

Item

## **2019/20 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account**

**To:**

Councillor Richard Johnson, Executive Councillor for Housing

**Report by:**

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**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 2019/20 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from both revenue and capital budget underspends into 2020/21.
- d) A summary of housing debt which was written off during 2019/20.

#### **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 £1,431,300 in revenue funding from 2019/20 into 2020/21, as detailed in **Appendix C**.
- b) To approve a delegation to the Head of Finance to make the necessary changes to the 2020/21 base budgets to remove the impact of inflation in all non-pay and non-contractual revenue budgets.

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):

- c) Approval of carry forward requests of £6,560,000 in HRA and General Fund Housing capital budgets and associated resources from 2019/20 into 2020/21 and beyond 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.

2018/19 £'000	Housing Revenue Account Summary	2019/20 £'000
(3,281)	Original Budget (HRA Use of Reserves)	(1,404)
699	Adjustment – Prior Year Carry Forwards	773
(61)	Adjustment – Interest Receipts and Interest Paid	251
(327)	Adjustment – Increased Rent Income	(335)
146	Adjustment – Increased Bad Debt Provision	8
636	Adjustment – Depreciation	121
0	Adjustment - DRF	(343)
116	Other Adjustments	650

(2,072)	Final Budget	(279)
(2,521)	Outturn	(3,392)
<b>(449)</b>	<b>(Under) / Overspend for the year</b>	<b>(3,113)</b>
773	Carry Forward Requests	1,431
<b>324</b>	<b>Resulting Variation for the HRA</b>	<b>(1,682)</b>
0	Other variances	0
<b>324</b>	<b>Variance and (reduced) / increased use of HRA Reserves</b>	<b>(1,682)</b>

- 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 2019/20. The original revenue budget for 2019/20 was approved by the Executive Councillor for Housing on 16 January 2019.
- 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 £3,113,700 incorporates a number of key areas of underspending and overspending.
- 3.5 General HRA Services were £327,564 less than budgeted due in part to deferral of some Housing Transformation activity (£170,377), coupled with underspending in City Homes (£105,700) due to a rebate of business rates and underspending in the resource identified to support tenants through the transition to Universal Credit. Underspending in HRA Overheads (£76,986) is due predominantly to the ability to capitalise some of the up-front costs of new build schemes, previously charged to revenue, once the schemes receive formal approval to proceed.
- 3.6 Special HRA Services were overspent by £86,310 due to increased temporary housing demand (£23,850) and the need to meet the costs of maternity cover in the Independent Living Service (£33,937), offset by underspending at Ditchburn Place (£46,892) whilst units were held vacant pending completion of works and the transfer of care to a new

care provider and Virido, Clay Farm (£56,400) where the HRA received rebates for service charges paid to the management company on account in previous years.

- 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 (£121,793). 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 underspend of £126,630, combining underspending in response repairs (£285,515) where a reduced reliance has been placed on the use of sub-contractors and repairs have not been carried out where they are clearly the responsibility of the tenant, with underspending in cyclical repairs (£108,958), predominantly due to the hard-wire testing programme, where the contractor has experienced access issues. Gas servicing was also underspent (£59,242) with a marked reduction in the number of repairs being required as part of the servicing and maintenance contract. The Estate Investment revenue funding reported an underspend of £199,611, with projects identified and ordered for phase 1, but not fully delivered by March 2020.
- 3.9 Underspending was partially offset by overspending in void repairs (£303,604) due to an increased number of voids combined with an increase in the average cost of a void. Technical Services displays an overspend of £90,040 due to the volume of temporary staff employed during 2019/20 to work on a variety of projects and planned repairs an overspend of £81,981 as a result of the installation of additional smoke detectors in 2019/20 alongside the programme for the installation of heat detectors.
- 3.10 Other HRA expenditure comprises variances in the level of depreciation charged for 2019/20, which was £370,263 less than budgeted due to a retrospective reduction in the 2018/19 asset valuations as part of the 2018/19 audit process, an underspend in the budget ear-marked for the HRA share of the costs of corporate change (£275,485), a lower level of contribution to the bad debt proviso than anticipated (£217,373) and an

overspend in council tax for void properties (£59,920) as a result of the vacated homes at Colville Road and Campkin Road.

- 3.11 Income received in the HRA was greater than anticipated (£437,228), combining an over-achievement in rent and service charge income as a direct result of delays in securing vacant possession of Colville Road and Campkin Road and their continued use for temporary housing purposes, with increased garage rents and a greater than anticipated recharge to capital for the costs of administering the right to buy process.
- 3.12 Interest receipts were higher than anticipated (£329,331) due to the average interest rate realised for the year combined with a higher level of both revenue and capital balances than expected due to underspending elsewhere across the HRA. Underspending in the capital programme also resulted in a reduced call on revenue funding for capital purposes (£896,394) for 2019/20.

### **2020/21 Revenue Budgets**

- 3.13 In response to the current COVID-19 pandemic, the authority is considering a number of ways in which it might mitigate the financial impact of the crisis. One of the changes proposed is to remove the inflation from the 2020/21 budgets for any area that is not pay related or contractual, effectively asking cost centre managers to deliver services within cash limited budgets. A delegation to the Head of Finance, to allow the HRA revenue budgets to be amended to reflect this, is included within this report, so that the changes can be made in advance of the detailed work required for the preparation of the Medium Term Financial Strategy.
- 3.14 Other changes include consideration of the impact on the bids and savings approved as part of the 2020/21 budget process and a review of the capital programme. Any recommendations in this regard will be incorporated into the HRA Medium Term Financial Strategy in September 2020.

### **Capital Outturn**

- 3.15 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.

<b>2018/19 £'000</b>	<b>HRA Capital Summary</b>	<b>2019/20 £'000</b>	<b>% Final Budget</b>
41,105	Original Budget	52,825	115%
3,099	Adjustments (Re-phasing -prior year)	5,256	12%
(7,205)	Other Adjustments	(12,310)	(27%)
36,999	Final Budget	45,774	100%
31,687	Outturn	38,360	84%
<b>(5,312)</b>	<b>(Under)/Overspend for the year</b>	<b>(7,414)</b>	<b>(16%)</b>
5,256	Re-phasing Requests	6,560	14%
<b>(56)</b>	<b>(Under ) / Overspend</b>	<b>(854)</b>	<b>(2%)</b>

- 3.16 Spending in the Housing Capital Investment Plan in 2019/20 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 2019 and the Budget Setting Report in January / February 2020.
- 3.17 At outturn, against the latest capital budget approved, underspending of £2,225,000 was evident in new build investment, with slippage of £1,930,000 identified. This related predominantly to delays in respect of re-development schemes at Colville Road, Campkin Road and Kingsway, all of which are now moving forward. There are however a number of schemes on site, with affordable housing agreements now in place, and in some cases, payments were made ahead of where was previously anticipated. Handover of the 2015/16 garage sites took place in 2019/20, as did the majority of units on the site at Anstey Way, with the balance anticipated in the first quarter of 2020/21
- 3.18 Investment in the housing stock, in respect of decent homes and other capital activity was underspent by £3,168,000, with the need to defer £2,927,000 of investment into future years having been identified.
- 3.19 The capital expenditure relating to the acquisition of land and dwellings was less than anticipated in 2019/20, with several land parcels progressing during 2019/20, but none reaching completion stage.

- 3.20 The project to replace the Housing Management Information System will span multiple years and the balance of funding to deliver this project will require re-phasing into 2020/21, when the project is expected to conclude.
- 3.21 Permission is sought to re-phase the use of £284,000 of Disabled Facilities Grant, £11,543,000 of Devolution Grant and £896,000 of DRF (direct revenue financing) into 2020/21, where these will be used to finance capital expenditure identified.
- 3.22 Recognition also needs to be given to a reduced use of major repairs reserve as a funding source in 2019/20 (£4,807,000), with the need to recognise the deferred use of this in 2020/21 and 2022/23 to finance re-phased capital expenditure.

### **HRA Write Offs**

- 3.23 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 2019/20. **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 £3,113,700. After carry forward of revenue resource to fund deferred revenue expenditure, the overall variance and resulting reduction in the use of Housing Revenue Account Reserves is £1,682,400.

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**

There were no specific background papers used in the preparation of this report. Data directly from the Council's financial management system was used in the report's preparation.

## **7. Appendices**

- Appendix A – HRA Revenue Outturn 2019/20
- Appendix B – HRA Major Revenue Variance Explanations
- Appendix C – HRA Revenue Carry Forward Requests
- Appendix D – Housing Capital Investment Plan Outturn 2019/20
- Appendix D Notes – Notes to the Housing Capital Investment Plan
- Appendix D Notes (2) – Decent Homes and Other Investment in the Housing Stock Variance Explanations
- Appendix E – HRA Write Offs 2019/20



## **8. 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 2019/20 - 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
<b>INCOME</b>						
Dwelling Rents	(36,149,430)	(36,484,730)	(36,765,213)	(280,483)	0	(280,483)
Rental Income (Other)	(1,199,740)	(1,216,300)	(1,254,896)	(38,596)	0	(38,596)
Service Charges	(2,969,250)	(3,427,650)	(3,490,451)	(62,801)	0	(62,801)
Contributions towards Expenditure	(926,900)	(437,150)	(441,631)	(4,481)	0	(4,481)
Other Income (Incl. RTB Capitalisation)	(458,880)	(121,300)	(172,167)	(50,867)	0	(50,867)
<b>Total Income</b>	<b>(41,704,200)</b>	<b>(41,687,130)</b>	<b>(42,124,358)</b>	<b>(437,228)</b>	<b>0</b>	<b>(437,228)</b>
<b>EXPENDITURE</b>						
Supervision & Management (General)	3,770,570	2,786,990	2,459,426	(327,564)	220,300	(107,264)
Supervision & Management (Special)	3,358,560	2,938,590	3,024,900	86,310	0	86,310
Repairs & Maintenance	7,238,020	8,095,300	7,968,670	(126,630)	314,600	187,970
Depreciation	10,949,310	11,070,740	10,700,477	(370,263)	0	(370,263)
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,799,000	5,131,150	4,709,023	(422,127)	0	(422,127)
<b>Total Expenditure</b>	<b>29,115,460</b>	<b>30,022,770</b>	<b>28,862,496</b>	<b>(1,160,274)</b>	<b>534,900</b>	<b>(625,374)</b>
<b>Net Cost of HRA Services</b>	<b>(12,588,740)</b>	<b>(11,664,360)</b>	<b>(13,261,862)</b>	<b>(1,597,502)</b>	<b>534,900</b>	<b>(1,062,602)</b>
Interest Receivable (Interest on Balances & Item 8)	(800,950)	(543,310)	(872,641)	(329,331)	0	(329,331)
<b>(Surplus) / Deficit on the HRA for the Year</b>	<b>(13,389,690)</b>	<b>(12,207,670)</b>	<b>(14,134,503)</b>	<b>(1,926,833)</b>	<b>534,900</b>	<b>(1,391,933)</b>
<b>Appropriations / Other Movement in the HRA Balance</b>						
Loan Interest	7,513,790	7,506,750	7,494,241	(12,509)	0	(12,509)
Housing Set-Aside	4,472,200	1,560,900	1,560,900	0	0	0
Impairment	0	0	0	0	0	0
Direct Revenue Financing of Capital	0	2,568,300	1,671,906	(896,394)	896,400	6
Transfer to / from Ear-Marked Reserves	0	292,880	14,916	(277,964)	0	(277,964)
<b>(Surplus) / Deficit for year</b>	<b>(1,403,700)</b>	<b>(278,840)</b>	<b>(3,392,540)</b>	<b>(3,113,700)</b>	<b>1,431,300</b>	<b>(1,682,400)</b>
<b>(Surplus) / Deficit b/f</b>	<b>(11,620,379)</b>	<b>(11,620,379)</b>	<b>(11,620,379)</b>			
<b>Balance Carried Forward</b>	<b>(13,024,079)</b>	<b>(11,899,219)</b>	<b>(15,012,919)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2019/20 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
<b>Supervision and Management (General)</b>		
Housing Transformation	Investment in activity to transform the Housing Service progressed during 2019/20, with the Repairs Review culminating with a staff restructure consultation. Following consultation, the restructure is being implemented in 2020/21, with the remaining budget requested as a carry forward to meet the costs of change.	(170,377)
City Homes	Underspending in City Homes was due to significantly reduced business rate costs reported in the year due to a rateable value review and refund for prior years, coupled with lower than anticipated demand for the resource set-aside to support tenants through the transition to Universal Credit, with the transfer of claims still moving at a relatively steady pace in 2019/20. The pace is expected to accelerate in 2020/21 as a result of an increase in change of circumstances.	(105,700)
Departmental Overheads (HRA)	Underspending in HRA Overheads is due predominantly to the capitalisation of the up-front cost associated with new build schemes, where these had previously been met from revenue budgets, pending formal approval of the schemes.	(76,986)
Other		25,499
<b>Total</b>		<b>(327,564)</b>
<b>Supervision and Management (Special)</b>		
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 funded from an ear-marked reserve set-aside specifically for this purpose.	121,793
Virido, Clay Farm	The costs of estate-based activity and at Virido, Clay Farm were significantly lower than budgeted as a result of the authority receiving a rebate from the estate management company for sums paid on account in previous years. When the scheme was first established the management company set service charges based upon full service provision, but a lower level of service was actually delivered on the ground during the first 18 to 24 months that the scheme was occupied.	(56,400)
Ditchburn Place	The operational costs of Ditchburn Place were significantly lower than budgeted due to the number of vacant flats that were held during 2019/20 whilst major refurbishment work was concluded on the site and the responsibility for the delivery of care was transferred to a new care provider.	(46,892)
Independent Living Service Management	Overspending was evident in the Independent Living Service, predominantly due to the need to meet the costs of maternity leave cover for the service manager.	33,937
Temporary Accommodation	Temporary Housing costs were greater than anticipated due to an increase in the demand for temporary housing in 2019/20, resulting in an increase in premises related expenditure.	23,850
Other		10,022
<b>Total</b>		<b>86,310</b>
<b>Repairs and Maintenance</b>		

## Housing Committee - Housing Revenue Account

## Revenue Budget 2019/20 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Response Repairs	Underspending is evident in respect of day to day repairs, with a reduction in the reliance upon the use of sub-contractors. Work is now only being sub-contracted where there is insufficient capacity or a lack of skill in-house to fulfil the repair requirement, which has improved internal cost recovery in this area. Work is also being monitored to ensure that the authority does not carry out work that should be the responsibility of the tenant.	(285,515)
Planned Repairs	Planned repairs overspent, with an increase in the number of smoke detectors being installed as a direct impact of identifying the need alongside the installation of heat detectors, coupled with the unavoidable cost of temporary propping in some flat blocks whilst remedial works were specified and arranged.	81,981
Client Repairs	Overspending was predominantly due to the cost of works that would otherwise have been met through an insurance claim if the authority didn't carry a 'stop loss' in their policy, with the first £250,000 each year being met in-house.	56,451
Citywide Schemes	Cyclical repairs were underspent due to a mix of contractual variances, but with an underspend in hard wire testing as a result of access issues being the most significant element. This budget has been requested as a carry forward into 2020/21 to allow the contractor to re-attempt access.	(108,958)
Technical Services	Technical Services reported an overspend in 2019/20, as although the team carried a number of vacancies these were covered using temporary resource, which carried a greater cost to the service	90,040
Estate Investment	The revenue aspects of the Estate Investment Scheme were underspent at 31 March 2020, where works had been ordered but not all were completed by year end. The underspend is requested as a carry forward to allow the works to be completed in 2020/21.	(199,611)
Voids	Overspending in void repairs was due in part to an increase in the number of void jobs in 2019/20, coupled with an increase in the average cost of a void. The more complex voids gave rise to a backlog of void works in the latter part of 2019, which incurred additional cost due to the need to sub-contract some of the work. These additional costs were incurred in order to ensure that the vacant properties were made ready for re-let as quickly as possible and to avoid further rent loss.	303,604
Gas Servicing	Gas servicing was underspent in 2019/20, with fewer repairs being required as part of the annual service and maintenance contract. This budget was reviewed as part of the latest budget process, and has been reduced accordingly in 2020/21.	(59,242)
Other		(5,380)
<b>Total</b>		<b>(126,630)</b>

## Housing Committee - Housing Revenue Account

## Revenue Budget 2019/20 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
<b>Other HRA Expenditure</b>		
Depreciation	The level of depreciation charged to the HRA for 2019/20 was lower than anticipated due to a reduction in the opening value of the HRA asset base as a direct result of changes made to the 2018/19 valuations as part of the audit of the 2018/19 accounts and financial statements.	(370,263)
Contribution to the cost of corporate change	Budget carried forward from previous years to meet any residual costs of corporate change, including the accommodation strategy and resulting works and office relocation was not required when the project costs were finalised.	(275,485)
Contribution to the Bad Debt Provision	The contribution to the bad debt provision was lower than budgeted in 2019/20, with the impact on rent arrears as a result of the introduction of Universal Credit noticeable by 31 March 2020, but mitigated to some degree as a result of income management staff working proactively with the tenants affected.	(217,373)
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 Colville Road and Campkin Road whilst the sites are fully vacated prior to demolition.	59,920
Other		10,811
<b>Total</b>		<b>(792,390)</b>
<b>HRA Income and Other</b>		
Rental Income (Dwellings)	Dwelling rent income was higher than budgeted due to a combination of fewer right to buy sales in 2019/20 than anticipated, coupled with delays in vacating homes identified for demolition and re-development in Colville Road and Campkin Road, with those homes vacated in the earlier stages still being utilised for temporary housing purposes, thus extending the income received for these properties.	(280,483)
Rental Income (Other)	Rent for HRA garages and commercial property was over-achieved in 2019/20 due predominantly to increased garage income (£36,150) as a result of the current charging structure for garages and the number of garages occupied during the year.	(38,596)
Service Charges	Service charge income was over-achieved due predominantly to the delay in vacating homes earmarked for re-development and their short-term use as temporary housing. This was combined with an increase in income in respect of leasehold service charges.	(62,801)
Other Income	Other income is over-achieved due to the recharge to capital for the administrative costs of the right to buy process being greater than budgeted, partially offset by the costs recharged to the General Fund for shared amenities being lower than budgeted.	(50,867)
Other		(4,481)
<b>Total</b>		<b>(437,228)</b>

## Housing Committee - Housing Revenue Account

## Revenue Budget 2019/20 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
<b><i>HRA Interest, Premiums and Appropriations</i></b>		
Direct Revenue Funding of Capital Expenditure (DRF)	The use of DRF in 2019/20 included funding of £121,087 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. Other revenue financing of capital was lower than anticipated due to overall underspending in the Housing Capital Programme.	(896,394)
Transfer to or from Ear-Marked Reserves	A transfer from R&R fund reserves to finance the next phase of costs of the replacement Housing Management Information System (£121,087) was combined with also drawing from the reserve to fund expenditure at 171 Arbury Road, and in communal areas of sheltered schemes, emergency alarms and temporary housing.	(277,964)
Interest Received	The interest due to the HRA for 2019/20 was greater than anticipated due to both the interest rate realised and 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. Interest was also received in respect of notional internal lending in 2019/20.	(329,331)
Other		(12,509)
<b>Total</b>		<b>(1,516,198)</b>
<b>Total for Housing Revenue Account</b>		<b>(3,113,700)</b>

## Housing Committee - Housing Revenue Account

### Revenue Budget 2019/20 - Carry Forward Requests

**Request to Carry Forward Housing Revenue Account Budgets from 2019/20 into 2020/21 and future years**

Item		Request £
	<b>Director - S Hemingway</b>	
	<b>Supervision and Management General</b>	
1	Housing Transformation - Funding is spent under delegation to the Strategic Director, and funds from 2019/20 are requested as a carry forward to meet the costs of change arising from the Repairs Review, which is being implemented in 2020/21, to coincide with delivery of the latter aspects of the housing management IT system.	170,300
2	City Homes - Funding specifically incorporated into the budget to help support tenants through the transition from Housing Benefit to Universal Credit was not utilised during 2019/20 as the pace of transition remained steady. A greater number of residents are expected to trigger the transition during 2020/21 with changes in circumstances accelerated due the current pandemic. This funding will help ensure that tenants are supported effectively.	50,000
	<b>Supervision and Management Special</b>	
	No carry forward requests from 2019/20 into 2020/21.	
	<b>Repairs and Maintenance</b>	
4	Cyclical Maintenance - A carry forward request is proposed to meet the contractual commitments of the hardwire testing programme, where not all of the work was completed by TSG in 2019/20 due to access issues. The underspend on the Citywide Schemes cost centre is marginally less than the value of this carry forward, but the HRA as a whole can support this carry forward without drawing additionally upon reserves.	115,000
5	Estate Investment Scheme - A programme of estate-based works, both revenue and capital has been produced, with the year 1 works ordered during 2019/20. Not all of the works ordered were completed by 31 March 2020, and so revenue resource is requested as a carry forward into 2020/21 to complete phase 1 of the programme.	199,600
	<b>Appropriations</b>	
	Underspending in the Housing Capital Programme in 2019/20 resulted in a reduced call upon revenue resources to fund capital expenditure. To ensure that any re-phased capital expenditure can be financed in 2020/21, it is requested to carry forward the approval to use the balance of revenue funding approved for 2019/20 into the following year.	896,400
	<b>Total Carry Forward Requests for Housing Revenue Account / Housing Scrutiny Committee</b>	<b>1,431,300</b>

**2019/20 Housing Capital Investment Plan - HRA & General Fund Housing**[illegible]



## Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	Disabled Facilities Grants were underspent by £272,000 due to a combination of reduced demand for the service coupled with a vacancy in the Grants Officer role for part of the year, which delayed the approval process. When grossed up for the income received from clients, £284,000 will require re-phasing into 2020/21 to ensure that we can comply with the grant conditions under which we received the funding. Private Sector Grants and Loans also reported an underspent (£58,000), where demand has reduced in recent years.
2	A net underspend of £1,858,000 in decent homes expenditure during 2019/20 is a combination of under and overspending against the specific decent homes elements. Overspending in wall structure (£81,000) and roof structure (£70,000) is more than offset by underspending in bathrooms (£24,000), kitchens (£139,000), re-wiring (£49,000), energy and insulation works (£115,000), central heating (£465,000), sulphate (£102,000), other health and safety (£40,000), roof coverings (£181,000) decent homes work to new builds (£467,000), HHSRS (£168,000), capitalised officer fees (£19,000), contractor overheads (£222,000) and external doors (£18,000). These variances are before accounting for leaseholder income, which is reported separately. Re-phasing of underspending in 2019/20 into 2020/21 is requested in respect of energy improvements (£40,000), roofing works (£181,000), HHSRS (£168,000), other health and safety works (£40,000), contractor overheads (£181,000) and external doors (£18,000) Re-phasing of the budget for sulphate works is requested to be re-allocated to 2028/29 to the end of the existing sulphate programme, whilst re-phasing to the end of the 10 year investment programme is requested in respect of decent homes works to new build homes (£467,000), central heating and boilers (£465,000), kitchens (£139,000) and bathrooms (£24,000), when the budget is now expected to be required.
3	A net underspend of £1,310,000 was evident in 2019/20. Fire prevention works were underspent (£704,000), with the need to carry this forward into 2020/21, works to communal areas was underspent by £321,000, but with the need to carry this resource forward to specifically meet the cost of external wall structure works to flats. Underspending of £163,000 in respect of contractor overheads combines some slippage with the impact of underspending in other areas and £109,000 is requested to be re-phased. Underspending in Disabled Adaptations (£206,000), garage improvements (£27,000), lifts (£20,000) and capitalised officer fees (£7,000) do not require re-phasing. Overspending in asbestos removal of £20,000 and hard-surfacing works (£92,000) was also reported at year end. The capital funding for Estate Investment works, which was re-profiled in January 2020, spent marginally ahead of the profile, with the need to bring forward £32,000 of the budget allocated in 2020/21 to meet the 2019/20 expenditure.
4	The net underspend of £2,225,000 in the new build programme in 2019/20 relates predominantly to delays in 3 schemes. Securing vacant possession of the sites at both Colville Road and Campkin Road is taking longer than anticipated, with underspending of £508,000 and £2,127,000 respectively. Delays have also been experienced in the project at Kingsway, which is being delivered in-house by Maintenance and Assets, with an underspend of £331,000 reported for 2019/20. 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 £1,930,000 is required. Re-phasing of budget for Colville Road (£508,000), Campkin Road (£2,127,000), Kingsway (£331,000), Queensmeadow (£4,000), Colville Road Garages (£17,000), Kendal Way (£45,000), Gunhild Way (£7,000) and Teddar Way (£9,000), is partially offset by negative re-phasing where spend is ahead of profile for Wulfstan Way (£153,000), Cromwell Road (£39,000), Mill Road (£714,000) Meadows and Buchan (£256,000), and Markham Close (£6,000). The profile of spending on all of these schemes will be reviewed again as part of the HRA Medium Term Financial Strategy.

5	Budget of £1,000,000 was approved in January / February 2020 to allow the strategic acquisition of a number of small land parcels for potential development. The acquisitions all progressed during 2019/20, but none completed by 31 March, and as such the resource will require re-phasing into 2020/21 to allow this to take place.
6	Spending in respect of the refurbishment of Ditchburn Place has now concluded, with the site handed back in the autumn of 2019. An underspend of £105,000 is reported, with £15,000 of this requested as a carry forward to meet the costs of final employer's agent fees and any costs incurred during the retention period.
7	A net underspend of £604,000 in this area of the programme comprises reduced activity in respect of shared ownership re-purchase in 2019/20, giving rise to a £112,000 underspend, and underspending due to the need to recognise the revised timeframe required to implement the new Housing Management Information System (£422,000), with the latter requiring re-phasing into 2020/21. The balance of funding for the project to relocate stores (£40,000) will not now be required, nor will funding for works to HRA commercial premises (£29,000).
8	29 properties were sold in total during 2019/20. £358,000 of the capital receipt is available for general use (after all costs have been deducted from each receipt), while £834,000 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 £3,346,000 of right to buy receipts have been retained by the local authority in 2019/20, 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 2020/21 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, and subject to their ability to proceed in the current climate, it is anticipated that market acquisitions can be avoided in 2020/21.
9	Capital receipts totalling £97,000 in respect of funds due for Hundred Houses under the terms of a lease agreement were accounted for in 2019/20. The receipts were used to finance investment in affordable housing in 2019/20. The 4 remaining shared ownership homes on the Virido, Clay Farm site were sold in 2019/20, alongside one re-cycled older shared ownership dwelling. The net receipt was lower than anticipated as a result of less re-cycling activity than estimated coupled with the need to account for receipts from some sales as retained right to buy receipts due to the level of share sold.
10	The major repairs reserve was used to finance capital expenditure in the housing stock in 2019/20, 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 2019/20 than anticipated, it will instead be utilised in 2020/21 and beyond.
11	Income was recovered from leaseholders in 2019/20 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£405,000) and was also received from private residents in relation to contributions towards DFG's or private sector housing repair grants (£31,000).
12	The use of revenue funding for capital purposes was less than anticipated, due to underspending across the capital programme. This resource will instead be required in 2020/21 to meet the cost of the re-phased capital expenditure.
13	Devolution Grant received in 2019/20 was significantly greater than anticipated as a direct result of MHCLG making a payment of £17,000,000 to the Council directly, as opposed to paying via the Combined Authority. Funds were received from the Combined Authority for the first 3 quarters, and then from MHCLG in quarter 4. The grant received in advance of incurring expenditure (£11,543,000 after financing quarter 4 expenditure) will be used in 2020/21, with a reduced amount being claimed from the Combined Authority until this resource has been exhausted. The use of £284,000 of the DFG grant will also need to be re-phased into 2020/21 to ensure that grant can be invested appropriately (see note 1).

The capital underspend in respect of decent homes and other investment in the housing stock for 2019/20 can be summarised as follows, with more in depth explanations provided in the tables below:

Slippage – works ordered to be delivered in 2020/21	(£1,762,000)
Refusals / No access / No requirement - boilers, kitchens and bathrooms, sulphate	(£730,000)
Savings (from energy works, re-wiring, disability adaptations, garages, lifts, fees and overheads)	(£504,000)
Overspending (wall and roof structures, asbestos, hard-surfacing works, estate investment)	£295,000
"New build allocation" – a capital allocation to allow for future works to new build property	(£467,000)
	(£3,168,000)

#### Decent Homes expenditure

A net underspend of £1,858,000 in decent homes expenditure during 2019/20 is a combination of under and overspending against the specific decent homes elements.

	Value	Rephasing to 20/21	Rephasing to 29/30	Explanation
<b>Overspending</b>				
Wall structure	£81,000			Additional high level concrete and brickwork repairs at Hanover Court and Princess Court were completed in 2019/20.
Roof structure	£70,000			The extent of structural roofing repair work at Carlow, Donegal and Brooks Road flats cost more than the allocated budget.
<b>Underspending</b>				
Bathrooms	(£24,000)		£24,000	There were 23 bathrooms ordered where there was no access or response. The work will still be required at some point in the future, or when the property becomes void. We have already planned our programme of work for 2020/21 so we propose to move the underspend to later years in the capital programme.
Kitchens	(£139,000)		£139,000	There were 29 kitchens ordered where there was no access or response. The work will still be required at some point in the future, or when the property becomes void. We have already planned our programme of work for 2020/21 so we propose to move the underspend to later years in the capital programme. If tenants subsequently change their mind and want their kitchen replaced the work will be added into the next years programme.
Re-wiring	(£49,000)			Over 280 planned installations were completed. The cost of the work carried out was less than the budget.
Energy and insulation works	(£115,000)	£40,000		The planned loft insulation programme in 2019/20 was reviewed to ensure data was correct. This has now been ordered as part of a larger programme of loft insulation in 20/21.
Central heating	(£465,000)		£465,000	There were 448 boilers / heating installations ordered where there was no access or response. The work will still be required at some point in the future, when the heating fails, or when the property becomes void. The 2019/20 heating programme was a very large programme and over 900 boiler / central heating replacements were successfully completed. The level of no access / refusals was unusually high.
Sulphate attack	(£102,000)		£102,000	This work is undertaken when a property becomes void - no affected property became void in 2019/20 so the budget is requested to be moved to later in the capital programme.
Balconies (Other health and safety)	(£40,000)	£40,000		This underspend relates to unfinished structural work and associated repairs at Albemarle Way flats. Work is 90% complete, but has been on hold due to coronavirus.
Roof coverings	(£181,000)	£181,000		Work is on site at Brooks Road flats. This is a large project and is programmed to complete in September 2020.
Decent homes work to new builds	(£467,000)		£467,000	This is not actually an "underspend." When new build properties are added to our stock an allowance is made for planned maintenance work that will be required over the next 30 years. This is then profiled in the 30 year plan once a stock survey is completed. This budget will be re-profiled as part of the HRA Medium Term Financial Strategy.
HHSRS	(£168,000)	£168,000		This budget was set aside from the HHSRS budget predominantly to install fire doors at Hanover Court and Princess Court flats. There were unavoidable delays in the authority's ability to order this work as a result of national debate about the standard of fire doors which would be subject to certification following the Grenfell fire. Following issue of the new standards, surveys / investigations were conducted from Autumn 2019. This work was ordered and commenced in 2019/20 and will be completed in 2020/21, although it should be noted that the current pandemic may result in supply chain issues in respect of the manufacture of these doors. All remaining previously identified HHSRS failures within individual properties are programmed to be delivered in 2020/21, subject to property access. In some cases these works have been timetabled to coincide with the delivery of other structural work to specific blocks.
External doors	(£18,000)	£18,000		Some of the 2019/20 external doors replacement programme was not completed and these will be completed when coronavirus restrictions are lifted. Some of these doors are fire doors and there were delays in fire door installation following the Grenfell fire. It was not clear which manufacturers' fire doors had been tested and fully met the fire safety standards.
Capitalised officer fees	(£19,000)			The value of officer time that can be capitalised each year depends upon the nature of work that is carried out by each member of the team. In 2019/20 there was an increase in the level of officer time spent on revenue activity, resulting in an underspend against the capital allocation.
Contractor overheads	(£222,000)	£181,000		Underspending in specific decent homes elements results in a corresponding underspend in contractor overheads.
<b>Total</b>	<b>(£1,858,000)</b>	<b>£628,000</b>	<b>£1,197,000</b>	

#### Other Investment in the Housing Stock

A net underspend of £1,310,000 in other capital expenditure was evident in 2019/20.

	Value	Rephasing to 20/21	Rephasing to 29/30	Explanation
<b>Overspending</b>				
Asbestos removal	£20,000			There is an annual budget of £50,000 for asbestos removal. It is difficult to predict exactly how much the cost of asbestos removal will be due to the nature of refurbishment work carried out. In 2019/20 the cost of asbestos removal projects exceeded the budget.
Hard-surfacing works	£92,000			Additional works were carried out at Hazelwood and Molewood Close drying areas where there were trip hazards. Also the extent of work at Tuscan Court was greater than expected.
Estate investment programme	£32,000	(£32,000)		The capital funding for Estate Investment works, which was re-profiled in January 2020, spent marginally ahead of the profile, with the need to bring forward £32,000 of the budget allocated in 2020/21 to meet the 2019/20 expenditure.
<b>Underspending</b>				
Fire prevention works were underspent, with the need to carry this forward into 2020/21	(£704,000)	£704,000		The fire safety / prevention works programme contained a number of different elements in 2019/20. Some of these were delayed and this is why the request is made to carry the budget forward to 2020/21.
				Emergency lighting (£78,000) - the planned programmed works are at the Hawkins Road estate. These are going to be designed and delivered by the contractor carrying out the planned structural works. This is being tendered and the work completed in 2020.
				Non-compliant fire doors replacement (£223,000). This programme to replace 300+ non-compliant Manse fire doors started at end of September 2019 but is now on hold due to coronavirus. The money needs to be carried forward to complete the work. There was a delay starting this work following the Grenfell fire. It was not clear which manufacturers' fire doors had been tested and fully met the fire safety standards.
				Fire escape from maisonettes 4.5m above ground level. (£339,000). This is a large programme of work to fit internal fire doors and additional fire protection in 188 maisonettes. The project was designed and tendered in 2019/20. Pilot installations were halted by coronavirus. The money needs to be carried forward to complete the work.
				Vents and glazing improvements (£28,000). Fire risk assessments have identified works to vents and windows that open on to fire escape routes. Some more survey work is required and this was not completed in 2019/20.
				Fire compartment improvements (£36,000) - This is work that is required to improve fire compartments in five houses that have been converted into flats. There have been delays caused by assess and lease issues. The money needs to be carried forward to complete the work.
Works to communal areas was underspent, but with the need to carry this forward to specifically meet the cost of external wall structure works to flats.	(£321,000)	£321,000		This budget was allocated to structural works in communal areas. The Council is currently tendering structural works and associated repairs at Ekin Road flats, Hawkins Road maisonettes and Colville Road shops / flats. Work was planned to start in February 2020 but there was some additional survey work to complete that delayed the tender. Work is expected to start late summer.
Contractor overheads - combines some slippage with the impact of underspending in other areas and £109,000 is requested to be re-phased.	(£163,000)	£109,000		Underspending in specific investment elements results in a corresponding underspend in contractor overheads.
Disabled Adaptations	(£206,000)			This work is based on the number and type of Occupational Therapist referrals received. 120 orders were issued to contractors in 19/20 and just 11 are being carried forward to 20/21.
Garage improvements	(£27,000)			Planned work at East Road garages was postponed mid-year; seven new sites were ordered and completed and costs were below the £195,000 budget.
Lifts	(£20,000)			The budget was allocated for lift replacements at Ditchburn Place and the actual cost of the work (£118,000) was less than the budget.
Other	(£6,000)			
Capitalised officer fees	(£7,000)			The value of officer time that can be capitalised each year depends upon the nature of work that is carried out by each member of the team. In 2019/20 there was an increase in the level of officer time spent on revenue activity, resulting in an underspend against the capital allocation.
<b>Total</b>	<b>(£1,310,000)</b>	<b>£1,102,000</b>	<b>£0</b>	

HRA Debts Written Off in 2019/20Write Off Cases by Category

Write Off Category	No. of Cases	Value Written Off
Bankruptcy / Insolvency	2	3,325.62
Debt relief order	14	21,918.05
Debtor deceased	92	74,716.39
Debtor is residing outside the UK	6	12,641.87
Debtor untraceable	7	17,551.95
Imprisonment	1	1,895.40
Other special circumstances	5	8,645.69
Statute barred	38	25,959.11
Uneconomical to recover	61	3,240.38
Recovery procedures exhausted	35	65,568.24
Unable to substantiate debt	0	0.00
Court has refused to make an order	0	0.00
Debt re-instated	2	(2,589.36)
Total Written Off (Net)	263	232,873.34

Write Off Value Band	No. of Cases	Value Written Off
Less than £100	69	2,913.92
£100.00 to £199.99	18	2,449.68
£200.00 to £299.99	20	5,170.75
£300.00 to £399.99	16	5,616.71
£400.00 to £499.99	15	6,918.58
£500.00 to £749.99	34	20,861.47
£750.00 to £999.99	21	17,599.20
£1,000.00 to £1,499.99	20	24,099.71
£1,500.00 to £1,999.99	11	19,684.24
£2,000.00 to £2,999.99	11	25,913.84
£3,000.00 to £3,999.99	18	62,180.08
£4,000.00 to £4,999.99	3	12,687.46
Greater than £5,000.00	5	29,367.06
Debt re-instated	2	(2,589.36)
Total Written Off (Net)	263	232,873.34