>

#### **4 RECOMMENDED**

That Scrutiny Committee - Community note this report.

DIRECTOR CORPORATE SERVICES

DIRECTOR COMMUNITY &  
ENVIRONMENT

S:LP/Committee/607SCC17  
18 May 2007

CORPORATE SERVICES DIRECTORATE  
COMMUNITY AND ENVIRONMENT DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling this report:**

None