

HOUSING SCRUTINY COMMITTEE

20 June 2017
5.30 - 19.55 pm

Present:

Present: Councillors Todd-Jones (Chair), Baigent, Bird (Vice-Chair), Cantrill, Gawthrope, Holland and Sheil

Executive Councillors: Price (Executive Councillor for Housing)

Tenant/Leaseholder Representatives: Diane Best, Lulu Agate, Kay Harris, Diana Minns, and Mandy Powell-Hardy

<p style="text-align: center;">RECOMMENDATION TO COUNCIL (EXECUTIVE COUNCILLOR FOR HOUSING - COUNCILLOR PRICE)</p>

2016/17 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account

The report presented a summary of the 2016/17 outturn position (actual income and expenditure) for services within the Housing Revenue Account, compared to the current budget for the year.

Accordingly, Council is recommended to:

Approve carry forward requests of £2,896,000 in HRA and General Fund Housing capital resources from 2016/17 to 2017/18 to fund rephased net capital spending, as detailed in Appendix D and the associated notes to the appendix.

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To Executive Councillor for Housing
Report by Business Manager / Principal Accountant (Housing)
Relevant Scrutiny Committee Housing Scrutiny Committee 20 June 2017

2016/17 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account

Key Decision

1. Executive summary

1.1 This report presents, for the Housing Revenue Account :

- a) A summary of actual income and expenditure compared to the final budget for 2016/17 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from budget underspends into 2017/18.
- d) A summary of housing debt which was written off during 2016/17.

2. Recommendations

Under Part 1 of the Housing Scrutiny Committee Agenda, the Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee:

- a) To approve carry forward requests totalling £544,550 in revenue funding from 2016/17 to 2017/18, as detailed in **Appendix C**

Under Part 2 of the Housing Scrutiny Committee Agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

- b) Approval of carry forward requests of £2,896,000 in HRA and General Fund Housing capital resources from 2016/17 to 2017/18 to fund rephased net capital spending, as detailed in **Appendix D** and the associated notes to the appendix.

3. Background

Revenue Outturn

3.1 The overall revenue budget outturn position for the Housing Revenue Account is given in the table below.

2015/16 £'000	Housing Revenue Account Summary	2016/17 £'000	% Final Budget
990	Original Budget (HRA Use of Reserves)	1,751	115%
9,272	Adjustment – Prior Year Carry Forwards	191	13%
270	Adjustment – Service Restructure Costs	0	0%
(97)	Adjustment – Increased Interest Receipts – Reduced Interest Paid	(74)	(5%)
0	Adjustment – Reduced Rent Income	100	7%
0	Adjustment – Reduced Bad Debt Provision	(207)	(14%)
0	Adjustment – Reduced Depreciation	(211)	(14%)
0	Other Adjustments	(28)	(2%)
10,435	Final Budget	1,522	100%
5,497	Outturn	(388)	(25%)
(4,938)	(Under) / Overspend for the year	(1,910)	(125%)
1,987	Carry Forward Requests	545	36%
(2,951)	Resulting Variation for the HRA	(1,365)	(90%)
0	Other variances	0	0%
(2,951)	Variance and reduced use of HRA Reserves	(1,365)	(90%)

- 3.1 **Appendix A** shows original and final budgets for the year (with the movements summarised in the above table) and compares the final budget with the outturn position for the HRA for 2016/17. The original revenue budget for 2016/17 was approved by the Executive Councillor for Housing on 13 January 2016.
- 3.2 **Appendix B** provides explanations of the main variance.
- 3.3 **Appendix C** lists revenue carry forward requests.
- 3.4 The net underspend across the Housing Revenue Account of £1,909,546 incorporates a number of key areas of underspending.
- 3.5 Slippage and savings in the Housing Capital Investment Plan result in a reduced use of revenue financing of capital expenditure of £188,694. Repairs expenditure was £694,578 less than budgeted due in part to, non-delivery of some of the 2016/17 revenue planned maintenance programme (£395,152), a reduction in void activity in 2016/17 (£167,621 and savings in gas servicing costs (£225,045), partially offset by overspending in response repairs of £252,697.

- 3.6 General HRA Services were underspent by £455,339 due predominantly to unrealised costs of corporate change (£301,020), Universal Credit and Pay to Stay (£120,000), with Pay to Stay having now been abolished at a national level.
- 3.7 Special HRA Services were underspent by £138,361 due to reduced temporary housing demand (£71,448); lower than anticipated estate management costs (£33,126) and a vacancy held in the Independent Living Service pending restructure (£35,017).
- 3.8 Interest received in the HRA was greater than anticipated (£136,682) and income that hadn't been budgeted for, in the form of liquidated and ascertained damages for rent lost due to delays in the new build (£340,586).

Capital Outturn

- 3.9 The overall capital budget outturn position for the Housing Capital Investment Plan (HRA and Housing General Fund) is provided in the table below. **Appendix D** shows the outturn position by programme with the associated notes providing explanations of variances.

2015/16 £'000	HRA Capital Summary	2016/17 £'000	% Final Budget
29,946	Original Budget	37,271	142%
13,758	Adjustments (Re-phasing from prior year)	2,171	8%
(6,830)	Other Adjustments	(13,159)	(50%)
36,874	Final Budget	26,283	100%
33,355	Outturn	23,373	89%
(3,519)	(Under)/Overspend for the year	(2,910)	(11%)
2,171	Re-phasing Requests	2,896	11%
(1,348)	(Under) / Overspend	(14)	(0.1%)

- 3.10 Spending in the Housing Capital Investment Plan in 2016/17 was below that originally anticipated, with significant reduction in the budget for new build expenditure as part of the Medium Term Financial Strategy in September / October 2016.
- 3.11 At outturn, against the latest capital budget approved, underspending of £1,271,000 was evident in new build investment, with slippage of £1,186,000 identified. This related predominantly to delays at Anstey Way, Akeman Street and the 2015/16 garage sites, where obtaining vacant possession and planning permissions has introduced some delays.
- 3.12 Investment in the housing stock, in respect of decent homes and other capital activity was underspent by £1,125,000, but taking into consideration income of £245,000 from leaseholders which is reported separately, the need to defer £1,162,000 of investment into future years has been identified.

- 3.13 Some slippage in the programme is in respect of the refurbishment scheme at Ditchburn Place (£341,000), where work on site has now begun, but where costs did not begin to be incurred until the latter part of 2016/17.
- 3.14 Permission is sought to re-phase the use of £189,000 direct revenue financing of capital expenditure from the Housing Revenue Account into 2017/18, and to recognise deferred receipt of £1,164,000 of capital receipts for the sale of shared ownership properties, using these to finance re-phased capital expenditure identified.
- 3.15 Recognition also needs to be given to an increased use of major repairs reserve as a funding source in 2016/17, which meant a reduction in the use of capital balances in the year. The impact of this will be a mitigating reduction in the anticipated use of major repairs reserve funding in 2017/18, with an increased call upon capital balances instead. Using major repairs reserve funding first ensures that the resource with the greatest flexibility is retained for the longest, providing greater alternative options for its use if capital schemes underspend.

HRA Write Offs

- 3.16 In line with the revised process for the writing off of HRA debt, considered by Housing Scrutiny Committee in March 2015, this report also provides an appendix detailing write off of HRA debt during the financial year 2016/17. **Appendix E** includes a summary of debt written off by both category of write off and also value banding.

4. Implications

- 4.1 The variance from the final revenue budget (see above), would result in a decreased use of Housing Revenue Account of £1,909,546. After rephasing resource for capital projects financed from revenue, and carry forward of revenue resource to fund deferred revenue expenditure, the overall variance and decreased use of Housing Revenue Account Reserves is £1,364,996.
- 4.2 A decision not to approve a carry forward request may impact on officers' ability to deliver the service or scheme in question and this could have staffing, equality and poverty, environmental, procurement, consultation and communication and/or community safety implications.

5. Background Papers

- Directors Variance Explanations – March 2017
- Budgetary Control Reports to 31 March 2017

6. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Final Outturn

Service Grouping	Original Budget £'s	Final Budget £'s	Outturn £'s	Variation Increase/ (Decrease) £'s	Carry Forward Requests - see Appendix C £'s	Net Variance £'s
INCOME						
Dwelling Rents	(36,900,310)	(36,799,670)	(36,730,708)	68,962	0	68,962
Rental Income (Other)	(1,086,020)	(1,086,020)	(1,132,706)	(46,686)	0	(46,686)
Service Charges	(2,573,880)	(2,520,840)	(2,610,877)	(90,037)	0	(90,037)
Contributions towards Expenditure	(3,270)	(3,270)	(8,265)	(4,995)	0	(4,995)
Other Income (Incl. RTB Capitalisation)	(443,400)	(471,750)	(812,336)	(340,586)	0	(340,586)
Total Income	(41,006,880)	(40,881,550)	(41,294,892)	(413,342)	0	(413,342)
EXPENDITURE						
Supervision & Management (General)	3,571,980	3,039,970	2,584,631	(455,339)	125,000	(330,339)
Supervision & Management (Special)	2,566,540	2,405,850	2,267,489	(138,361)	0	(138,361)
Repairs & Maintenance	6,287,430	7,038,190	6,343,612	(694,578)	230,860	(463,718)
Depreciation	11,626,690	9,694,970	9,283,652	(411,318)	0	(411,318)
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,400,820	3,755,040	3,723,367	(31,673)	0	(31,673)
Total Expenditure	27,453,460	25,934,020	24,202,751	(1,731,269)	355,860	(1,375,409)
Net Cost of HRA Services	(13,553,420)	(14,947,530)	(17,092,141)	(2,144,611)	355,860	(1,788,751)
Interest Receivable (Interest on Balances)	(298,530)	(353,600)	(490,282)	(136,682)	0	(136,682)
(Surplus) / Deficit on the HRA for the Year	(13,851,950)	(15,301,130)	(17,582,423)	(2,281,293)	355,860	(1,925,433)
Appropriations / Other Movement in the HRA Balance						
Loan Interest	7,541,290	7,522,470	7,503,146	(19,324)	0	(19,324)
Housing Set-Aside	0	0	0	0	0	0
Depreciation Adjustment (MRA)	(3,177,620)	(1,457,280)	(1,012,691)	444,589	0	444,589
Impairment	0	0	135,176	135,176	0	135,176
Direct Revenue Financing of Capital	11,238,900	10,757,900	10,569,206	(188,694)	188,690	(4)
(Surplus) / Deficit for year	1,750,620	1,521,960	(387,586)	(1,909,546)	544,550	(1,364,996)
(Surplus) / Deficit b/f	(9,790,558)	(9,790,558)	(9,790,558)			
Transfer to / from Ear-Marked Reserves	(13,200)	0	0			
Balance Carried Forward	(8,053,138)	(8,268,598)	(10,178,144)	0	0	0

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted

and are detailed and approved:

- in the January committee cycle (as part of the Budget-Setting Report)
- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Financial Strategy - MTFS)
- via technical adjustments/virements throughout the year

Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Supervision and Management (General)		
HRA Departmental Overheads	Budgets set aside to meet the HRA share of corporate change, including corporate restructures, shared services and office accommodation changes were not utilised in 2016/17. Some of this expenditure was accounted for at the end of 2015/16 and the office accommodation costs are expected to be realised in 2017/18.	(301,020)
City Homes	Staff underspend due to vacancies held pending restructure and budget held for Universal Credit vired to meet the anticipated up-front costs of Pay to Stay that did not materialise when the policy was abolished. Under-occupation scheme not fully subscribed in 2016/17.	(161,682)
Strategic Advisor - Housing and Welfare Reforms	Following issue of the implementation paper for the second phase of the Housing Services Restructure, and the subsequent staff selection process, it was necessary to account for likely redundancy and capitalised pension costs in 2016/17, based upon the staff at risk at 31/3/2017, despite the costs not actually being incurred until final decisions had been made in April / May 2017.	46,690
Area Office Costs	The budget identified for closure of the south area office and re-location of staff to the north area office was not needed in full.	(19,775)
Departmental Overheads (HRA)	Funds set-aside in the HRA to meet any costs of maternity cover that the services were unable to meet, were not required in 2016/17, and provision made for the redundancy costs from the first phase of the Housing Services Restructure was not utilised in full. These savings were partially offset by the HRA being required to meet costs of the Housing Development Agency, where set up and management costs were incurred that were not recoverable as fees through capital new build projects.	(12,223)
	Minor Variations	(7,329)
	Total	(455,339)
Supervision and Management (Special)		
Temporary Accommodation	Underspending due to a significant reduction in the number of temporary housing units required during 2016/17, coupled with utility costs being lower than anticipated due to contract renegotiations.	(71,448)
Estate Management	Underspending in estate based services, particularly in the cost of bulky refuse removal on housing estates and in communal electricity costs, where the latest contract resulted in lower expenditure in 2016/17.	(33,126)

Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Independent Living Service	Underspending in employee costs due to a staff vacancy held pending the outcome of the Housing Services restructure, where the post was ultimately deleted as part of the implementation process.	(35,017)
	Minor Variations	1,230
	Total	(138,361)
Repairs and Maintenance		
Planned Repairs	Under spend due to delays in surveying for external repairs and re-painting by contractor resulted in delay in Section 20 consultation and therefore the commencement of work.	(395,152)
Response Repairs	Unanticipated replacement of felt to flat roofing, adverse weather conditions, under-recovery of direct works team and costs of covering long term absence all contribute to an overspend in 2016/17.	252,697
Void Repairs	Underspend due to lower than anticipated number of voids in the year, partially offset by higher average void cost than predicted.	(167,621)
Gas Servicing	Savings were realised in 2016/17 as a result of re-procurement of the gas servicing contract. The budget for this work going forward was reduced as part of the 2017/18 budget process.	(255,045)
Technical Services	Underspending primarily in employee costs, (due to staff vacancies being held pending the outcome of the Housing Transformation Programme), although full extent mitigated by additional costs incurred in employment of agency support staff in the short term . Significant underspend in training budget although this has been addressed for 2017/18 as full training plan agreed, as derived from Performance Reviews. Some underspending in specialist consultants, as the requirement is variable and in IT and general procurement costs, with the latter due to enhanced skills within existing workforce.	(95,960)
Energy Rating	Budget for ad-hoc energy initiatives was not fully utilised during 2016/17 as a direct result of staff changes which meant that capacity to invest this resource was reduced. This budget has been reduced for future years.	(23,345)
	Minor Variations	(10,152)
	Total	(694,578)

Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Other HRA Expenditure		
Depreciation	The level of depreciation charged to the HRA for 2016/17 was lower than anticipated. This was predominantly due to delays in the new build delivery programme, where fewer assets required depreciating in 2016/17 than anticipated.	(411,318)
Bad Debt Provision	The contribution to the bad debt provision for 2016/17 was lower than budgeted based upon the opening fund balance, call on the fund in the year and the incidence of both current and former tenant arrears at 31st March 2017.	(67,412)
Council Tax on Voids	The cost of Council Tax in void properties was higher than anticipated, predominantly due to the need to pay Council Tax for new build dwellings well in advance of them being ready for occupation.	41,369
	Minor Variations	(5,630)
	Total	(442,991)
HRA Income and Other		
Dwelling Rents	Rent income was under-achieved by 0.19% due predominantly to delays in the delivery of some of the new build housing programme in 2016/17.	68,962
Rental Income (Other)	Rental income from commercial property was higher than anticipated due to favourable rent reviews coupled with delays in securing vacant possession for the units at Akeman Street, where rents are still being received whilst commercial tenants are in occupation.	(46,686)
Service Charges	Service Charge income was over-achieved due to a combination of the continued use of empty units at Ditchburn Place for emergency move-on accommodation and changes in the way in which leasehold income is accounted for when actuals are calculated after the end of each financial year.	(90,037)
Other Income	Liquidated and ascertained damages (LAD's) were received from Keepmoat for a number of new build schemes, where delays in delivery have meant loss of rental income to the HRA. Revenue income received as a direct result of capitalising the costs associated with RTB's was higher than anticipated due to the number of homes sold in 2016/17.	(340,586)
	Minor Variations	(4,995)

Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
	Total	(413,342)

Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
HRA Interest, Premiums and Appropriations		
Direct Revenue Funding of Capital Expenditure (DRF)	A reduced demand on the use of revenue funding of capital was realised in 2016/17, due to slippage in the Housing Capital Investment Programme. This included the impact of delays in the major refurbishment project at Ditchburn Place. coupled with some slippage in new build, decent homes investment, other spend on the housing stock and estate investment. This resource will instead be required in 2017/18.	(188,694)
Depreciation Adjustment	Transfer of funding into the Major Repairs Reserve (the equivalent of depreciation for HRA dwelling assets) can be adjusted under transitional arrangements for a five year period, after which full depreciation will be applicable. The transitional income adjustment for 2016/17 was lower than budgeted as a direct result of the changes in the level of depreciation charged in 2016/17 as described above.	444,589
Interest Received	Interest is received in the HRA based upon both revenue and capital balances held. Interest received in respect of HRA balances during 2016/17 was significantly higher than anticipated due to a combination of the level of underspending across the HRA as a whole and the levels of retained right to buy receipts and other capital receipts held. The resulting higher cash balances at 31st March 2017 mean that interest earned was greater than budgeted.	(136,682)
Impairment	This year-end adjustment, following receipt of asset valuations, relates to revaluation losses on non-dwelling assets, particularly garages, which unlike dwelling revaluation movements, are not permitted to be reversed elsewhere in the accounts.	135,176
	Minor Variations	(19,324)
	Total	235,065
Total for Housing Revenue Account		(1,909,546)

Housing Committee - Housing Revenue Account

Revenue Budget 2016/17 - Carry Forward Requests

Request to Carry Forward Housing Revenue Account Budgets from 2016/17 into 2017/18 and future years

Item	Request £
<p>Director - S Hemingway</p> <p>Supervision and Management General</p> <p>Resource identified for the HRA contribution to accommodation changes was not called upon in 2016/17, but is instead expected to be utilised in 2017/18 when many of the changes will now take place.</p>	125,000
<p>Supervision and Management Special</p> <p>No carry forward requests from 2016/17 into 2017/18</p>	
<p>Repairs and Maintenance</p> <p>1 A budget was established in 2016/17 to pay for costs associated with the implementation of the new planned maintenance contract. The procurement has been delayed and the implementation will take place May - September 2017. Carried forward budget, if approved, will cover joint NEC3 contract training sessions with new contractor, facilitated implementation workshop, set up of CEMAR contract management system. other implementation costs / licences.</p>	20,000
<p>2 A carry forward of budget is requested to complete the 2016/17 hard wire testing programme as awarded to TSG.</p>	7,870
<p>3 A carry forward of budget is requested to complete the 2015/16 and 2016/17 external repair and paint programmes due to delays in surveys and Section 20 consultation processes (£197,500) and also £5,490 to complete the 2016/17 smoke detector installation and replacement programme with TSG.</p>	202,990
<p>Appropriations</p> <p>4 A marginally lower than anticipated use of revenue funding of capital was evident in 2016/17 as a direct result of underspending in the Housing Capital Investment Plan, predominantly relating to a delay in the delivery of the new build schemes and the major refurbishment project at Ditchburn Place . This resource, in addition to resource for decent homes and other planned works to the housing stock, estate investment and other HRA capital spend, will instead be required in 2017/18 to fund the deferred expenditure.</p>	188,690
Total Carry Forward Requests for Housing Revenue Account / Housing Scrutiny Committee	544,550

2016/17 Housing Capital Investment Plan - HRA & General Fund Housing

	Original Budget £000's	Current Budget £000's	Outturn £000's	Variance £000's	Re-phase Spend £000's	Notes	Re-Phasing Year				Budget	
							2017/18 £000's	2018/19 £000's	2019/20 £000's	Post 2019/20 £000's	2017/18 £000's	
General Fund Housing Capital Spend												
Investment in Non-HRA Affordable Housing	0	0	0	0			0	0	0	0		0
Other General Fund Housing	745	796	755	(41)		1	0	0	0	0		797
Total General Fund Housing Capital Spend	745	796	755	(41)	0		0	0	0	0		797
HRA Capital Spend												
Decent Homes Programme	5,350	4,771	4,457	(314)	715	2	487	123	80	25		6,657
Other Spend on HRA Stock	3,296	3,150	2,339	(811)	447	3	447	0	0	0		2,489
HRA New Build & Acquisition	22,905	16,452	15,181	(1,271)	1,186	4	1,186	0	0	0		35,643
City Homes Estate Improvement Programme	0	52	20	(32)	21	5	21	0	0	0		21
Sheltered Housing Capital Investment	2,408	528	187	(341)	341	6	341	0	0	0		2,137
Other HRA Capital Spend	344	534	434	(100)	186	7	186	0	0	0		1,016
Inflation Allowance	2,223	0	0	0			0	0	0	0		1,171
Total HRA Capital Spend	36,526	25,487	22,618	(2,869)	2,896		2,668	123	80	25		49,134
Total Housing Capital Spend	37,271	26,283	23,373	(2,910)	2,896		2,668	123	80	25		49,931
Housing Capital Resources												
Right to Buy Receipts (General Use)	(522)	(302)	(519)	(217)	0	8	0	0	0	0		(305)
Right to Buy Receipts (Retained for New Build / Acquisition)	(5,242)	(3,116)	(6,745)	(3,629)	0	8	0	0	0	0		(8,464)
Right to Buy Receipts (Debt Set-Aside)	0	0	(1,798)	(1,798)	0	8	0	0	0	0		0
Other Capital Receipts (Land and Dwellings)	0	(1,532)	(1,612)	(80)	0	9	0	0	0	0		0
MRA / MRR	(10,292)	(923)	(5,990)	(5,067)	5,067	10	5,067	0	0	0		(13,484)
Client Contributions	0	0	(297)	(297)	0	11	0	0	0	0		0
Direct Revenue Financing of Capital	(11,239)	(10,758)	(10,569)	189	(189)	12	(189)	0	0	0		(1,115)
Other Capital Resources (Grants / Shared Ownership / Loan Repayments / RSD)	(2,755)	(2,890)	(1,665)	1,225	(1,164)	13	(1,164)	0	0	0		(19,309)
Prudential Borrowing	0	0	0	0	0		0	0	0	0		0
Total Housing Capital Resources	(30,050)	(19,521)	(29,195)	(9,674)	3,714		3,714	0	0	0		(42,677)
Net (Surplus) / Deficit of Resources	7,221	6,762	(5,822)	(12,584)			6,382	123	80	25		7,254
Capital Balances b/f	(23,794)	(23,794)	(23,794)									(10,203)
Use of / (Contribution to) Balances in Year	7,221	6,762	(5,822)				6,382	123	80	25		7,254
Set-aside for future Debt Redemption	5,079	5,079	6,877			8						
Ear-marked for specific Retained Right to Buy Receipts 1-4-1 Investment	9,047	9,047	12,536			8						
Residual capital resources remaining to fund future Housing Investment Programme	(2,447)	(2,906)	(10,203)									(2,949)

Changes between original and final budgets may be made to reflect:

- rephased capital spend from the previous financial year
- rephased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Financial Strategy - MTF5)
- in the January committee cycle (as part of the Budget-Setting Report, BSR)
- via technical adjustments/virements throughout the year

Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	Overspending of £75,000 in respect of Disabled Facilities Grants, is more than offset by underspending in Private Sector Grants of £119,000. A small overspend of £3,000 in respect of the choice based lettings IT implementation was evident at the end of the project.
2	A net underspend of £314,000 in decent homes expenditure during 2016/17 is a combination of under and overspending against the specific decent homes elements. Overspending in wall structure (£110,000), HHSRS (£110,000), re-roofing (£15,000) and entrance doors (£6,000), is more than offset by underspending in kitchens (£84,000), bathrooms (£80,000), other health and safety works (£52,000), roof structure works (£19,000), re-wiring (£346,000), energy and insulation works (£105,000), central heating (£39,000), major voids (£59,000), sulphate (£25,000), chimneys (£15,000) and internal officer fees (£50,000). These variances are before accounting for leaseholder income, which is reported separately. Contractor overheads shows an apparent overspend of £316,000 against decent homes works, but is offset by an underspend in overheads against other HRA works of £375,000. Re-phasing of underspending in 2016/17 into 2017/18 is requested in respect of energy improvements (£94,000), major voids (£59,000), Re-wiring (£220,000), re-roofing (£27,000), other health and safety works (£62,000) and roof structure works (£25,000). Re-phasing into 2018/19 is requested in respect of kitchens (£84,000) and central heating (£39,000), and into 2019/20 in respect of bathrooms (£80,000). £25,000 in respect of sulphate remedial works is to be re-phased to the end of the sulphate programme.
3	A net underspend of £811,000 was evident in 2016/17, combining underspending in a number of areas where work is still required and funds will need to be re-phased into 2017/18, including; disabled adaptations (£49,000), communal area works (£136,000, with £182,000 to be re-phased after recognition of leasehold income), asbestos (£50,000, all to be re-phased), internal officer fees (£18,000), garages (£23,000, all to be re-phased), hard-surfacing works (£59,000, all to be re-phased), communal floor coverings (£58,000, with £28,000 to be re-phased), fire works (£71,000, with £46,000 to be re-phased) and contractor overheads (£375,000, with £59,000 to be re-phased after offset against the overspend in decent homes overheads). Overspending in lifts and door entry systems of £29,000 was reported at year end, before recognition of leasehold income.
4	The net underspend in the new build programme in 2016/17 relates to a combination of delays in delivery in some areas of the programme, coupled with spending ahead of profile in respect other schemes. Negative re-phasing of £247,000 is required, recognising earlier than budgeted use of resource for the Water Lane (£100,000), Hawkins Road (£39,000) and Fulbourn Road (£108,000) sites in 2016/17. Slippage of resource for Clay Farm (£142,000), Anstey Way (£465,000), Akeman Street (£129,000) and the 2015/16 garage sites (£697,000) is requested into 2017/18. The profile of spending on all of these schemes will be reviewed again as part of the HRA Medium Term Financial Strategy, in the light of resources held and the timeframes in which expenditure must be incurred within.
5	Some of the projects identified as part of the last phase of the City Homes Estate Improvement Programme are yet to be completed and resources of £21,000, for the underspend of £32,000, are requested to be carried forward into 2017/18 to allow these projects to take place.
6	Underspending of £341,000 in respect of the budget for work to re-develop Ditchburn Place is requested to be re-phased into 2017/18 to allow this scheme, which is now on site, to progress in phases across a 30 month build programme, which will result in the re-provision of flats for the purpose extra care housing for a minimum of 30 residents, but with the capacity for utilising all 50 units for this purpose in the future if required.

7	A net underspend of £100,000 in this area of the programme comprises a higher level of activity in respect of shared ownership re-purchase in 2016/17 (£112,000 over budget), more than offset by delays in the project to re-locate Stores to Cowley Road (£130,000). Funding to upgrade aspects of housing IT system has not been utilised in 2016/17, due to the decision to re-procure the entire system, with a request to re-phase the underspend of £23,000 into 2017/18 to meet any required preliminary investment. The balance of funding for projects to introduce the Cambridge Public Sector IT Network (£23,000) will not now be required, whilst funding to complete works to HRA commercial premises (£33,000) is requested as a carry forward into 2017/18 to allow completion of all ongoing projects.
8	58 properties were sold in total during 2016/17. £519,000 of the capital receipt is available for general use (after all costs have been deducted from each receipt), while £1,798,000 of the overall capital receipt is identified as set-aside to be offset against the debt associated with the unit no longer owned. A further £6,745,000 of right to buy receipts have been retained by the local authority in 2016/17, but must be re-invested in financing up to 30% of additional social housing units, provided this is done within a 3 year time frame. The authority is required to invest a significant sum during 2017/18 to ensure that it meets its responsibilities under the retention agreement, and this is likely to mean the acquisition of further dwellings on the open market, as insufficient new build schemes are expected to deliver in the required timeframes, otherwise putting the receipts at risk of being returned.
9	Capital receipts totalling £1,612,000 in respect of the sale of property on the open market coupled with the value of land transfer for the market housing at some of the new build / re-development sites, were accounted for in 2016/17. The receipts have been, or will be, used to 70% match fund retained right to buy receipts in 2016/17 and beyond. The over-achievement in receipts of £80,000 was in respect of an adjustment to the recognised notional land value for the Wadloes Road scheme.
10	The major repairs reserve was used to finance decent homes and other investment in the housing stock expenditure in 2016/17 as opposed to utilising capital balances. The effect of this will be to reduce the use of capital receipts in 2016/17, leaving them available for wider investment purposes in 2017/18 and to reduce the use of the major repairs reserve in 2017/18, where use of this resource is more limited.
11	Income was recovered from leaseholders in 2016/17 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£246,000) and was also received from private residents in relation to contributions towards DFG's or private sector housing repair grants (£51,000).
12	Due to marginal slippage in the housing capital plan in 2016/17, the use of revenue funding for capital purposes was less than anticipated. A request to adjust the use of revenue funding of capital expenditure in 2017/18, resulting in the deferred use of £189,000, will ensure that there is sufficient funding to meet the re-phased expenditure requested above.
13	Receipts from the re-sale of shared ownership dwellings in 2016/17 were less than estimated, but this was partially offset by the receipt of repair assistance loan repayments, which are not budgeted for as they can't be anticipated. Anticipated capital receipts for the sale of the shared ownership units on the Homerton site (£795,000) and for a sale at Water Lane (£369,000) were not realised in 2016/17, and the expected benefit of this resource has been deferred until 2017/18.