



PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 8 JULY 2002

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

**Title: HOUSING REVENUE ACCOUNT PROVISIONAL FINANCIAL
OUTTURN 2001/02**

Report of: THE CITY TREASURER

Report reference: FINANCIAL MEMO 2002/03 NO.16

Summary:

The attached report summarises the 2001/02 provisional financial out-turn for the Housing Revenue Account. The out-turn shows that, before consideration of any carry forward requests, there has been a net saving of £2,291,393 compared with the 2001/02 revised budget to produce a balance in hand at 31 March 2002 of £4,397,383. However contained within the report are carry forward requests totalling £1,484,420 which if approved would be drawn from this improved level of balance in 2002/03, which would reduce to £2,512,340 at 31 March 2003 and to an estimated £2.394m at the potential date of transfer if the proposed LSVT is supported by tenants.

Recommendations:

The Executive is asked:

- i to receive the report and note that the figures are provisional and subject to audit;
- ii to indicate their approval or otherwise to the carry forward requests totalling £1,413,480 in respect of committed expenditure and £70,940 in respect of uncommitted underspends for recommendation to Council. The relevant Director will be able to give further details of carry forward requests if required at the meeting.

Contact Officer: Alison Taylor

Ext: 7289

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Year End Outturn Reports

To: The Executive
8 July 2002

Financial Memo
2002/03 No. 16

HOUSING REVENUE ACCOUNT
PROVISIONAL FINANCIAL OUTTURN 2001/02

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report sets out the summarised provisional out-turn for the Housing Revenue Account (HRA) as follows:

Appendix 1 – Summarises the out-turn at a Cost Centre Level.

Appendix 2 – Details the carry forward requests.

Appendix 3 – Explains the main variances between the revised budget and actual spend.

Appendix 4 – Summarises the out-turn at a subjective level in accordance with the Best Value Accounting Code of Practice.

- 1.2 Please note that throughout this report a minus (-) figure represents a favourable position i.e. either an underspend or additional income received.

2. SUMMARY FINANCIAL OUTTURN 2001/02

- 2.1 As set out in **Appendix 1** the HRA shows an initial saving of £2,291,393 before consideration of carry forward requests totalling £1,484,420 compared to the revised budget approved by the Council in February 2002. The totals provided in Appendix 1 are summarised in the table below:

	<u>2001/02</u> <u>Balance c/f</u> <u>Revised Budget</u> £	<u>2001/02</u> <u>Balance c/f</u> <u>Actual</u> £	<u>2001/02</u> <u>Variances</u> £	<u>Carry</u> <u>Forward</u> <u>Requests</u> £	<u>2001/02</u> <u>Final</u> <u>Variance</u> £
Total	2,105,990	4,397,383	-2,291,393	1,484,420	-806,973

- 2.2. As can be seen, the balance in hand has increased by £2,291,393 to £4,397,383 at 31 March 2002. However any carry forward requests that are approved will represent a call on these balances in 2002/03 in addition to that which was forecast during the budget cycle.

3. CARRY FORWARD REQUESTS

- 3.1. In accordance with the Council's Constitution, any net under spending on service estimates under the control of the Chief Officer may be carried forward, subject to:
- a) reporting to the Executive the source of the underspending or additional income and the proposed application of those resources.
 - b) the approval of the Council where the underspending exceeds £10,000.
- 3.2. The carry forward requests total £1,484,420 are set out in **Appendix 2**. These requests have been analysed between:
- a) Requests that have already been approved in principle by the Executive or are in relation to new Policy Initiatives approved by the Council.
 - b) Requests that are in respect of committed expenditure.
 - c) Requests for carry forward of general underspends which are not in relation to committed expenditure

The requests can be summarised as follows:

<u>Category</u>	<u>Under</u> <u>£10,000</u> <u>£</u>	<u>Over</u> <u>£10,000</u> <u>£</u>	<u>Total</u> <u>£</u>
A	0	0	0
B	14,800	1,398,680	1,413,480
C	19,940	51,000	70,940
Total	34,740	1,449,680	1,484,420

- 3.3. As the underspending exceeds £10,000, in total, then the approval of Council will be required.

- 3.4. **Members of the Executive are asked to indicate their approval or otherwise to the carry forward requests totalling £1,413,480 in respect of committed expenditure and £70,940 in respect of uncommitted underspends for recommendation to Council. The relevant Director will be able to give further details of carry forward requests if required at the meeting.**
- 3.5. It should be noted that, in accordance with the Executive's guidance for the 2003/04 budget cycle, all underspends will be fully assessed and those budgets that are considered to be savings of a 'permanent' nature will be removed. This will be subject to a future report to CMT and the Executive.

4. EXPLANATION OF MAJOR VARIANCES

- 4.1. The details of the net major variances in spending over £20,000 from the revised estimate are provided in **Appendix 3**. The relevant Director will be able to give further details of variations in spending if required at the meeting.
- 4.2. A major cause of the improved outturn relates to the increased net contribution from the DSO operations in 2001/02. More detail on the DSO outturn can be found in the General Fund Outturn report (FM2002/03 No 15) elsewhere on the agenda.
- 4.3. Another major contributor to the net underspend of £806,973 is in relation to the underspend on the HIP Capital Outturn which has resulted in a reduced Revenue Contribution to Capital requirement of £215,120. Further information on the 2001/02 HIP out-turn, which affects the level of revenue contribution to capital in 2002/03 can be found in the HIP report elsewhere on the agenda.
- 4.4. A subjective analysis of the HRA provisional out-turn is shown at **Appendix 4**.

5. CONSULTATION

- 5.1 Consultation to Date.
Key budget holders have been fully involved in the closedown procedure and in the preparation of aspects of this report, including the explanations for main spending variations.
- 5.2 Consultation proposed.
Not applicable

6 STAFFING/RESOURCES COMMENTS

Not applicable

7 CITY TREASURER'S COMMENTS

Contained within the main body of the report.

8 LEGAL COMMENTS

Not applicable

9 CORPORATE COMMENTS

CMT and Portfolio Holders considered the report on 17 June 2002.

10 RISK MANAGEMENT ASSESSMENT

Not applicable

11 EQUALITY ISSUES

Not applicable

12 ENVIRONMENTAL IMPLICATIONS

Not applicable

13 CRIME AND DISORDER IMPLICATIONS

Not applicable

14 RECOMMENDATIONS

14.1 The Executive is asked:

14.1.1 to receive the report and note that the figures are provisional and subject to audit;

14.1.2 to indicate their approval or otherwise to the carry forward requests totalling £1,413,480 in respect of committed expenditure and £70,940 in respect of uncommitted underspends for recommendation to Council. The relevant Director will be able to give further details of carry forward requests if required at the meeting.

15 REASONS FOR RECOMMENDATIONS

As stated above

Contact Officer: Alison Taylor

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D.THOMAS
City Treasurer

**HOUSING REVENUE ACCOUNT
COST CENTRE ANALYSIS**

APPENDIX 1

* DENOTES VARIANCE OVER £20,000

PROVISIONAL OUTTURN 2001/02	REVISED BUDGET £	OUTTURN £	VARIANCE £	CARRY FORWARD REQUESTS (See Appendix 2) £	FINAL VARIANCE £	NOTE (See Appendix 3)
EXPENDITURE						
MANAGEMENT & SUPPORT SERVICES	1,974,670	1,869,091	-105,579	57,000	-48,579	* 1
HOUSING PROVISION - CLIENT & ENABLING	550,890	485,438	-65,452	17,600	-47,852	* 2
- SPECIALISED SUPPORT SERVICES	615,280	537,897	-77,383	33,040	-44,343	* 3
- CARELINE	564,430	543,678	-20,752	15,000	-5,752	
- PDU'S	349,290	358,771	9,481	0	9,481	
	2,079,890	1,925,784	-154,106	65,640	-88,466	
TENANCY SERVICES - HOUSING MANAGEMENT	561,320	519,824	-41,496	20,300	-21,196	
- REPAIRS & IMPROVEMENTS - ADMIN	415,280	426,862	11,582	0	11,582	
- REPAIRS & MAINTENANCE - COSTS	5,671,840	4,849,812	-822,028	820,800	-1,228	
	6,648,440	5,796,498	-851,942	841,100	-10,842	
RENT REBATES	9,708,100	9,074,250	-633,850	0	-633,850	* 4
	9,708,100	9,074,250	-633,850	0	-633,850	
DEPRECIATION	3,991,540	3,991,540	0		0	
CAPITAL FINANCING COSTS	2,364,130	2,322,345	-41,785	0	-41,785	* 5
CAPITAL CHARGES	7,700,000	7,700,000	0		0	
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	735,800	0	-735,800	520,680	-215,120	* 6
TOTAL EXPENDITURE	35,202,570	32,679,508	-2,523,062	1,484,420	-1,038,642	

APPENDIX 1 C

**HOUSING REVENUE ACCOUNT
COST CENTRE ANALYSIS**

PROVISIONAL OUTTURN 2001/02	REVISED BUDGET £	OUTTURN £	VARIANCE £	CARRY FORWARD REQUESTS (See Appendix 2) £	FINAL VARIANCE £	NOTE (See Appendix 3)
INCOME						
DWELLING RENTS	-16,051,940	-16,010,793	41,147	0	41,147	* 7
OTHER RENTS	-244,120	-233,621	10,499	0	10,499	
FEES & CHARGES	-338,280	-376,016	-37,736	0	-37,736	* 8
CAPITAL CHARGES (CREDIT)	-7,700,000	-7,700,000	0			
INTEREST	-172,390	-226,904	-54,514	0	-54,514	* 9
CONTRIBUTIONS	-577,570	-953,134	-375,564	0	-375,564	* 10
SUBSIDY	-8,570,000	-7,922,162	647,838	0	647,838	* 11
TOTAL INCOME	-33,654,300	-33,422,630	231,670	0	231,670	
NET DEFICIT / SURPLUS IN 2001/02	1,548,270	-743,123	-2,291,393	1,484,420	-806,973	
ADD BALANCE B/F 1ST APRIL 2001	-3,654,260	-3,654,260	-0			
HRA BALANCE C/F 31 MARCH 2002	-2,105,990	-4,397,383	-2,291,393	1,484,420	-806,973	

HOUSING REVENUE ACCOUNT 2001/02 PROVISIONAL OUTTURN
CARRY FORWARD REQUESTS

APPENDIX 2

		OVER 10,000	UNDER 10,000	TOTAL	Key
		£	£	£	
MANAGEMENT & SUPPORT SERVICES	IT STRATEGY - DEVELOPMENT/MAINTENANCE	36,000		36,000	B
	RESOURCE ACCOUNTING	10,000		10,000	B
	IT TRAINING	11,000		11,000	C
		57,000	0	57,000	
HOUSING PROVISION: - CLIENT & ENABLING	TENANCY ENFORCEMENT LEGAL FEES	15,000		15,000	C
	RAFFLES OFFICE REPAIR & MAINTENANCE		2,600	2,600	B
		15,000	2,600	17,600	
- SPECIALISED SUPPORT SERVICES	COMMUNAL LIGHTING		6,820	6,820	C
	COMMUNAL TV AERIALS		1,120	1,120	C
	PLAY AREAS - GENERAL EQUIPMENT		4,000	4,000	B
	PLAY AREAS - SAFETY EQUIPMENT	12,500		12,500	B
	ALLOTMENTS REACTIVE REPAIR & MAINTENANCE		600	600	B
	FURNISHED FLATS - GENERAL EXPENSES		8,000	8,000	C
		12,500	20,540	33,040	
CARELINE	MAINTENANCE/REPAIRS	15,000		15,000	C
		15,000	0	15,000	
TENANCY SERVICES	TRAINING		1,000	1,000	C
	EQUIPMENT RENTAL		3,000	3,000	C
	RAFFLES CARETAKING PILOT	10,000		10,000	C
	SUPPORTING PEOPLE		6,300	6,300	B
		10,000	10,300	20,300	
REPAIR & MAINTENANCE	REPAIRS	392,500		392,500	B
	PAINTING PROGRAMME B	26,000		26,000	B
	PAINTING PROGRAMME C	31,000		31,000	B
	JOBGING - GAS HEATING UNITS	94,000		94,000	B
	JOBGING - REACTIVE REPAIR & MAINTENANCE		1,300	1,300	B
	JOBGING: CENTRAL	108,000		108,000	B
	HARRABY	69,000		69,000	B
	RURAL	18,000		18,000	B
	MORTON	33,000		33,000	B
	CURROCK	48,000		48,000	B
		819,500	1,300	820,800	
CAPITAL FINANCING	REVENUE CONTRIBUTION TO CAPITAL	520,680		520,680	B
TOTAL HOUSING REVENUE ACCOUNT CARRY FORWARD REQUESTS		1,449,680	34,740	1,484,420	

Key:

A. Committee Approved/New Policy Initiatives
B. Committed Expenditure
C. General Underspends
Total

£

0
1,413,480
70,940
1,484,420

HOUSING REVENUE ACCOUNT 2001/02 PROVISIONAL OUTTURN
ANALYSIS OF VARIANCES OVER £20,000 (AFTER CARRY FORWARD REQUESTS)

APPENDIX 3

NOTES	COST CENTRE	DETAILS OF VARIANCES	£
1	MANAGEMENT & SUPPORT SERVICES	Council Tax on void properties was higher than budgeted but this overspend has been more than offset by a number of underspends, mainly on supplies and services which have resulted in a net saving of £49,000.	-48,579
2	HOUSING PROVISION - CLIENT & ENABLING	These were net underspends on several budget heads within this provision, mainly due to the closure of area offices during the year.	-47,852
3	- SPECIALISED SUPPORT SERVICES	These were underspends on aspects of grounds maintenance and the salary costs of A P Visitors.	-44,343
4	RENT REBATES	Although spending on rent rebates was below budget, this saving is wholly offset by a lower level of HRA Subsidy receivable. Eligible expenditure in rebates is 100% eligible for Subsidy.	-633,850
5	CAPITAL FINANCING COSTS	Lower interest charges are the primary reason for this underspend. However, this saving will eventually impact on subsidy receivable which will reduce by a similar amount.	-41,785
6	REVENUE CONTRIBUTION TO CAPITAL OUTLAY	No revenue contribution was needed in 2001/02 although a budget of £520,620 will be required to fund the balance of the HIP underspend C/fwd into 2002/03.	-215,120
7	DWELLING RENTS (NET)	Net rental income was slightly below budget whilst there was also a small increase in the bad debt provision required.	41,147
8	FEES AND CHARGES	Careline income was some £30,000 over budget.	-37,736
9	INTEREST	The higher level of year end HRA balance has resulted in additional income from interest receivable.	-54,514
10	CONTRIBUTIONS	The contribution from the DSO is considerably above that provided in the revised budget.	-375,564
11	SUBSIDY	Subsidy receivable was below that included in the budget, due mainly to lower expenditure on rebates and capital financing which are the main variable elements of HRA Subsidy as set out in notes 4 and 5 above.	647,838
	MISC/OTHER VARIATIONS		3,385
	TOTAL HOUSING REVENUE ACCOUNT UNDERSPEND		-806,973

**HOUSING REVENUE ACCOUNT
SUBJECTIVE ANALYSIS**

PROVISIONAL OUTTURN 2001/02	REVISED BUDGET £	OUTTURN 2001-02 £	VARIANCE £
EMPLOYEE EXPENSES	2,403,120	2,385,776	-17,344
PREMISES EXPENSES	6,065,850	5,267,935	-797,915
TRANSPORT EXPENSES	61,140	60,049	-1,091
SUPPLIES AND SERVICES	1,059,320	905,047	-154,273
MISC. SERVICES	34,030	41,156	7,126
AGENCY AND CONTRACTED SERVICES	209,560	151,667	-57,893
TRANSFER PAYMENTS			0
CENTRAL/DEPARTMENTAL/TECHNICAL SUPPORT SERVICES	869,980	779,743	-90,237
CAPITAL FINANCING	2,364,130	2,322,345	-41,785
REVENUE CONTRIBUTION TO CAPITAL OUTLAY	735,800	0	-735,800
RENT REBATES	9,708,100	9,074,250	-633,850
DEPRECIATION	3,991,540	3,991,540	0
CAPITAL CHARGES	7,700,000	7,700,000	0
GROSS TOTAL COST	35,202,570	32,679,508	-2,523,062
CUSTOMER & CLIENT RECEIPTS	-17,384,300	-17,800,469	-416,169
GOVERNMENT GRANTS	-8,570,000	-7,922,162	647,838
TOTAL INCOME	-25,954,300	-25,722,631	231,669
TOTAL RECHARGES (CAPITAL CHARGES)	-7,700,000	-7,700,000	0
NET TOTAL COST EXCLUDING SPECIFIC GRANTS	1,548,270	-743,123	-2,291,393
SPECIFIC GRANTS	0	0	0
NET TOTAL COST	1,548,270	-743,123	-2,291,393
ADD BALANCE B/F 1ST APRIL 2001	-3,654,260	-3,654,260	-0
TOTAL HOUSING REVENUE ACCOUNT BALANCE AT 31 MARCH 2002	-2,105,990	-4,397,383	-2,291,393