

Executive Committee
2021

7th December

Housing Revenue Account Outturn 2020/21

Relevant Portfolio Holder		Councillors Mike Rouse and Craig Warhurst
Portfolio Holder Consulted		Yes
Relevant Head of Service		Chris Forrester
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Wards Affected		N/A
Ward Councillor(s) consulted		N/A
Relevant Strategic Purpose(s)		'Help me find somewhere to live in my locality'
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Executive Committee RESOLVE that:-

- 1) To note the outturn financial position (subject to audit) in relation to the HRA revenue and capital budgets for the year April 2020 – March 2021 as detailed in the report.**

The Executive committee RECOMMEND that:-

- 2) The housing system capital budget be increased by £436k**

2. BACKGROUND

The purpose of this report is to set out the revenue and capital outturn position for the Housing Revenue Account (HRA) for the financial year April 2020 – March 2021.

3. FINANCIAL IMPLICATIONS

- 3.1** This report provides details of the revenue and capital outturn position of the HRA for 2020/21 and performance against budget.
- 3.2** Table 1 below sets out the revenue outturn position compared to budget (and prior year).

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3.3 **Table 1: HRA Outturn 2020/21**

HRA OUTTURN 2020/21	2019/20	2020/21	2020/21	2020/21
	Actuals	Budget	Actuals	Variance
	£000's	£000's	£000's	£000's
<u>Expenditure</u>				
Repairs & Maintenance	6,275	6,038	4,682	-1,356
Supervision & Management	8,292	7,491	6,840	-651
Rents, Rates, Taxes and other charges	172	294	61	-233
Depreciation, impairments and revaluation losses, and interest payable / debt costs	10,132	9,894	10,044	150
Allowance for bad debts	88	182	184	2
Total Expenditure	24,959	23,899	21,811	-2,088
<u>Income</u>				
Dwelling rents	-22,983	-23,083	-22,931	152
Non-dwelling rents	-541	-537	-541	-4
Charges for services and facilities	-630	-667	-650	17
Contributions towards expenditure	-154	-44	-59	-15
Capitalisation of System Implementation Team	-79	0	0	0
Total Income	-24,387	-24,331	-24,181	150
Net Expenditure or Income of HRA Services				
	572	-432	-2,370	--1,938
HRA Services Share of Corporate & Democratic Core	682	758	650	-108
Net Expenditure of HRA Services	1,254	326	-1,720	-2,046
HRA Interest and Investment Income	-143	-118	-3	115
Deficit (Surplus) for Year on HRA Services	1,111	208	-1,723	-1,931

3.4 The above table shows that the HRA budget of £208k deficit was underspend by £1,931k at an Outturn position of £1,723k surplus.

3.5 The main variations against budget were as follows:

- The Repairs & Maintenance budget was underspent significantly by £1,356k due largely to Covid-19 and the associated operational impact on the schedule of maintenance. During large parts of the year, access to properties was restricted by Covid-19 measures imposed nationally. Responsive Repairs is a budget subheading that has been significantly impacted by Covid restrictions with a budget underspend of £637K (outturn £1.37m). The year outturn is considerably lower than the previous year's outturn of £3.09m. Similarly, Covid has impacted on work schedules, and this has resulted in underspend within the budget subheadings of Equipment & Adaptations (£137k), Planned Repairs (£124K), Void Repairs (£243k) and Service charge eligible works (£225k).
- Supervision & Management budgets were underspend by £651k. Within this the largest underspends were within the budget subheadings of Policy & Management (£160k), Housing Locality (£293K) and Communal Services (£159K). The underspend within Housing locality is mainly due to vacancies that remained unfilled while the restructure of the team was taking place.
- Rents, Rates, Taxes and other charges were under budget by £233k due mainly due to a reduction in insurance provision for the year.
- Depreciation, impairments and revaluation losses, and interest payable costs were up by £150k against budget due to small increase in depreciation for dwellings (£15k) and Garages (£25K), Deprecation charge for vehicles of £104k was not budgeted (this is because vehicles leased were previously "off balance sheet")
- Dwelling rent income were below budget by £152k which represents less than 0.7% of budget.

3.6 It should be noted that the above position is subject to audit.

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- 3.7 It should also be emphasised that the notional underspend reported above does not represent a real savings in resources over the medium term, but rather a change in the profile of required spend from 2020/21 to future years, particularly in relation to repairs and maintenance where operationally there will be a need to 'catch up' on outstanding work. That is to say that the underspend represents a delay in spend rather than a saving.
- 3.8 As a consequence of 3.10, and as part of the preparations for the audit of the HRA accounts, further work will be undertaken to establish how much of the £1.773 million underspend should be set aside as an earmarked reserve.
- 3.9 Table 2 below sets out the capital outturn position compared to budget.

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3.10 Table 2: HRA Capital Budget Outturn

Capital Scheme	2021/22 Budget	2020/21 Outturn	Variance
	£000's	£000's	£000's
Housing 1-4-1 purchases	3,200	2,823	377
Kitchen renewals	180	0	180
Catch up repairs	0	4	-4
Asbestos general	400	170	230
Structural repairs	30	38	-8
Electrical upgrades	888	527	361
Boiler replacements	0	43	-43
Upgrade of central heating systems	416	287	129
Window replacements	100	6	94
Disabled adaptations	700	72	628
Environmental enhancements	350	245	105
Fra works	0	383	-383
Stock condition survey	0	69	-69
Housing management it system	469	281	188
HRA external painting	0	79	-79
Capital salaries	300	433	-133
Door entry/CCTV installations	72	11	61
HRA hard wire smoke detector installs	378	136	242
HRA bin stores	200	56	144
Bathroom renewals	105	0	105
General roofing	270	0	270
Balcony replacements	150	0	150
Water supply	50	0	50
HRA electric heating	42	0	42
HRA electric catch up works	624	0	624
HRA door renewals	20	0	20
HRA damp & mould	38	0	38
HRA fire safety	82	0	82
HRA property purchase works	270	23	247
HRA compartmentation works	1,800	0	1,800
Major voids works	0	21	-21
Fencing renewals	90	0	90
Total	11,224	5,707	5,517

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- 3.11 The main variations against budget were driven by the impact of covid. As operatives were unable to undertake works this year, these are not savings rather the works will need to be reprofiled moving forwards.

New Housing system update

- 3.12 Significant progress has been made with regards to the implementation of the new Civica CX housing system this year despite the impact of covid. As the project has been going forwards several new costs have been identified which will need to be incurred to ensure the successful delivery of the project. Working with Civica, T1 and internal officers the housing project board recommends an increase in the capital budget of £465k to ensure the successful delivery of the programme.
- 3.13 These costs are being driven by a desire to increase the functionality of the system being implemented and improve its integration with a wider organisation as well as a planned delay in go live requiring additional licensing costs to be paid to Civica to maintain the current system arrangements.
- 3.14 It should be noted that this capital spend is within the overall capital spend allocation for the HRA in the current year and that further information (regarding the schedule of the spend and the benefits of this project spend) will be set out in the 22/23 Budget and Medium Term Financial Plan (including Capital Programme) Report.

4. LEGAL IMPLICATIONS

No legal implications have been identified.

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 This relates most closely to the strategic purpose: 'Help me find somewhere to live in my locality'.

Climate Change Implications

- 5.2 No climate change implications were identified.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 No equalities and diversity implications were identified.

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Operational Implications

- 6.2 Managers meet with finance officers on a monthly basis to consider the current financial position and to ensure actions are in place to mitigate any overspends.

7. RISK MANAGEMENT

- 7.1 The financial monitoring is included in the corporate risk register for the authority.

8. APPENDICES and BACKGROUND PAPERS

None

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Portfolio Holder for Finance and Enabling	November 2021
Lead Director / Head of Service	Director of Resources	November 2021
Financial Services	Head of Financial and Customer Services	November 2021