

Meeting of the Housing Management Board on 18 September 2012

Item 7: HOUSING REVENUE ACCOUNT (HRA) MID YEAR BUSINESS PLAN UPDATE

HMB EXECUTIVE COUNCILLOR AMENDMENT – Amendment to approval required:

Revenue

- 2.2 To agree the revised HRA revenue, funding and reserves projections as shown in Appendix E, and the associated decision in section 9 (pages 84 to 97 refer), of the HRA Mid-Year Business Plan Update document.

Amendment required:

Section 9, page 88

Delete:

- £150,000 reduction in void property repairs, recognising the reduction in void numbers in 2011/12 and continuation of this trend in the early part of 2012/13. As a responsive budget, this may be subject to change as part of the January 2013 revised budget process, depending upon activity between now and then.

Section 9, page 86

Amend to read:

- £28,700 assumed reduction in interest on HRA balances in 2012/13, due to an adverse rate change, with the impact partially offset by an increased level of balances at 31/3/2012.

Section 9, page 91

Amend to read:

The revised projection of the use of reserves in the current year (2012/13) now indicates that there is expected to be a net use of reserves of £4,707,190. This includes the effective transfer of funding for the approved level of carry forward items (primarily reflecting the re-profiling of capital resources and expenditure). These have been built into the latest projection.

The current HRA forecast contains the assumption that balances will be reduced to and maintained at the target level of £3m (plus inflation in future years) and a minimum level of £2m, by making additional direct revenue financing (DRF) of capital contributions in 2012/13.

Delete:

Appendices E and F and replace with those attached to the amendment.

Background:

As part of the HMB Final version of the HRA Mid-Year Business Plan Update, an in-year saving of £150,000 was incorporated in respect of void repairs.

This amendment seeks to retract the proposal made, leaving the void repairs budget for 2012/13 at the level originally approved, pending further detailed work, to culminate in a revised proposal to be presented as part of the revised budget process in the January committee cycle, if appropriate.

The proposed saving in 2012/13 was based upon a combination of the reduced level of void activity experienced during 2011/12 and the early part of 2012/13 and the anticipated impact of some operational changes, either recently implemented, or planned for future implementation.

A number of factors have brought about the proposed amendment:

- Further investigation into the level of activity during 2012/13, has highlighted a greater volume of work in progress than might usually be experienced, which when recharged internally will result in higher costs than anticipated.
- The average cost per void job in 2012/13, based upon those jobs that have been fully internally recharged is approximately £3,290.
- The financial impact of the operational changes made or being made is not yet quantifiable in respect of the reduction the changes may have on the level of void expenditure in 2012/13. It is possible that the benefit of some of the changes will not be fully realised until 2013/14. As an example, with effect from September 2012, emergency works to council dwellings, previously carried out by staff undertaking responsive repairs, are now being carried out by staff in the voids team, where staff can be re-directed at short notice without a direct impact on the responsive repair appointments made with existing tenants.
- The reduction in void works anticipated over the winter months, may not occur as new build properties become available on the growth sites to the south of the city.

Financial Impact

The re-inclusion of the £150,000 will have a direct impact on the level of balances anticipated at 31/3/2013, and therefore the amount of interest that the HRA can expect to earn on these balances.

The change has been incorporated recognising that, to maintain the current level of revenue funding for capital expenditure whilst not increasing the level of additional borrowing currently incorporated, revenue balances will be required to dip marginally below the £3m target level until 2015/16. This will be re-visited as part of the 2012/13 (revised) and 2013/14 (original) budget processes, with a view to returning balances to £3m.