

HRA Outturn & Financial Prospects 2002/3

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| Report of: Strategic Director, HHC | WARDS AFFECTED |
| Report Author: Sarah Fogden Housing Accountant Ext 2708 sfogden@oxford.gov.uk | ALL |
| Lead Member Responsible: Cllr Val Smith | |
| Overview and Scrutiny Committee Responsibility: Housing Scrutiny Committee | |
| Key Decision No | |

SUMMARY AND RECOMMENDATIONS

- This report presents the outturn position for the HRA & reports early variations identified for 2002/3.
- The Exec Board is asked to:
- approve total HRA carryforwards of £270,100
- note that a number of variations will be contained within the Housing Management Business Unit budget
- note the major variations that cannot be contained within existing budgets and could have a call on balances. These will be the subject of a future report
- agree to commit £200,000 to the Stock Condition Survey and release £70,000 from balances to fund the 02/03 shortfall in funding

1. 2001/2 Outturn

1.1 Annex A shows the HRA outturn by Business Unit. The report to Executive Board in April suggested an outturn of £1.3m call on balances. The figures have now been revised to £908,000. The figures are still subject to External Audit and in particular the Housing Subsidy, Rent Rebates and Debt Charges figures could change following that review.

1.2 The estimated balances as at 31st March 2002 are £1.5m.

- 1.3 The main difference between the April figures and these figures relates to Planned Maintenance. The April report reflected full commitment of the planned budget. Subsequent closedown analysis of Work in Progress has allowed a much lower figure to be charged to the 2001/2 accounts. This leaves £360,500 of work committed falling into the new financial year. Although balances seem high, available balances after these commitments and carryforwards (if approved) approved will be £0.9million.
- 1.4 Carryforwards of £190,300 have been identified to date, further carryforwards of £79,800 are requested (see Annex A). The Tenants Forum carryforward is re-requested as the minutes are vague on whether this was approved at 23rd April Executive Board.
- 1.5 Council has approved the return to the HRA of £280,000 used to fund the Capital expenditure of the Repairs Contact Centre. The Capital programme is again under review. If the decision is upheld, balances will be approx £1.2m.

2. 2002/3 Known Variations

- 2.1 There are a number of minor overspends identified within the Housing Management Business Unit including the need to resource the implementation of Supporting People, compensation issues and the desire to conduct a performance audit on rent arrears collection. It is hoped that these areas may be contained within the Business Unit budget.
- 2.2 The 2002/3 budget assumed savings of approximately £450,000 in permanent staff savings, the recruitment freeze, supplies & services and training. Of this, £270,000 was the permanent staff saving from redundancies. The timing of redundancies means that savings will only be £217,000 in 2002/3 but will rise to £285,000 in 2003/4. The recruitment freeze target is £100,000 and some progress has been made towards this. It is anticipated that the shortfall from permanent staff reductions can be met by exceeding the recruitment freeze target.
- 2.3 There are a number of areas where it is unlikely that expenditure can be contained:

Day to Day Repairs £300,000

The OBS Business Manager has indicated that a further £300,000 will be required in the current year to continue delivering repairs at the same rate. It is unlikely that the HRA budget can deliver savings within the year to cover such expenditure. The options are therefore to fund a repairs overspend from balances or to revise the Repairs delivery policy. The Housing Portfolio member has asked the OBS business manager to advise on what policy shifts would be necessary to contain expenditure within existing budgets.

Stock Condition Survey £70,000 (full cost of project £200,000)

Following pressure from GOSE, it is necessary to find £200,000 funding to undertake the survey. The funding will cover the costs of the survey, the associated IT costs and maintain the stock condition data in future years. The survey is the subject of an additional report but it is likely that of the £100,000 required in 2002/3, approximately £30,000 can be found from other budgets, leaving a funding shortfall of £70,000. This is a call on balances.

In addition it will be necessary to commit to £100,00 of expenditure in 2003/4. The introduction of Supporting People from 2003/4 will free up funds within the HRA of £140,000. This could be used to fund the 2nd year of the stock condition survey.

Caretaking

The Housing Portfolio member has expressed concern about standards and levels of caretaking. The OBS business manager is looking at how to improve the service and this may have a financial impact on the HRA.

Rent Reviews Unquantified

The Property section is undertaking a rent review exercise on all HRA commercial property. The review has not been incorporated into the budget so any additional income from the review may be used to offset part of the expenditure needs identified above.

3. A full HRA 2002/3 monitoring report will be presented to Exec Board at the end of July.

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| THIS REPORT HAS BEEN SEEN AND APPROVED BY: The Strategic Director, the Portfolio Holder & the Group Accountant. |
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Background Papers:
Revenue Budget 2001/2: Outturn
Exec Board 23rd April 2002

HRA PROBABLE OUTTURN

| BU | Approved budget £ | Exec Board 23.04.02 Probable Outturn £ | Exec Board 24.06.02 £ | Variation |
|--|----------------------|---|-----------------------------|--|
| B01 | 48,383 | 43,788 | 30,449 | - 13,339 |
| B20 | 112,013 | 42,401 | 20,061 | - 22,340 |
| B40 | - | 7,009,561 | 6,680,773 | - 153,507 * spend of £290k moved to OBS |
| B41 | 105,055 | 93,030 | 91,209 | - 1,821 |
| B42 | 319,285 | 230,427 | 233,658 | 3,231 |
| B43 | 6,874,659 | 6,959,504 | 6,711,202 | - 248,302 * spend of £290k moved from Housing Management |
| B44 | 585,141 | 573,831 | 557,664 | - 16,167 |
| B80 | 25,220 | 48,946 | 55,545 | - 6,599 |
| MRA | - | - | 4,941,833 | - 4,941,833 |
| Capital Charges - Interest | - | - | 31,170,532 | 31,170,532 |
| Capital Charges - depreciation | - | - | 12,713,386 | 12,713,386 |
| AMRA | - | - | 38,942,085 | - 38,942,085 |
| | 1,009,755 | 1,366,769 | 907,926 | - 458,843 |
| Balances as at 1st April 2001 | | 2,487,452 | 2,487,452 | |
| Adjustments in Year | | | | |
| Overrun Provision | - | 124,403 | 124,403 | |
| Housing Subsidy Claim adjustments | | 44,281 | 44,281 | |
| Revised balances | | 2,407,330 | 2,407,330 | |
| Spend 01/02 | | 1,366,769 | 907,926 | |
| Estimated Balances 31st March 2002 | | 1,040,561 | 1,499,404 | |
| Planned Maintenance work ongoing commitments | | | 360,500 | |
| Requested Carryforwards | | 221,100 | 270,100 | |
| Estimated Balances Available | | 819,461 | 868,804 | |

Notes:

Includes best estimate for Housing Subsidy, Rent Rebates & Debt Charges. All subject to change
Balances may increase by £280,000 if reimbursement of Repairs Centre upheld in Capital Funding Review.

| | £ | Minuted as approved Exec Board 23rd April |
|---|---------|---|
| Carryforwards Requested | | |
| OFTA and Tenant Association Grants 2001/2 | 13,000 | |
| BME report | 7,000 | |
| Stock Condition Survey committed spend | 10,800 | |
| Gas Servicing contract | 49,000 | |
| Forums | 190,300 | Not minuted as approved Exec Board 23rd April |
| Total | 270,100 | |

£