

REPORT TO ABERDEENSHIRE COUNCIL – 25 June 2020

FINANCIAL PERFORMANCE: 2019/20 YEAR END POSITION FOR THE HOUSING REVENUE ACCOUNT (HRA)

1. Reason for Report / Summary

- 1.1 To appraise Council of the 2019/20 Year End Position subject to Audit for the Housing Revenue Account (HRA) Revenue and Capital accounts.

2. Recommendations

The Council is recommended to:

- 2.1 Consider the Housing Revenue Account (HRA) year end position subject to Audit as at 31 March 2020**

3. Purpose and Decision-Making Route

- 3.1 This report outlines the provisional financial position for the HRA for 2019/20 and summarises the financial implications of the revenue and capital spending decisions and performance for the financial year.
- 3.2 A bulletin report has been issued to Communities Committee detailing this outturn position for 2019/20.

4. Discussion

Revenue Expenditure

- 4.1 When the 2019/20 Housing Revenue Account (HRA) budget was set in February 2019, it was set at a breakeven position which included a budget of £19.817 million to fund the HRA Capital Programme, whilst maintaining a minimum working balance of £2m.
- 4.2 The actual net revenue position at the end of the financial year is shown as a breakeven position. A more detailed breakdown shows that £4.974 million less was required to support the HRA Capital Programme and this offset the over budget position for Premises costs and Supplies and Services. The financial position is shown in more detail in Appendices 1a and 1b.
- 4.3 Emerging issues were reported through Communities Committee, the most recent update in February 2020 highlighted increased costs associated with void properties, including the loss of rental income and council tax costs.
- 4.4 The Service actively manages the housing portfolio to minimise the number of void properties, however the ongoing capital works to achieve the Energy Efficiency Standard for Social Housing (EESH) has required

the holding of vacated properties as void to enable these works to be carried out. It is anticipated that the number of properties that will be required to be held void will reduce in 2020/21 as progress is made with the capital programme.

- 4.5 Increased costs arising from repairs and maintenance undertaken on void properties and an increase in the provision for bad debts arising from rent arrears have also impacted on the current years final outturn position.

Capital Expenditure

- 4.6 The revised Capital Budget for the year 2019/20 was £77.42 million. This budget figure alters during the year, as and when changes to the profile of capital expenditure from one year to another are agreed and adjusted for.
- 4.7 This is because the Capital budget is set over a long term, multiple year timeframe, as the projects will often take more than one financial year to complete or will start in one financial year and end in the next. Consequently, there is the need to re-profile the capital expenditure on a continual basis.
- 4.8 The overall capital expenditure to the end of March 2020, which is detailed in **Appendix 2** to the Report, is £49.801 million which is £27.619 million less than the revised budget figure. **Appendix 3** provides details of the significant variances within the capital budget. The majority of the under-spend related to the New Build Programme.

HRA Future Plans

- 4.9 There is a planned review of the Business Plan and the rent strategy in 2020/21. This will encompass a full review of the HRA and will allow for informed financial decision making going forward.

5. Council Priorities, Implications and Risk

- 5.1 This report helps deliver Council Priority 9 – Deliver responsible, long-term financial planning and Council Priority 6 – have the right mix of housing across Aberdeenshire.
- 5.2 The table below shows whether risks and implications apply if the recommendation is agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities			X
Fairer Scotland Duty			X
Town Centre First			X
Sustainability			

Children and Young People's Rights and Wellbeing			X
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- 5.3 An Equalities Impact Assessment is not required because the report deals with the monitoring of expenditure against budgets which have been approved previously and does not have a differential impact on any of the protected characteristics.
- 5.4 Any staffing and financial implications that arise will be discussed and scrutinised by Communities Committee.
- 5.5 The following Risk has been identified as relevant to this matter on a Corporate Level: Budget Pressures [Corporate Risk Register](#). The following Risk has been identified as relevant to this matter on a Strategic Level: Balancing the Books [Directorate Risk Registers](#). Actions being taken to mitigate these risks are set out in the report.

6. Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Council is able to consider and take a decision on this item in terms of the general powers conferred by Section A of the List of Committee Powers in Part 2A of the Scheme of Governance. This report relates to the approval and revision of the annual estimates of the HRA budget agreed under Section A.8.1 of Part 2A.

Ritchie Johnson
Director of Business Services

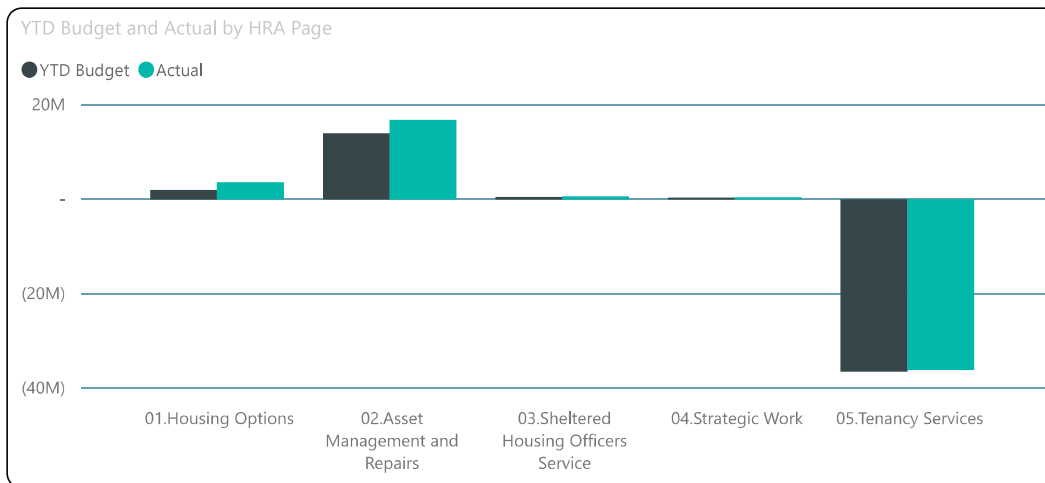
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Date 1 June 2020

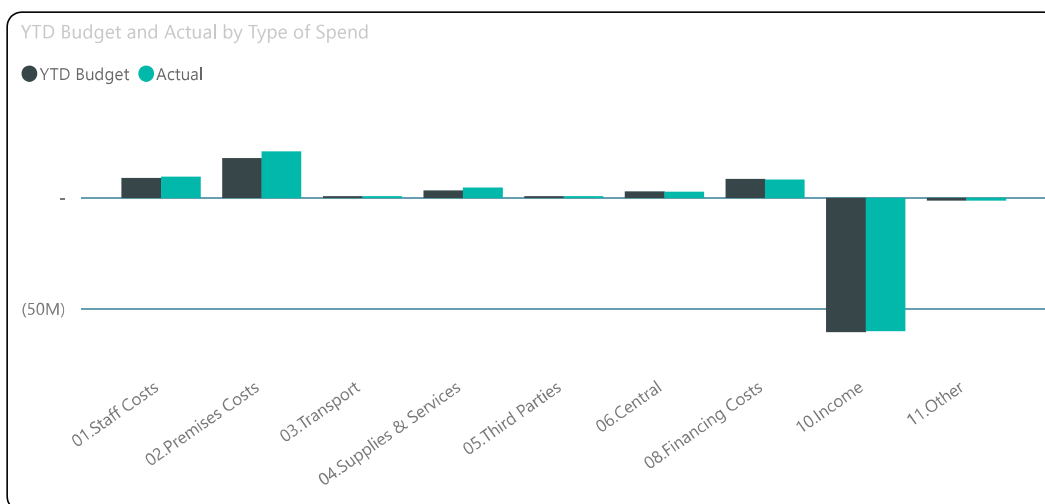
List of Appendices –
Appendices 1a,1b – Revenue Monitoring
Appendix 2 – Capital outturn
Appendix 3 – Capital Variance Analysis

Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
HRA	(19,817,000)	(19,817,000)	(14,842,769)	(4,974,231)

Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
HRA	(19,817,000)	(19,817,000)	(14,842,769)	(4,974,231)
Total	(19,817,000)	(19,817,000)	(14,842,769)	(4,974,231)



Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	8,859,000	8,859,000	9,453,738	(594,738)
02.Premises Costs	17,802,000	17,802,000	20,854,461	(3,052,461)
03.Transport	243,000	243,000	200,702	42,298
04.Supplies & Services	3,259,000	3,259,000	4,594,118	(1,335,118)
05.Third Parties	180,000	180,000	200,230	(20,230)
06.Central	2,820,000	2,820,000	2,680,725	139,275
08.Financing Costs	8,416,000	8,416,000	8,150,492	265,508
10.Income	(60,196,000)	(60,196,000)	(59,769,349)	(426,651)
11.Other	(1,200,000)	(1,200,000)	(1,207,886)	7,886
12.Capital	-	-	-	-
99.Closed	-	-	-	-
Total	(19,817,000)	(19,817,000)	(14,842,769)	(4,974,231)



Budget Lines	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Expenditure	41,579,000	41,579,000	46,134,466	(4,555,466)
02.Income	(61,396,000)	(61,396,000)	(60,977,235)	(418,765)
03.CFCR	-	-	-	-
Total	(19,817,000)	(19,817,000)	(14,842,769)	(4,974,231)

HRA Page	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Housing Options	1,945,000	1,945,000	3,585,311	(1,640,311)
02.Asset Management and Repairs	13,963,000	13,963,000	16,764,603	(2,801,603)
03.Sheltered Housing Officers Service	440,000	440,000	588,481	(148,481)
04.Strategic Work	338,000	338,000	358,710	(20,710)
05.Tenancy Services	(36,503,000)	(36,503,000)	(36,139,874)	(363,126)
Total	(19,817,000)	(19,817,000)	(14,842,769)	(4,974,231)

