

Item

2018/19 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account

To:

Councillor Richard Johnson, Executive Councillor for Housing

Report by:

Julia Hovells, Principal Accountant

Tel: 01223 - 457248

Email: julia.hovells@cambridge.gov.uk

Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

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 2018/19 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from budget underspends into 2019/20.
- d) A summary of housing debt which was written off during 2018/19.

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 £772,500 in revenue funding from 2018/19 into 2019/20, 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 £5,256,000 in HRA and General Fund Housing capital budgets and associated resources from 2018/19 into 2019/20 to fund re-phased 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.

2017/18 £'000	Housing Revenue Account Summary	2018/19 £'000	% Final Budget
2,317	Original Budget (HRA Use of Reserves)	(3,281)	158%
545	Adjustment – Prior Year Carry Forwards	699	(34%)
(179)	Adjustment – Increased Interest Receipts – Reduced Interest Paid	(61)	3%
(143)	Adjustment – Increased Rent Income	(327)	16%
1	Adjustment – Increased Bad Debt Provision	146	(7%)

(93)	Adjustment – Depreciation	636	(31%)
(6)	Other Adjustments	116	(5%)
2,442	Final Budget	(2,072)	100%
1,160	Outturn	(2,521)	122%
(1,282)	(Under) / Overspend for the year	(449)	(22%)
699	Carry Forward Requests	773	37%
(583)	Resulting Variation for the HRA	324	15%
0	Other variances	0	0%
(583)	Variance and (reduced) / increased use of HRA Reserves	324	15%

- 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 2018/19. The original revenue budget for 2018/19 was approved by the Executive Councillor for Housing on 17 January 2018.
- 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 £449,171 incorporates a number of key areas of underspending and overspending.
- 3.5 General HRA Services were £650,679 less than budgeted due in part to deferral of some Housing Transformation activity (£162,221) and in elements of the corporate change programme and contributions to corporate projects (£322,307), particularly the office accommodation strategy, coupled with underspending in City Homes (£112,695) due to vacancies within the team and recruitment to vacant posts at the bottom of pay scales. Underspending in HRA Overheads (£48,721) is due predominantly to there not having been a call on the HRA maternity provision in 2018/19, with services meeting the costs of cover directly, coupled with staff vacancies in the Finance, Business and Application Support Team.

- 3.6 Special HRA Services were overspent by £26,081 due to reduced temporary housing demand (£20,763) and underspending at Ditchburn Place whilst refurbishment is ongoing (£61,783), more than offset by overspending in respect of Virido, Clay Farm (£25,173) where the HRA has had to meet the service charge costs associated with un-sold shared ownership units and Estate Caretaking (£20,064), where grounds maintenance and bulky waste removal costs have increased.
- 3.7 Also displaying in special expenditure as an overspend, is expenditure incurred from Repairs and Renewals (R&R) funds for Temporary Housing, Ditchburn Place and the General Sheltered Schemes (£67,931). These costs are fully funded from ear-marked reserves set aside for this purpose, but budgets are not set for the use of R&R funds as the expenditure fluctuates between years. The existence of the reserve ensures that the impact of these costs is spread out across a period of years, as opposed to tenants experiencing huge swings in the level of service charge for their scheme from year to year.
- 3.8 Repairs expenditure reported a net overspend of £668,309, combining underspending in elements of the revenue planned maintenance programme (£501,032) due to the need to carry out investigative work to some flat blocks for structural issues, with overspending in a number of other areas. Response repairs reported a significant overspend (£582,762), due in part to the need to use sub-contractors to cover both extensive staff training and up-skilling and sickness. This work area requires further detailed review to determine to what extent the base budget is insufficient for future years, and how much of the overspend can be attributed to one-off activity.
- 3.9 Client repairs overspent by £222,918, due to a combination of the cost of major works to property which would otherwise be met from insurance claims if the HRA were to insure the housing stock (£108,000) and the costs of work carried out on behalf of an external organisation (£89,000). The latter is fully offset by an over-achievement in income, which is displayed elsewhere in the HRA.
- 3.10 Technical Services displays an overspend of £142,627 due to a combination of the volume of temporary staff that have been employed during 2018/19 to work on a variety of projects and the need to obtain external expert opinion in respect of a number of structural issues across the housing stock. Less of the staff spend was capitalised in 2018/19, as the nature of the work was focussed on stock condition

surveys and investigations, and not in managing the resulting investment programme.

- 3.11 Cyclical works reported an overspend of £147,612 and void repairs £89,124. The increased cost in cyclical works relates predominantly to the cost of additional electrical inspections in communal areas, where a backlog of works has been identified. The overspend in void repairs is due to a significant rise in the number of empty properties requiring major works in order to attain a lettable standard. In addition the extent of work required has increased resulting in a substantial rise in the average cost of these major repairs.
- 3.12 The contribution to the bad debt provision for 218/19 was significantly lower (£385,361) than anticipated, as a direct result of maintaining the position in respect of rent arrears to date, despite the rollout of Universal Credit
- 3.13 Income received in the HRA was greater than anticipated (£32,271), combining over-achievement in garage and commercial property rents, recharges and contributions received, with an under-achievement in service charges for the year, with this due to a combination of vacant units at Ditchburn Place and the inability to sell all of the shared ownership units at Virido.

Capital Outturn

- 3.14 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.

2017/18 £'000	HRA Capital Summary	2018/19 £'000	% Final Budget
47,263	Original Budget	41,105	111%
2,668	Adjustments (Re-phasing -prior year)	3,099	8%
(25,905)	Other Adjustments	(7,205)	(19%)
24,026	Final Budget	36,999	100%
18,923	Outturn	31,687	86%

(5,103)	(Under)/Overspend for the year	(5,312)	(14%)
3,798	Re-phasing Requests	5,256	14%
(1,305)	(Under) / Overspend	(56)	(0%)

- 3.15 Spending in the Housing Capital Investment Plan in 2018/19 was below that originally anticipated, with reduction in the budget, particularly for new build expenditure as part of the Medium Term Financial Strategy in September / October 2018.
- 3.16 At outturn, against the latest capital budget approved, underspending of £1,366,000 was evident in new build investment, with slippage of £1,466,000 identified. This related predominantly to delays in respect of re-development schemes at Colville Road, which now has approval and is proceeding and Campkin Road, which is subject to a report to this committee cycle. The schemes at Kingsway, Ventress Close and the 2015/16 garage sites have also suffered some delays.
- 3.17 Investment in the housing stock, in respect of decent homes and other capital activity was underspent by £3,396,000, with the need to defer £3,198,000 of investment into future years having been identified.
- 3.18 The capital expenditure relating to the acquisition of dwellings was greater than anticipated in 2018/19, with a delay in acquiring a dwelling from the County Council, the project to replace the Housing Management Information System will span multiple years and the allowance of £243,000 to meet inflation across all aspects of the programme was not allocated, as underspending across the programme meant that this was not necessary. It is requested that the funding for the new IT system and the inflation allowance is re-phased into 2019/20 to allow the authority to proceed and enter into contracts and affordable housing agreements that have been delayed.
- 3.19 Permission is sought to re-phase the use of £72,000 of Disabled Facilities Grant into 2019/20, and to recognise the deferral of assumed receipt of Devolution Grant (£135,000), where these will be used to finance re-phased capital expenditure identified.
- 3.20 Recognition also needs to be given to a reduced use of major repairs reserve as a funding source in 2018/19 (£262,000), with the need to recognise the deferred use of this in 2019/20 to finance re-phased capital expenditure.

HRA Write Offs

3.21 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 2018/19. **Appendix E** includes a summary of debt written off by both category of write off and also value banding.

4. Implications

(a) Financial Implications

The variance from the final revenue budget (see above), would result in a decreased use of Housing Revenue Account of £449,171. After carry forward of revenue resource to fund deferred revenue expenditure, the overall variance and resulting increase in the use of Housing Revenue Account Reserves is £323,329.

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.

(b) Staffing Implications

There are no direct staffing implications associated with this report.

(c) Equality and Poverty Implications

There are no new equality or poverty implications associated with this report.

(d) Environmental Implications

There are no new environmental implications arising from this report.

(e) Procurement Implications

There are no new procurement implications arising from this report.

(f) Consultation and Communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process.

(g) Community Safety

There are no community safety implications arising from this report.

6. Background Papers

Background papers used in the preparation of this report:

- T1 Variance Explanations – March 2019
- HRA Finance Report to 31 March 2019

7. Appendices

- Appendix A – HRA Revenue Outturn 2018/19
- Appendix B – HRA Major Revenue Variance Explanations
- Appendix C – HRA Revenue Carry Forward Requests
- Appendix D – Housing Capital Investment Plan Outturn 2018/19
- Appendix D (Notes) – Notes to the Housing Capital Investment Plan
- Appendix E – HRA Write Offs 2018/19

8. Inspection of papers

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

Julia Hovells, Principal Accountant

Telephone: 01223 - 457248 or email: julia.hovells@cambridge.gov.uk.

Housing Committee - Housing Revenue Account

Revenue Budget 2018/19 - 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	(36,661,380)	(36,987,980)	(36,984,268)	3,712	0	3,712
Rental Income (Other)	(1,128,710)	(1,154,720)	(1,214,364)	(59,644)	0	(59,644)
Service Charges	(3,004,310)	(3,500,280)	(3,304,644)	195,636	0	195,636
Contributions towards Expenditure	(3,450)	(53,810)	(119,756)	(65,946)	0	(65,946)
Other Income (Incl. RTB Capitalisation)	(455,500)	(475,800)	(581,829)	(106,029)	0	(106,029)
Total Income	(41,253,350)	(42,172,590)	(42,204,861)	(32,271)	0	(32,271)
EXPENDITURE						
Supervision & Management (General)	3,399,340	3,824,510	3,173,831	(650,679)	385,300	(265,379)
Supervision & Management (Special)	2,584,280	2,864,720	2,890,801	26,081	0	26,081
Repairs & Maintenance	6,571,740	6,975,490	7,643,799	668,309	387,200	1,055,509
Depreciation	10,041,820	10,678,110	10,678,113	3	0	3
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,615,220	3,671,360	3,375,095	(296,265)	0	(296,265)
Total Expenditure	26,212,400	28,014,190	27,761,639	(252,551)	772,500	519,949
Net Cost of HRA Services	(15,040,950)	(14,158,400)	(14,443,222)	(284,822)	772,500	487,678
Interest Receivable (Interest on Balances)	(718,490)	(788,810)	(873,222)	(84,412)	0	(84,412)
(Surplus) / Deficit on the HRA for the Year	(15,759,440)	(14,947,210)	(15,316,444)	(369,234)	772,500	403,266
Appropriations / Other Movement in the HRA Balance						
Loan Interest	7,503,980	7,513,010	7,514,419	1,409	0	1,409
Housing Set-Aside	4,472,200	4,472,200	4,472,200	0	0	0
Impairment	0	0	0	0	0	0
Direct Revenue Financing of Capital	502,530	597,320	726,940	129,620	0	129,620
Transfer to / from Ear-Marked Reserves	0	292,880	81,914	(210,966)	0	(210,966)
(Surplus) / Deficit for year	(3,280,730)	(2,071,800)	(2,520,971)	(449,171)	772,500	323,329
(Surplus) / Deficit b/f	(9,018,373)	(9,018,373)	(9,018,373)			
Balance Carried Forward	(12,299,103)	(11,090,173)	(11,539,344)	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 2018/19 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Supervision and Management (General)		
HRA Overheads	Budgets set aside to meet the HRA share of corporate change, including corporate restructures, shared services and office accommodation changes were not utilised fully in 2018/19. Some of this expenditure is expected in 2019/20 and a carry forward request has been incorporated accordingly.	(322,307)
City Homes	Significant staff underspend due to vacancies across the service and recruitment to vacancies at the bottom of pay scales. Under-occupation scheme not fully subscribed in 2018/19, but with renewed interest towards the end of the year, following a campaign by housing benefits and financial inclusion staff .	(112,695)
Housing Transformation	Investment in activity to transform the Housing Service progressed during 2018/19, with the 2018/19 budget invested in staff training and development, up-skilling and employment of staff to improve garage letting and to review policy and process. A carry forward is requested for the remaining funds, to allow further investment in 2019/20 to include completion of the staff training and up-skilling, business process review and change and additional staff input in some areas to tackle performance against desired target levels (particularly in the repairs service).	(162,221)
Departmental Overheads (HRA)	Underspending in employee costs due to staff vacancies was combined with no demand in 2018./19 for the use of the maternity provision in the HRA, with services meeting the costs of cover directly from service budgets. The provision was removed from the budget from April 2019 as part of the 2019/20 budget process.	(48,721)
Resident Involvement	Underspend in employee costs due to a vacancy in the team for part of the year and recruitment at lower points on the pay scale than previously. Underspending in residents grants and IT grants was experienced, prompting a review of this area, with plans in place to reallocate resource and increase investment in resident involvement activity during 2019/20.	(20,193)
Other		15,458
Total		(650,679)
Supervision and Management (Special)		
Temporary Accommodation	Underspending in utilities and other premises related costs, based upon the number of properties utilised for temporary housing during 2018/19.	(20,763)

Housing Committee - Housing Revenue Account

Revenue Budget 2018/19 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Ditchburn Place	Underspending in utilities, other premises related costs and catering services during 2018/19, as a direct result of the number of vacant units held whilst the scheme is undergoing major refurbishment. The underspend is partially offset by a corresponding under-achievement in income, with service charges being lower than budgeted due to the vacant units.	(61,783)
Virido, Clay Farm	Service charges paid for shared ownership properties which are yet to be sold, with third party services delivered by Encore, and invoiced to the Council if not recoverable from shared ownership lessees.	25,173
Estate Caretaking	Overspending in a variety of estate based activity, including additional costs of grounds maintenance, bulky refuse removal and garden clearances.	20,064
R&R Fund Expenditure	Expenditure on items for communal areas of sheltered schemes, replacement of emergency alarms and furniture, fixtures and fittings in temporary housing units. This expenditure is not budgeted for in year, but is fully fund from an ear-marked reserve set-aside specifically for this purpose.	67,931
Other		(4,541)
Total		26,081
Repairs and Maintenance		
Response Repairs	Attendance at the monthly training course to upskill and provide a multi-trade work force, coupled with significant sickness absence has resulted in considerably more work being delivered through external contractors during 2018/19 in order to maintain the service provision to our tenants.	582,762
Planned Repairs	The external cyclical maintenance works (PTR) programme was not fully delivered due to the need to test flat blocks for concrete corrosion and associated repairs, which results in the need to re-phase parts of the programme into 2019/20. Also two groups of properties weren't completed due to surveys being completed late. To avoid the same problems in 2019/20, we have employed a temporary PTR surveyor. The smoke detector programme was increased during the year in order to catch up with the backlog of replacements. A new programme is being developed to install heat detectors throughout the stock. This commenced during 2018/19 and will be accelerated in future years.	(501,032)
Client Repairs	Insurance overspend of £106,153 was predominantly due to a major fire at Villa Court, along with other more minor works. The overspend also includes the cost of works carried out on behalf of an external customer (£89,742), with these costs offset by the income which was received for carrying out the work. The remaining overspend is due to higher than anticipated number of larger works, which are not typically responsive day-to-day repairs but are more urgent and therefore cannot be added to the planned maintenance programme.	222,918

Housing Committee - Housing Revenue Account

Revenue Budget 2018/19 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Citywide Schemes	Additional lighting columns have been added to the schedule and an increased number of replacement fittings have been ordered during the year, resulting in an overspend against the budget allocation. An increased number of communal areas requiring hard wire testing had orders placed in order to address a backlog of properties. This also resulted in an overspend against the budget allocation.	147,612
Technical Services	Savings in employee costs due to vacant posts which were being filled via temporary agency staff, with these staffing arrangements being more costly. Where these vacancies were recruited to there was a recruitment cost which was not budgeted for. The vacant positions also contributed to delays in delivering the capital programme which has affected income to this cost centre. The overspend on external consultants was due to the expertise required to write a detailed specification for the rectification of structural defects on balconies and walkways to blocks of flats across the city.	142,627
Voids	The overspend is due to a significant rise in the number of empty properties requiring major works in order to attain a lettable standard. In addition the extent of work required has increased resulting in a substantial rise in the average cost of these major repairs.	89,124
Other		(15,702)
Total		668,309

Housing Committee - Housing Revenue Account

Revenue Budget 2018/19 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Other HRA Expenditure		
Contribution to the Bad Debt Provision	The contribution to the bad debt provision was significantly lower than budgeted in 2018/19, with the anticipated impact on rent arrears as a result of the introduction of Universal Credit being broadly mitigated thus far. The rollout has been slowly phased, and income management staff are working proactively with the tenants affected.	(385,361)
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 the properties at Ditchburn Place and Tuscan Court whilst refurbishment works were in progress. This was exacerbated by holding shared ownership dwellings in advance of finding suitable purchasers, the impact of which will initially continue into 2019/20.	75,845
Other		13,254
Total		(296,262)
HRA Income and Other		
Rental Income (Other)	Rent for HRA commercial property was over-achieved in 2018/19 (£21,293) due to some of the units at Akeman Street continuing to be occupied, where it was assumed that vacant possession would have been realised by now as a result of the decision to re-develop the site. Income for garage rentals was also marginally higher than budgeted (£38,351) due to a combination of the charging structure in place and the levels of occupancy.	(59,644)
Service Charges	Service charge income was under-achieved due to a combination of holding vacant units at Ditchburn Place whilst major refurbishment works are carried out, the need to pay third party service charges for the unsold shared ownership units at Virido and lower charges for some new build schemes following an initial review of the cost of services being provided on each site.	195,636
Contributions towards Expenditure	Contributions towards expenditure were over-achieved in 2018/19 due to the recovery of rechargeable repair costs, which includes income received from external customers.	(65,946)
Other Income	Other income is over-achieved due predominantly to the recharge to capital for the administrative costs of the right to buy process and the costs recharged to the General Fund for shared amenities both being greater than budgeted.	(106,029)
Other		3,712
Total		(32,271)

Housing Committee - Housing Revenue Account

Revenue Budget 2018/19 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
<i>HRA Interest, Premiums and Appropriations</i>		
Direct Revenue Funding of Capital Expenditure (DRF)	The use of DRF in 2018/19 included funding of £129,620 in respect of payment of licenses and other project costs for the new Housing Management Information System. This was fully funded from the Repairs and Renewals (R&R) fund set-aside for this purpose and is displayed as part of the additional transfer from an ear-marked reserve below.	129,620
Transfer to or from Ear-Marked Reserves	A transfer from R&R fund reserves for the initial cost of the replacement of the Housing Management Information System (£129,620) was combined with also drawing from the reserve to fund expenditure at both 171 Arbury Road to facilitate the move of staff back from Cambourne and investment in communal areas of sheltered schemes, emergency alarms and temporary housing.	(210,966)
Interest Received	The interest due to the HRA for 2018/19 was greater than anticipated due to the level of average revenue and capital balances which were held in the HRA during the year. Underspending in both revenue and capital budgets results in a greater level of reserves at year end than anticipated.	(84,412)
Other		1,409
Total		(164,349)
Total for Housing Revenue Account		(449,171)

Housing Committee - Housing Revenue Account

Revenue Budget 2018/19 - Carry Forward Requests

Request to Carry Forward Housing Revenue Account Budgets from 2018/19 into 2019/20 and future years

Item	Request £
<p>Director - S Hemingway</p> <p>Supervision and Management General</p> <p>1 The HRA holds a number of central budgets for contribution to corporate projects, including service transformation, service reviews and the office accommodation review. Some activity has been delayed, and there is still an expectation that the HRA will need to contribute to cost in future years, with a carry forward of £200,800 requested.</p> <p>2 Housing Transformation funding is spent under delegation to the Strategic Director, and funds from previous years are requested as a carry forward to continue and complete ongoing transformation activity. Staff training is ongoing, as is investment in stock condition and compliance work, which will require continued investment during 2019/20.</p> <p>3 The City Homes under-occupation scheme funding was not fully spent during 2018/19, but a campaign carried out by HB and the Financial Inclusion Team has resulted in an increased demand from the latter part of 2018/19. There are a number of people now awaiting funds through this scheme, and as the budget for 2019/20 was reduced as part of the 2019/20 budget process, a carry forward is deemed appropriate to meet these costs.</p> <p>Supervision and Management Special</p> <p>No carry forward requests from 2018/19 into 2019/20.</p> <p>Repairs and Maintenance</p> <p>4 A carry forward of £321,030 is to cover PTR works not completed by Fosters during 2018/19. This was due to a combination of late survey information (it took a while to sort out the programme and then delays in pricing the work by Fosters. The team have a temp surveyor helping with surveys this year and it is estimated that the programme will be fully surveyed by the end June 2019. In addition, staff are confident that the new staffing structure at Fosters will improve the delivery of the programme overall and they should have the capacity to price and deliver both the slippage and the new year's programme in full.</p> <p>5 £66,170 is for heat detector works where the programme was not fully delivered as contractual requirements were not in place when the bid for funding was submitted. The contractor to deliver the works has now been confirmed and a programme is being developed to install these devices alongside the smoke detector programme.</p> <p>Appropriations</p> <p>No carry forward requests from 2018/19 into 2019/20.</p>	<p>200,800</p> <p>162,200</p> <p>22,300</p> <p>321,030</p> <p>66,170</p>
Total Carry Forward Requests for Housing Revenue Account / Housing Scrutiny Committee	772,500

Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	Overspending of £27,000 in respect of Disabled Facilities Grants was a combination of an agreement with MHCLG to receive additional grant in the latter part of the year, but to pass it across to Huntingdonshire District Council as we did not have sufficient demand in Cambridge. £86,000 of overspend is therefore related to this, leaving an underspend in our own DFG grant investment of £59,000, which, when grossed up for the income received from clients, will be require £72,000 to be re-phased into 2019/20 to ensure that we can comply with the grant conditions under which we received it. The overspend in DFG's has been more than offset by underspending in Private Sector Grants and Loans of £91,000, where demand has significantly reduced in recent years.
2	A net underspend of £2,089,000 in decent homes expenditure during 2018/19 is a combination of under and overspending against the specific decent homes elements. Overspending in wall structure (£448,000), bathrooms (£90,000) and kitchens (£12,000), is more than offset by underspending in roofing works (£208,000), roof structure (£378,000), re-wiring (£171,000), energy and insulation works (£250,000), central heating (£945,000), sulphate (£102,000), other health and safety (£219,000), decent homes work to new builds (£226,000), HHSRS (£129,000) and external doors (£36,000). These variances are before accounting for leaseholder income, which is reported separately. Contractor overheads shows an apparent overspend of £70,000 against decent homes works, but is more than offset by an underspend in overheads against other HRA works of £226,000. Capitalised officer fees are underspent by £45,000. Re-phasing of underspending in 2018/19 into 2019/20 is requested in respect of energy improvements (£250,000), roofing works (£208,000), roof structure (£98,000), HHSRS (£129,000), other health and safety works (£219,000) and external doors (£36,000) Re-phasing of the budget for sulphate works is requested to be re-allocated to 2027/28 to the end of the existing sulphate programme, whilst re-phasing to the end of the 30 year investment programme is requested in respect of decent homes works to new build homes (£226,000), central heating and boilers (£750,000) and re-wiring (£171,000), when the budget is now expected to be required.
3	A net underspend of £1,307,000 was evident in 2018/19, combining underspending in a number of areas where work is still required and all of the underspent funds will need to be re-phased into 2019/20, including; garage improvement £95,000, lifts £13,000, communal area floor coverings £195,000, fire works £227,000 and hard-surfacing works £283,000. Underspending of £266,000 in respect of contractor overheads combines some slippage with the impact of underspending in other areas and £196,000 is requested to be re-phased. Underspending in Disabled Adaptations (£232,000), asbestos works (£4,000) and capitalised officer fees (£17,000) do not require re-phasing. Overspending in other communal area works of £24,000 was reported at year end.
4	The net underspend of £1,366,000 in the new build programme in 2018/19 relates to a delays in a number of areas of the programme, but particularly in respect of re-development schemes where decisions have been delayed and vacant possession needs to be obtained and those schemes being delivered in-house by Maintenance and Assets, where there have been planning delays and boundary disputes that need to be resolved. Spending ahead of profile has also occurred in respect of a few schemes and costs have also been incurred in respect of schemes that are complete and occupied, but where there are now some quality issues that are being addressed. Net re-phasing of £1,466,000 is required. Re-phasing of budget for 2015/16 Garage Sites (£63,000) Anstey Way (£213,000), Akeman Street (£20,000), Ventress Close (£2,000), Mill Road (£22,000), Kingsway (£182,000), Kendal Way (£34,000), Colville Road (£572,000) and unallocated budget ear-marked for the delayed Campkin Road scheme (£572,000), is partially offset by negative re-phasing where spend is ahead of profile for Queensmeadow (£50,000), Wulfstan Way (£13,000), Colville Garages (£16,000), Gunhild Way (£32,000), Cromwell Road (£73,000), Meadows and Buchan (£18,000), Tedder Way (£2,000) and Markham Close (£53,000). The profile of spending on all of these schemes will be reviewed again as part of the HRA Medium Term Financial Strategy.
5	Under delegated authority, the Strategic Director approved a budget for the acquisition of homes on the open market for use within the HRA to enable utilisation of retained right to buy receipts in a timely manner. In 2018/19 the budget carried forward from 2017/18 to complete the refurbishment works to Tuscan Court which was fully utilised, but final works came in at £28,000 more than anticipated. One property was acquired as a market acquisition from the County Council, and is now being let as affordable housing.

6	Spending in respect of the refurbishment of Ditchburn Place has progressed well during 2018/19, with the need to re-phase only £21,000 into 2019/20. The final phase of the re-development, to include the creation of two new units in the day centre, is expected to be complete by September 2019.
7	A net underspend of £629,000 in this area of the programme comprises no activity in respect of shared ownership re-purchase in 2018/19, giving rise to a £300,000 underspend, and underspending due to delays in the project to finalise the re-location of Stores to Cowley Road (£55,000) and the need to recognise the longer timeframe required to implement the new Housing Management Information System (£243,000), with both underspends requiring re-phasing into 2019/20. The balance of funding for the project to procure and Estate Services van (£1,000) will not now be required, nor will funding for works to HRA commercial premises (£29,000).
8	The allowance in the programme for inflation to costs was not required to be allocated across expenditure heads in 2018/19 as underspending across the decent homes, other investment in the housing stock and new build budgets meant that the additional funding was not required. It is proposed that this budget is re-phased into 2019/20 to ensure that sufficient budget is available in year to meet the costs of any deferred work, particularly in the new build area, where CIP costs under new affordable housing agreements are still to be finalised following procurement by Hill Investment Partnership on a scheme specific basis. A major review of the investment in or existing housing stock may also necessitate additional resource in 2019/20 to ensure that work can be delivered as planned.
9	27 properties were sold in total during 2018/19, far fewer than in the previous year. £334,000 of the capital receipt is available for general use (after all costs have been deducted from each receipt), while £735,000 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 £3,526,000 of right to buy receipts have been retained by the local authority in 2018/19, 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 again required to invest a significant sum during 2019/20 to ensure that it meets its responsibilities under the retention agreement, and this may mean the acquisition of further dwellings on the open market, if new build schemes do not progress as anticipated, to avoid passing the receipts to central government. With the number of schemes on site, or due to go on site, it is anticipated that market acquisitions can be avoided in 2019/20.
10	Capital receipts totalling £521,000 in respect of the sale of land and property on the open market were accounted for in 2018/19. The receipts have been, or will be used to fund future investment in affordable housing.
11	The major repairs reserve was used to finance capital expenditure in the housing stock in 2018/19, including investment in decent homes work, other investment in the housing stock and investment in new homes, particularly where an element of re-provision is required. Where less of this funding was utilised in 2018/19 than anticipated, it will instead be utilised in 2019/20.
12	Income was recovered from leaseholders in 2018/19 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£57,000) and was also received from private residents in relation to contributions towards DFG's or private sector housing repair grants (£27,000).
13	The use of revenue funding for capital purposes was more than anticipated, due entirely to the planned use the repairs and renewals (R&R) ear-marked reserve for IT to fund the costs of the Housing Management Information System Project. The use of this reserve is displayed as a revenue funding towards capital expenditure, but with the reserve held specifically for this purpose.
14	Receipts from the sale and re-sale of shared ownership dwellings in 2018/19 were lower than estimated by £456,000, with 10 sales at Virido out of 26 units available for sale and no re-circulation of existing shared ownership at all. The Disabled Facilities Grant was higher than expected due to the award of £86,000 of additional grant which was passed on to Huntingdonshire District Council. Grant of £312,000 was received from Homes England in respect of Ditchburn Place and private sector loan repayments of £15,000 were realised. The Devolution Grant claimed in 2018/19 was marginally less than anticipated, and the additional £135,000 will instead be claimed in 2019/20. The use of £72,000 of the DFG grant will also need to be re-phased into 2019/20 to ensure that grant can be invested appropriately (see note 1).

HRA Debts Written Off in 2018/19Write Off Cases by Category

Write Off Category	No. of Cases	Value Written Off
Bankruptcy / Insolvency	0	0.00
Debt relief order	9	12,127.44
Debtor deceased	85	54,723.70
Debtor is residing outside the UK	4	7,553.43
Debtor untraceable	10	21,562.48
Imprisonment	3	2,707.75
Other special circumstances	13	9,270.04
Statute barred	38	45,331.63
Uneconomical to recover	9	667.76
Recovery procedures exhausted	19	24,610.22
Unable to substantiate debt	0	0.00
Court has refused to make and order	0	0.00
Debt re-instated	9	(14,307.45)
Total Written Off (Net)	199	164,247.00

Write Off Cases by Value Banding

Write Off Value Band	No. of Cases	Value Written Off
Less than £100	14	782.39
£100.00 to £199.99	15	2,130.69
£200.00 to £299.99	18	4,436.81
£300.00 to £399.99	14	5,152.32
£400.00 to £499.99	19	8,449.64
£500.00 to £749.99	29	17,532.20
£750.00 to £999.99	21	17,960.19
£1,000.00 to £1,499.99	28	34,015.11
£1,500.00 to £1,999.99	9	15,413.04
£2,000.00 to £2,999.99	13	30,909.67
£3,000.00 to £3,999.99	5	17,703.20
£4,000.00 to £4,999.99	3	12,849.30
Greater than £5,000.00	2	11,219.89
Debt re-instated	9	(14,307.45)
Total Written Off (Net)	199	164,247.00