



## REPORT TO SOCIAL WORK & HOUSING COMMITTEE – 1 SEPTEMBER 2016

### HOUSING REVENUE ACCOUNT (HRA) – BUDGET MONITORING AS AT 31 JULY 2016

#### 1 Recommendations

##### 1.1 It is recommended that the Committee:

- 1 **Note the HRA revenue budget monitoring to 31 July 2016.**
- 2 **Note the HRA revenue forecast for 2016/17 which will offset some of the borrowing required to fund capital expenditure.**

#### 2 Discussion

- 2.1 The Housing Revenue Account (HRA) budget for monitoring purposes for 2016/17 was approved by Council on 11 February 2016. It was agreed that any net surplus on the HRA would be used to fund the HRA Capital Programme. The financial position as at 31 July is shown in detail in **Appendix 1**. This monitoring statement is in the new Service Reporting Code of Practice (SERCOP) layout for revenue budget monitoring for 2016/17. This is a revised format from the budget format approved at Council and is a standardised format being used across all services to enable easier consolidation of the Council's statement of accounts.
- 2.2 Future financial positions have been forecast based on housing budget managers' service knowledge together with the financial knowledge of the accounting team. The forecasts are reviewed by senior finance officers, the Head of Housing and Director of Infrastructure to ensure that any significant year end fluctuations are avoided.
- 2.3 The net expenditure on the HRA balances back to zero as any in year surplus is used to fund the capital programme as CFCR (Capital Funded from Current Revenue). The revised budgeted CFCR is £1.2m lower than the budget agreed by Council in February due to a reduction in Second Homes Council Tax income. This funding is to be used to part fund Phase 6 of the Council's new build programme. However, as this phase is currently in its early stages and will maximise the drawdown of the Scottish Government grant this financial year, the Second Homes Council Tax will be carried forward against next years spend.
- 2.4 Details of the variances from budgets are given in **Appendix 2**.
- 2.5 The Housing and Property service have estimated additional costs of around £1million associated with the repair to Council houses affected by the flooding caused by Storm Frank in December 2015. These costs include the drying out, stripping out and reinstatement of these properties. These costs are not included in the forecasts in Appendix 1 as the Strategic Leadership Team are currently reviewing the funding options around this. Further details will be provided to this Committee in due course.

- 2.6 The HRA is a statutory earmarked account whereby all income generated from the rent and service charges levied on Council tenants, is to be used to fund the maintenance and management of Council houses to the benefit of the tenants. The income generated from Council tenants is also required to fund the HRA capital programme to ensure that it is self-financing. Any in-year surplus is used to fund the capital programme and therefore reduce the borrowing requirement and associated costs. The Capital programme monitoring position is reported separately to this Committee. The funding of the capital programme is detailed in **Appendix 3**.
- 2.7 There are increasing pressures on the HRA as a result of legislation concerning the standards of housing provided, such as Energy Efficiency Standard for Social Housing (EESH) which is being managed by the service managers. In addition, there are requirements to keep rents at affordable levels for tenants. To ensure that the service can achieve the necessary quality targets, whilst keeping the HRA at a sustainable and affordable level, the HRA Business Plan is monitored throughout the year. A full review of this 30 year plan was carried out in 2015/16 and reported to this Committee in December 2015.
- 2.8 The Head of Finance and the Monitoring Officer have been consulted and are in agreement with the recommendations.

### **3 Equalities, Financial and Staffing Implications**

- 3.1 An Equalities Impact Assessment is not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously.
- 3.2 The financial implications are inherent in the report.
- 3.3 There are no staffing implications arising from this report.

Stephen Archer  
Director of Infrastructure

Alan Wood  
Head of Finance

**ABERDEENSHIRE COUNCIL**

	a1	a5	a8	a9	a12
HOUSING REVENUE ACCOUNT	ACTUAL 2015/16 £'000	REVISED BUDGET 2016/17 £'000	ACTUAL TO JUL-16 £'000	%	REVISED FORECAST 2016/17 £'000
<b>Line No. SERCOP Lines</b>					
<b>EMPLOYEE COSTS</b>					
<b>A Direct Employee Expenses</b>					
1 Local Government Employees Salaries & Wages	7,603	8,122	2,698	33.2%	8,122
3 Local Government Employees NICs	485	688	231	33.6%	688
5 Local Government Employees Superannuation	1,383	1,440	497	34.5%	1,440
7 Local Government Overtime	296	0	95	0.0%	0
9 Agency Staff	9	10	0	0.0%	10
	<b>9,776</b>	<b>10,260</b>	<b>3,521</b>	<b>34.3%</b>	<b>10,260</b>
<b>B Indirect Employee Expenses</b>					
11 Training Costs	62	57	16	28.1%	57
12 Staff Advertising	6	0	1	0.0%	0
13 Severance Payments	55	42	10	23.8%	42
	<b>123</b>	<b>99</b>	<b>27</b>	<b>27.3%</b>	<b>99</b>
<b>C PREMISES COSTS</b>					
15 Business Rates	96	62	28	45.2%	62
	<b>96</b>	<b>62</b>	<b>28</b>	<b>45.2%</b>	<b>62</b>
<b>D Other Premises Related Expenditure</b>					
16 Repairs, Alterations & Maintenance of Buildings	14,043	14,023	3,919	27.9%	14,023
17 Energy Costs	1,279	1,685	(43)	-2.6%	1,685
18 Carbon Reduction Commitment Allowances	88	88	0	0.0%	88
19 Rents	148	152	54	35.5%	152
20 Water Services	10	3	0	0.0%	3
22 Apportionment of Expenses of Operational Buildings	263	316	88	27.8%	263
23 Cleaning & Domestic Supplies	366	339	120	35.4%	382
24 Grounds Maintenance Costs	714	682	266	39.0%	682
25 Premises Insurance	157	157	52	33.1%	157
	<b>17,068</b>	<b>17,445</b>	<b>4,456</b>	<b>25.5%</b>	<b>17,435</b>
<b>E Other Transport Related Expenditure</b>					
27 Direct Transport Costs	10	20	5	25.0%	20
28 Internal Transport Recharges	42	45	29	64.4%	54
30 Staff Travel Allowances	200	196	69	35.2%	200
31 Transport Insurance	0	4	0	0.0%	4
	<b>252</b>	<b>265</b>	<b>103</b>	<b>38.9%</b>	<b>278</b>
<b>SUPPLIES &amp; SERVICES COSTS</b>					
<b>F Other Purchases of Supplies &amp; Services</b>					
33 Furniture, Equipment & Materials	267	260	90	34.6%	260
34 Catering	1	6	1	16.7%	6
35 Clothes, Uniforms & Laundry	4	1	0	0.0%	1
36 Printing, Stationery & General Office Expenses	126	128	21	16.4%	128
37 Supplies and Services	1,526	601	164	27.3%	640
38 Communications & Computing	325	335	89	26.6%	335
41 Miscellaneous Expenses	669	614	301	49.0%	814
	<b>2,918</b>	<b>1,945</b>	<b>666</b>	<b>34.2%</b>	<b>2,184</b>
<b>H All Other Third Party Payments</b>					
51 Voluntary Associations	29	29	10	34.5%	29
52 Private Contractors	19	25	2	8.0%	25
53 Other Agencies	114	152	48	31.6%	152
	<b>162</b>	<b>206</b>	<b>60</b>	<b>29.1%</b>	<b>206</b>
<b>J Other Transfer Payments</b>					
62 Other Transfer Payments to Individuals	30	50	10	20.0%	50
	<b>30</b>	<b>50</b>	<b>10</b>	<b>20.0%</b>	<b>50</b>
<b>K SUPPORT SERVICES</b>					
63 Total Recharged Cost from Support Functions	2,419	2,415	805	33.3%	2,415
	<b>2,419</b>	<b>2,415</b>	<b>805</b>	<b>33.3%</b>	<b>2,415</b>
<b>Gross Expenditure</b>	<b>32,844</b>	<b>32,747</b>	<b>9,676</b>	<b>29.5%</b>	<b>32,989</b>

**ABERDEENSHIRE COUNCIL**

**HOUSING REVENUE ACCOUNT**

Line No. **SERCOP Lines**

	a1	a5	a8	a9	a12
	ACTUAL 2015/16 £'000	REVISED BUDGET 2016/17 £'000	ACTUAL TO JUL-16 £'000	%	REVISED FORECAST 2016/17 £'000
<b>INCOME</b>					
<b>O Customer &amp; Client Receipts</b>					
Rent Income:					
82 - Dwelling Rents Within the HRA	(44,150)	(46,215)	(14,997)	32.5%	(46,215)
83 - Rental income	(1,063)	(1,049)	(337)	32.1%	(1,049)
84 Income from Charges to Service Users	(5,134)	(4,784)	(1,546)	32.3%	(4,789)
85 Other Sales, Fees and Charges	(293)	(444)	(80)	18.0%	(444)
86 Interest	(45)	(117)	(5)	4.3%	(117)
87 Recharges	(2,799)	(3,713)	(1,238)	33.3%	(3,713)
	<b>(53,484)</b>	<b>(56,322)</b>	<b>(18,203)</b>	<b>32.3%</b>	<b>(56,327)</b>
<b>Total Income</b>	<b>(53,484)</b>	<b>(56,322)</b>	<b>(18,203)</b>	<b>32.3%</b>	<b>(56,327)</b>
<b>Capital and Other Items</b>					
93 Loans Fund	5,664	6,755	2,252	33.3%	6,755
96 Loans Fund Expenses	37	0	0	0.0%	0
97 <b>Debt Rescheduling</b>	263	0	0	0.0%	0
98 Principal Repayments	533	0	0	0.0%	0
Central Administration - Corporate Democratic Core	332	365	0	0.0%	365
Capital Funded from Current Revenue (CFCR)	14,543	16,455	5,406	32.9%	16,218
New Build Funding	(732)	0	0	0.0%	0
<b>Total Capital and Other Items</b>	<b>20,640</b>	<b>23,575</b>	<b>7,658</b>	<b>32.5%</b>	<b>23,338</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(869)</b>	<b>0.0%</b>	<b>0</b>

## Appendix 2

### Variances from Budget

- Line 41 – Miscellaneous Expenses are forecast to be £200,000 higher than budget due to an increase in costs associated with void properties. This is due to a number of properties being void pending completion of major capital works including EESSH works, Sheltered Housing Upgrades and Flooding repairs. In addition, some properties are being held as void to enable them to be used for decant purposes during the capital works period.
- Capital Funded from Current Revenue (CFCR) – is forecast to be £237,000 lower than budget. This is the balancing figure on the HRA which is used to fund the capital programme. This balance will fluctuate based on the net of all the other variances in the HRA.

### Appendix 3

#### Funding of HRA Capital Programme 2016/17

	<b>Revised Budget £000</b>	<b>Forecast £000</b>	<b>Variance £000</b>
Capital programme expenditure	<b>27,385</b>	<b>27,385</b>	-
<b>Funding:</b>			
Capital Receipts and other capital income	4,564	4,564	-
Capital Funded from Current Revenue (CFCR)	16,455	16,218	(237)
Borrowing	6,366	6,603	237
	<b>27,385</b>	<b>27,385</b>	-

The decrease in the amount of HRA revenue available to fund the capital programme increases the amount of borrowing required to fund the forecast capital expenditure. Details of the capital expenditure and income are detailed in a separate report to this Committee.