

HOUSING REVENUE ACCOUNT – FINANCIAL COMMENTARY 2018/19**1. Financial Background – 2018/19**

- 1.1. The HRA Self Financing Business Plan and Budget 2018+ formed a part of the overall Council Plan and Budget 2018+ that was approved at a full Council meeting on 27 February 2018 and this set out the long term financial strategy, asset management plans including new build, treasury management strategy, future rent projections and performance targets.
- 1.2. This HRA Self Financing Business Plan and Budget 2018+ established the budget strategy for 2018/19 and a balanced budget was approved for the financial year.

2. HRA Outturn 2018/19

- 2.1. An in-year break-even position was projected for the HRA (as reported to Cabinet as part of the monthly corporate revenue monitoring reports), maintaining the retained balance at £4.816m (including the minimum balance of £4.000m in accordance with previous External Audit recommendations).
- 2.2. The table below summarises the final approved budget for the year and compares this to the actual outturn (of a net in-year surplus of £0.609m) for all the key services.

Housing Revenue Account

	Revised Budget £'m	Actual Outturn £'m	Variation £'m
Rent Income and Other Income (including Service Charges)	(273.543)	(275.283)	(1.740)
Repairs	61.741	54.187	(7.554)
Local Housing Management Costs	67.053	65.222	(1.831)
Estate Services Costs	17.336	16.855	(0.481)
Revenue Funding of Capital	35.605	51.879	16.274
Capital Financing	51.491	51.126	(0.365)
Debt Repayment Provision	40.317	35.405	(4.912)
Net Position	0.000	(0.609)	(0.609)

2.3

The major variations during the year included:

- Higher than budgeted net rental and other income due to various increases in income, including lower than budgeted void properties (616 compared to a budget of 800).
- Substantially lower than budgeted expenditure on repairs to Council dwellings, due largely to reduced numbers of properties becoming void in the year (£2.650m) and lower than budgeted performance related payments to contractors (£1.153m) and reduced expenditure on lift repairs following the introduction of a new contract (£0.827m).
- Reduced local housing management and estate services costs (£2.312m), mainly due to a significant number of vacancies not filled as service redesigns are progressed.

- Higher than budgeted revenue funding of capital investment due to higher level expenditure on the Capital Housing Improvement Programme.

2.4 A debt repayment provision of £35.405m is proposed for 2018/19. This will reduce total HRA borrowing to £1.055bn at the year-end. This strategy is proposed as this is considered the most financially efficient option for the HRA and maximises its capital financing flexibility. This also affords a future option for further new borrowing in the future at lower rates if this is necessary to support the capital expenditure programme.

3. **Key Service Highlights for 2018/19**

The following service achievements for 2018/19 should be noted:

3.1. **Investment (further details are set out in the Capital Section of the Report)**

- handover of a further 181 new affordable homes for rent under the BMHT programme
- External funding of £2.682m secured from Homes England

3.2. **Repairs Service**

- the annual gas servicing programme was completed for all properties
- emergency repairs were completed in line with agreed timescales
- all responsive and right to repair jobs were undertaken or issued to repairs contractors for completion in line with agreed timescales
- all empty properties requiring repairs (where the property is to be relet) were completed or issued to repairs contractors for completion in line with agreed timescales

3.3. **Local Housing and Estate Services**

- year end current tenants arrears of £12.477m (or 4.9% of the total rent due) in line with the target
- delivery of key local estate services – night time security, caretaking, older peoples accommodation
- continuation of a low level of voids (620 at 31 March 2019 – equivalent to 1% of total dwellings) compared to a budget of 800 properties.

4. **Housing Revenue Account Balances**

4.1. The balances on the HRA are also accounted for separately and the position is set out in the table below.

	£'m
Balances at 31 March 2018	(4.816)
Surplus in year (see section 2.2 above)	(0.609)
Balances at 31 March 2019	(5.425)