

Health, Social Care and Housing Committee

10am, Tuesday, 13 September 2016

Housing Revenue Account– Financial Monitoring 2016/17 – Month Three Position

Item number 8.2
Report number
Executive/routine
Wards

Executive Summary

The Executive Director of Place is forecasting the following positions against Housing Revenue Account (HRA) budgets:

- Revenue – 2016/17 approved budget savings of £1.664m in relation to reductions in housing management, repairs and maintenance and ICT costs are forecast to be achieved. A balanced position is forecast.
- Capital – no slippage forecast

These forecasts should be considered in the context of significant pressures and risks in both capital and revenue budgets.

Links

Coalition Pledges
Council Priorities
Single Outcome Agreement

Housing Revenue Account – Financial Monitoring 2016/17 – Month 3 Position

1. Recommendations

- 1.1 It is recommended that the Health, Social Care and Housing Committee notes the HRA financial position.

2. Background

- 2.1 The Housing Revenue Account (HRA) is a ring fenced statutory account that is funded primarily from rents from Council housing and related assets and is used to fund the provision of Council housing in line with tenants' priorities.
- 2.2 On 21 January 2016 the Council approved the five year HRA Budget Strategy 2016/17 to 2020/21. This was informed by extensive consultation with tenants, focused on investing in goods and services that reduce tenants' cost of living and includes significant investment in new and existing affordable housing, while keeping rent increases affordable. It also takes account of the Housing Transformation Service Transformation Plan, approved by this committee in September 2015. As part of the five year strategy, the Council approved an annual rent increase of 2% which took effect on 1 April 2016. Rent levels are reviewed annually in consultation with tenants.
- 2.3 The approved HRA budget for 2016/17 is derived from the longer-term strategy. It comprises budgeted income of £107.463m, costs of £93.302m and a £14.161m contribution towards housing investment.
- 2.4 On 21 June Health Social Care and Housing Committee approved the revised HRA capital programme of for £44.3m.
- 2.5 This report provides an update on financial performance against the above budgets.

3. Main report

Revenue Budget

Overall Position

- 3.1 At month three, in line with the approved budget, a contribution of £14.161m towards housing investment is projected by financial year end.

Transformation

- 3.2 Under the Council's Transformation Programme, the way in which the housing service is being delivered has been redesigned in order to deliver savings to tenants. Savings of £1.120m per annum to the HRA are budgeted in respect of housing management and responsive repairs and £0.544m in respect of ICT costs (£1.664m in total). These savings are forecast to be delivered.

Treasury Management

- 3.3 As debt charges amount to almost 40% of HRA expenditure, good treasury management is essential to running an efficient housing service. Over recent years, surpluses have been used to repay debt which will allow more capacity to fund housing investment.

Pressures, Risks and Contingency Planning

- 3.4 The 16/17 HRA budget is relatively low risk as high demand for Council housing has resulted in a low level of empty homes and a stable income stream.

In order to mitigate risks and pressures the budget is set on the basis of conservative assumptions, which are tested and modelled before seeking Council approval.

Longer term the Housing Service faces a number of significant risks, these risks are detailed in the Housing Revenue Account Budget 2017/18 Update report.

Capital Budget

- 3.5 At month three no slippage is projected against the Capital budget of £44.3m

4. Measures of success

- 4.1 HRA revenue expenditure and income for 2016/17 is within budgeted levels.
Successful delivery of HRA capital programme within budget levels.

5. Financial impact

- 5.1 There are no direct financial implications arising from this report.

6. Risk, policy, compliance and governance impact

- 6.1 There are no direct risk, policy, compliance or governance implications arising from this report.

7. Equalities impact

- 7.1 The contents of this report, analysis and recommendations do not impact the Equality Act 2010 public sector general equality duty.

8. Sustainability impact

- 8.1 Successful delivery of the HRA budget will support investments to improve the energy efficiency of Council homes.

9. Consultation and engagement

- 9.1 Consultation was undertaken as part of the HRA budget-setting process.

10. Background reading/external references

- 10.1 Housing Revenue Account Budget Strategy 2016/17 – 2020/21 – Finance and Resources Committee 14 January 2016
- 10.2 Housing Revenue Account Budget 2017/18 Update - Health, Social Care and Housing Committee 13 September 2016

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11. Links

Coalition Pledges	P30 – Continue to maintain a sound financial position including long term financial planning
Council Priorities	CP13 – Transformation, Workforce, Citizen & partner engagement, Budget
Single Outcome Agreement	SO4 – Edinburgh’s communities are safer and have improved physical and social fabric

