



To Executive Councillor for Housing And Deputy Leader: Councillor Catherine Smart
Report Director of Customer and Community Services
by Director of Resources
Relevant Scrutiny Housing Management Board 19 June 2012
Committee

2011/12 Revenue Outturn, Carry Forwards and Significant Variances

Key Decision

1. Executive Summary

- 1.1 This report presents a summary of the 2011/12 outturn position (actual income and expenditure) for services within the Housing Revenue Account, compared to the current budget for the year. The position for revenue is reported and variances from budgets are highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2012/13 are identified.
- 1.2 The position in relation to the Housing Capital Investment Plan will be reported to the Community Services Scrutiny Committee.

2. Recommendations

The Executive Councillor is recommended:

- a) To agree that the carry forward requests, totalling £1,853,280 as detailed in Appendix C, are to be recommended to Council for approval.

3. Background

Revenue Outturn

- 3.1 The final outturn position for the Housing Revenue Account, compared to revised and current revenue budget, is presented in detail in Appendix A.

- 3.2 Appendix B to this report provides explanations of the main variances.
- 3.3 Appendix C sets out the final list of items, for the Housing Revenue Account, for which approval is sought to carry forward unspent budget from 2011/12 to the next financial year, 2012/13.
- 3.4 The overall revenue budget outturn position for the Housing Revenue Account, is set out in the table below:

Housing Revenue Account 2011/12 Total (Surplus) / Deficit	£
Final Budget (Deficit - Use of Reserves)	1,129,730
Outturn (Surplus - Contribution to Reserves)	(1,285,411)
Variation – (Under) / Overspend for the year	(2,415,141)
Carry Forward Requests:	1,853,280
Net Variance	(561,861)

- 3.5 The net variance of (£561,861) on the overall Housing Revenue Account, before allowing for carry forwards, comprises a 3.39% variance in expenditure and a 0.02% variance in income. After allowing for carry forwards, the outturn position will comprise a 1.46% variance in expenditure and a 0.02% variance in income.

4. Implications

- 4.1 The net variance from final budget, after approvals to carry forward £1,853,280 budget from the current year into 2012/13, will result in a reduction in the use of Housing Revenue Account reserves, from £1,129,730 to £567,869.
- 4.2 In relation to requests to carry forward revenue budgets into 2012/13 the decisions made may have a number of implications. A decision not to approve a carry forward request will impact on officers' ability to deliver the service or scheme in question and this could have staffing, equal opportunities, environmental and / or community safety implications.

5. Background Papers

These background papers were used in the preparation of this report:

- Closedown Working Files 2011/12
- Directors Variance Explanations – March 2012
- Budgetary Control Reports to 31 March 2012

6. Appendices

- Appendix A - Revenue Budget 2011/12 - Outturn
- Appendix B - Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2011/12 - Carry Forward Requests

7. Inspection of papers

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

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<O:\accounts\Committee Reports & Papers\Housing Management Board\2012 June\Draft\HMB Final Outturn 2011-12 Report.doc>

Housing Management Board - Housing Revenue Account

Revenue Budget 2011/12 - 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
EXPENDITURE						
Supervision & Management (General)	5,072,900	4,506,110	4,027,695	(478,415)	27,120	(451,295)
Supervision & Management (Special)	1,944,810	2,531,660	2,353,893	(177,767)	11,200	(166,567)
Repairs & Maintenance	6,032,750	6,666,450	5,989,734	(676,716)	666,170	(10,546)
Reflection of the Current Cost of Pensions (as required under FRS 17)	0	0	0	0	0	0
Negative Subsidy (incl. Rent Rebate Subsidy Limitation)	13,004,400	12,899,030	12,902,985	3,955	0	3,955
Depreciation	7,406,570	9,275,790	9,275,790	0	0	0
Other Expenditure	335,970	550,890	643,742	92,852	0	92,852
Total Expenditure	33,797,400	36,429,930	35,193,839	(1,236,091)	704,490	(531,601)
INCOME						
Dwelling Rents	(30,327,050)	(30,400,530)	(30,383,969)	16,561	0	16,561
Garage Rents	(631,750)	(610,500)	(603,589)	6,911	0	6,911
Other Land and Premises Rents	(523,540)	(523,540)	(506,298)	17,242	0	17,242
Service Charges	(1,939,120)	(2,272,600)	(2,279,190)	(6,590)	0	(6,590)
De-Minimus Capital Receipts	(3,000)	(3,000)	(7,824)	(4,824)	0	(4,824)
Contributions towards Expenditure	(350,940)	(674,090)	(692,611)	(18,521)	0	(18,521)
Other Income (RTB Capitalisation)	(25,000)	(25,000)	(44,378)	(19,378)	0	(19,378)
Total Income	(33,800,400)	(34,509,260)	(34,517,859)	(8,599)	0	(8,599)
Net Cost of Services	(3,000)	1,920,670	675,980	(1,244,690)	704,490	(540,200)
Loan Interest	6,480	86,910	91,028	4,118	0	4,118
Early Debt Redemption Premium	345,640	345,640	345,644	4	0	4
Interest Receivable (Mortgage Interest)	(780)	(510)	(465)	45	0	45
Interest Receivable (Interest on Balances)	(37,650)	(38,170)	(63,991)	(25,821)	0	(25,821)
Net Operating Expenditure	310,690	2,314,540	1,048,196	(1,266,344)	704,490	(561,854)
Appropriations						
Depreciation Adjustment (MRA)	(2,287,340)	(4,156,560)	(4,156,558)	2	0	2
Adjustment to reflect the Current Cost of Pensions (as required under FRS 17)	0	0	0	0	0	0
Direct Revenue Financing of Capital	2,020,750	2,971,750	1,822,951	(1,148,799)	1,148,790	(9)
(Surplus) / Deficit for year	44,100	1,129,730	(1,285,411)	(2,415,141)	1,853,280	(561,861)
(Surplus) / Deficit b/f	(5,688,633)	(5,688,633)	(5,688,633)			
Balance Carried Forward	(5,644,533)	(4,558,903)	(6,974,044)	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 for

and are detailed and approved:

- in the June committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)
- and via technical adjustments/virements throughout the year

Housing Management Board - Housing Revenue Account

Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Supervision and Management (General)		
Departmental Overheads	Employee costs underspent as a direct result of vacancies held for the support service review (£40k), HRA self-financing delivered with less resource than approved (£56k), maternity, training, general consultancy and departmental office costs underspent (£76k), consultancy budget for abortive development fees not utilised in 2011/12 (£30k).	(201,832)
City Homes	Office running costs, IT, and consultants fees underspent. Under-occupation scheme not yet fully spent for 2011/12, with carry forward of remaining resource requested.	(67,072)
Tenant Participation / Resident Involvement	Funding previously awarded to the Cambridge Federation, was not fully utilised in 2011/12, while review of future requirements was undertaken.	(64,916)
City Homes Overheads	Internal legal recharges and IT recharges in respect of Serco were less than budgeted, with costs based on actual activity recorded by Legal Services and IT contract activity.	(50,320)
Computer Services	Underspending in housing IT support costs, predominantly due to terminating support for obsolete applications and negotiated reduced costs for the recently upgraded product. Underspending in IT links to remote offices, with review of future requirements being undertaken during 2012/13.	(43,269)
Strategic Housing (HRA) Overheads	Internal legal recharges and IT recharges in respect of Serco were less than budgeted, with costs based on actual activity recorded by Legal Services and IT contract activity.	(24,580)
Anti-Social Behaviour	Legal costs less than anticipated, with fewer cases requiring external legal input than in previous years. Spend in this area is dependent upon the complexity of cases being taken through the court process.	(22,876)
	Minor Variations	(3,550)
	Total	(478,415)
Supervision and Management (Special)		
Temporary Accommodation	Income achieved in respect of the provision of B&B services to the Housing General Fund, where an initiative introduced as a pilot in 2011/12 is working well, with the need to establish an income budget for future years.. Underspending in building maintenance and electricity costs.	(41,774)

Housing Management Board - Housing Revenue Account

Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Estate Management	Underspending in estate management costs in general and in the cost of electricity specifically.	(37,256)
Brandon and Seymour Court	Scheme budgets not fully utilised in 2011/12, with schemes either undergoing major refurbishment or having been decanted for demolition and redevelopment.	(47,730)
Floating Support	Underspending in employee and operational costs as a direct result of the transfer of support services to a new provider. Cessation of the delivery of the service in house has also resulted in the return of R&R fund balances to the cost centre in 2011/12.	(41,222)
General Sheltered Schemes	Underspending in utilities costs across a number of sheltered schemes in 2011/12.	(21,800)
Independent Living Services Management	Underspending in employee costs due to a combination of vacancies and long-term absence within the team. A carry forward of resource approved to secure external support in the preparation of support tenders is required to be carried forward into 2012/13.	(20,459)
Estate Caretaking	Overspending in employee costs due to the unanticipated costs of covering staff vacancies, staff joining the pension scheme with an element of backdated entitlement and the cost of an additional 7 hours of cleaning per week at Ekin Road which was omitted from the budget.	16,774
Emergency Alarms	Overspending in the maintenance of tools and equipment, combined with an under-achievement in emergency alarm income.	14,258
	Minor Variations	1,442
	Total	(177,767)

Housing Management Board - Housing Revenue Account

Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Repairs and Maintenance		
Planned Repairs	PTR programme not delivered as anticipated in 2011/12 as a result of the change over between planned maintenance contractors. Work is anticipated to be undertaken in the early part of 2012/13, with a carry forward of resource required.	(468,172)
Void Repairs	Work to void properties was less than anticipated in 2011/12 as a direct result of a reduction in the number of void and re-let dwellings during the year in comparison to 2010/11.	(153,718)
Citywide Schemes	An overspend in the costs of the gas maintenance contract has been more than offset by underspending in electrical testing, lift inspections and fire safety risk assessments.	(88,635)
Repairs & Maintenance Overheads	Internal legal recharges were greater than budgeted, with costs based on actual activity recorded by Legal Services. The cost of work associated with the procurement of a planned maintenance partner will have contributed to an increase in the costs for 2011/12.	32,970
	Minor Variations	839
	Total	(676,716)
HRA Subsidy and Other Expenditure		
Bad Debt Provision	The contribution to the HRA Bad Debt Provision was greater than budgeted in 2011/12 due predominantly to the level of former tenant arrears at 31/3/2012.	66,863
Council Tax for Void Properties	The cost of Council Tax for void properties was greater than anticipated due to the decant of properties for demolition or redevelopment, where tax is due until the scheme is fully empty and de-commissioned.	25,194
	Minor Variations	4,750
	Total	96,807

Appendix B

Housing Management Board - Housing Revenue Account

Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
<i>HRA Income and Other</i>		
	Minor Variations	(8,599)
	Total	(8,599)
<i>HRA Interest, Premiums and Appropriations</i>		
Direct Revenue Funding of Capital Expenditure (DRF)	The call of revenue funding for capital expenditure was less than anticipated during 2011/12 due to the introduction of a new planned maintenance partner from mid July 2012, with the first year of contract works anticipated to span two financial years.	(1,148,799)
Interest on HRA Balances	Interest earned on HRA balances was greater than anticipated for 2011/12 due to a combination of an increase in interest rates and higher balances as a result of underspending.	(25,821)
	Minor Variations	4,169
	Total	(1,170,451)
Total for Housing Revenue Account		
		(2,415,141)

Housing Management Board - Housing Revenue Account

Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Housing Revenue Account Budgets from 2011/12 into 2012/13 and future years

Item		Request £
	Director of Customer and Community Services	
	Supervision and Management General	
1	A carry forward is requested to meet the HRA's contribution to the remaining IT investment associated with the Customer Service Centre project.	15,000
2	Carry forward of the balance of under-occupation scheme funding into 2012/13 is requested, to allow any applications made in 2011/12 to be met.	12,120
	Supervision and Management Special	
3	Funding was approved in 2011/12 to support the work associated with tendering for support services. The extension of the existing sheltered support contracts by one year means that the majority of this work will now take place during 2012/13.	11,200
	Repairs and Maintenance	
4	The PTR programme for 2011/12 was not fully delivered as a direct result of the timing of the start of the new planned	468,170
5	The fire safety risk assessment allocation was not fully spent in 2011/12 due to the timing of the implementation of a contract with a new supplier, following the insolvency of the previous supplier. Funding is requested to be carried forward into 2012/13 to complete the backlog of assessments.	63,000
6	The electrical testing programme was not fully completed for 2011/12 due to contractual handover, with a request to carry forward resource into 2012/13, to fulfil this obligation.	76,000
7	The lift inspection programme was ordered, but not fully undertaken, for 2011/12, with a request to carry forward resource into 2012/13, to fulfil this obligation.	59,000
	Appropriations	
7	Slippage in the Housing Capital Programme in 2011/12 due to the introduction of a new planned maintenance partner has resulted in a lower level of revenue funding of capital expenditure than anticipated. Re-phasing of the expenditure into 2012/13 is expected to result in the need to increase the proposed use of DRF in the new financial year.	1,148,790
		1,853,280