

COMMITTEE	Communities, Housing & Infrastructure
DATE	24 May 2017
REPORT TITLE	2016/17 Housing Revenue Account
REPORT NUMBER	CHI/17/065
DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Helen Sherrit
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT:-

The purpose of this report is to provide elected members with a status report for the 2016/17 Housing Revenue Account and Housing Capital Programme as at 28 February 2017 summarising both income and expenditure.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

a) Notes the financial information contained within this report; and

b) Instructs that the Head of Finance continues to update the Committee in consultation with the Director for Communities, Housing and Infrastructure on the actual outturn position for 2016/17 following completion of the year end statutory accounts.

3. BACKGROUND/MAIN ISSUES / OTHER HEADINGS AS APPROPRIATE

Housing Revenue Account

- 3.1 The projected net saving for the year is forecast at £24.9m. It is anticipated this will be used to provide a CFCR contribution to fund the capital programme and increase the working balance.

3.2 The analysis of the forecast variances from budget are as follows –

	£'000
Repairs & maintenance	176
Gas/Electric	294
Ground Maintenance	(94)
Legal Expenses	(122)
Loss of rent Council Properties	(343)
Administration Costs	(151)
Supplies & Services	(97)
Capital Financing	(1,189)
Supporting People contribution	228
Dwelling house rent income	637
Heat with rent income	(90)
Garages & Parking Spaces rent income	(130)

- There is an over spend in repairs and maintenance of £176k. Repairs and Maintenance is demand led therefore final out-turns will depend on weather and stock condition. Forecast spend for 2016/17 overall is broadly in line with the spend of 2015/16. Spend is high on Gas Servicing but lower in other areas such as Electrical works.
- Utilities are forecast to be £294k overspent based on actual expenditure from 15/16.
- Loss of Rent – Council House's are currently forecast to be £343k under budget this is based on current trends. House Rent Income is forecast to be £637k under budget based on actual income to date.
- Capital charges have been provided by the Corporate Accounting team based on the anticipated out-turn for 2016/17 and actual expenditure for 2015/16.
- All other variances are based on actual expenditure/income for 2015-16.

Housing Capital

- 3.3 The Council is required to manage its capital programme in accordance with Part 7 of the Local Government (Scotland) Act 2003. This allows Councils to set their own borrowing limits, provided that they comply with the Chartered Institute of Public Finance and Accountancy Prudential Code for Finance in Local Authorities "the Prudential Code").
- 3.4 The Prudential Code requires Councils to set a capital programme that is affordable, prudent and sustainable. The main test of affordability is whether the capital financing costs can be contained within revenue budgets.
- 3.5 Council on the 3 December 2015 approved a funded Housing Capital Programme for 2016/17 of £43.4m.
- 3.6 The summary financial statement at Appendix 2 outlines the original budget for the current year and expenditure and income as at 28 February 2017.
- 3.7 Appendix 3 details the range of projects expected to be undertaken within the overall budget and spend to date.

- 3.8 It is currently forecast, based on figures to date, that the Housing Capital programme outturn will be managed within the framework as set out in the Prudential Code.
- 3.9 Appendix 4 details the earmarked reserves identified for the Housing Revenue Account.

4. FINANCIAL IMPLICATIONS

The Housing Revenue Account (HRA) has a gross expenditure of £86m which is ring fenced and is funded mainly from housing rents. The forecast position on the HRA, as outlined, indicates that there will be a working balance of £10.3m after taking account of the 2016/17 out-turn and other agreed commitments. This is in excess of the recommended minimum level of £8.3M.

Housing Capital has a funded programme of £43.5m, monies required to fund the housing capital programme can be achieved through external borrowing, capital receipts, capital grants and a revenue contribution. There are adequate resources available to finance the projected capital spend in 2016/17, as required by the Prudential Code.

5. LEGAL IMPLICATIONS

There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

Housing Revenue Account

To ensure the anticipated forecast outturn is maintained the service has been -

- Managing controllable costs for example staff vacancies and overtime
- Maximising the potential income streams of the service.

Medium Risk

Housing Capital

There are many factors that can lead to project delays such as consultation with tenants and owners, decanting of tenants and access to properties. Such delays would result in the opportunity to advance other projects.

Medium Risk

7. IMPACT SECTION

Economy

The Council has a duty to ensure that best value is considered in all of its operations and this report helps to inform that process.

People

Accurate budget monitoring and forecasting assists the Council to plan and design our services around current and future customer needs as much as possible.

Good financial information improves good financial management and helps to track how successful management initiatives, such as service redesign, have been.

Place

Housing Revenue Account delivers the priority 'tenants have a dry, warm home in a safe and enjoyable environment'.

Technology

This report is a status report therefore has no impact on further advances technology for the improvement of public services and/ or the City as a whole.

8. BACKGROUND PAPERS

3 December 2015 Draft Housing Revenue Account (HRA) and Housing Capital Budget 2015/16 to 2019/20

<http://councilcommittees/documents/g3612/Public%20reports%20pack%2016th-Dec-2015%2010.30%20Council.pdf?T=10>

Financial ledger data extracted for the period.

9. APPENDICES (if applicable)

Appendix 1 Housing Revenue Account Summary
Appendix 2 Housing Capital Account Summary
Appendix 3 Housing Capital Account Detail
Appendix 4 Earmarked Reserves

10. REPORT AUTHOR DETAILS

Helen Sherrit
Finance Partner
hsherrit@aberdeencity.gov.uk
01224 346353

HEAD OF SERVICE DETAILS

Steven Whyte
Head of Finance
Swhyte@aberdeencity.gov.uk
01224 523566

Appendix 1

**ABERDEEN CITY COUNCIL
REVENUE MONITORING 2016 / 2017 - HOUSING REVENUE ACCOUNT**

**DIRECTORATE : HOUSING AND ENVIRONMENT
DIRECTOR : PETE LEONARD**

As at	28 February 2017	YEAR TO DATE			FORECAST TO YEAR END			Change from last report
		Full year Revised Budget	Revised Budget	Actual Expenditure	Variance Amount	Outturn	Variance Amount	
	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
ACCOUNTING PERIOD 11								
PROPERTY COSTS	32,859	30,121	30,172	51	33,487	628	2%	(45)
ADMINISTRATION COSTS	12,287	11,263	11,023	(240)	12,136	(151)	-1%	(242)
SUPPLIES & SERVICES	410	376	334	(42)	313	(97)	-24%	(96)
TRANSFER PAYMENTS TOTAL	2,527	2,317	2,220	(97)	2,412	(115)	-5%	(48)
CAPITAL FINANCING COSTS	14,299	0	0	0	13,110	(1,189)	-8%	(472)
GROSS EXPENDITURE	62,382	44,077	43,749	(328)	61,458	(924)	-1%	(903)
LESS: INCOME								
OTHER GRANTS & CONTRIBUTIONS	0	0	0	0	0	0	0%	0
INTEREST	(114)	(105)	0	105	(147)	(33)	29%	0
OTHER INCOME	(86,704)	(79,478)	(77,089)	2,389	(86,209)	495	-1%	227
TOTAL INCOME	(86,818)	(79,583)	(77,089)	2,494	(86,356)	462	-1%	227
NET EXPENDITURE	(24,436)	(35,506)	(33,340)	2,166	(24,898)	(462)	0%	(676)

VIREMENT PROPOSALS

REVENUE MONITORING VARIANCE NOTES

Property Costs

The main reasons for the movement is a forecast over spend in repairs and maintenance of £176k offset by overspends on Utilities £294k and Council Tax £171k based on 15/16.

628 (45)

Administration Costs

The overspend relates to forecast Services Administration and Charges based on 15/16 actuals plus 1%..

(151) (242)

Supplies & Services

Main reason for variance is reduction in forecasts at Period 11 on various Supplies & Services headings.

(97) (96)

Transfer Payments

The main reason for the underspend is reduced loss of rent for Council Properties £343K, resulting from a lower than anticipated volume of voids. This is offset by an overspend on Supporting People contribution £228K.

(115) (48)

Capital Financing Costs

Capital Financing Costs are posted at the end of the financial year. It is forecast that capital financing costs are £717k under budget these are the latest forecasts from Corporate Accounting based on capital expenditure for 2015/16 and Outturn for 2016/17.

(1,189) (472)

Income

The forecasts for Dwelling House Rent Income and various other rents are based on current forecast level of income.

462 227

(462) (676)

2016/17

	Approved Budget £'000	Actual at 28/02/17 £'000	Estimated Out-turn £'000	Notes
Expenditure	48,846	32,700	43,473	1
Slippage	(5,373)			2
Total Expenditure	43,473	32,700	43,473	
Funded by:				
Borrowing	(14,371)	(7,894)	(14,409)	3
CFCR	(24,436)	(22,365)	(24,398)	4
Grant Income	(4,666)	(2,441)	(4,666)	
Total Income	(43,473)	(32,700)	(43,473)	

(Note 1) Expenditure

As at 28 February 2017 the Council has paid £32.7m of the budgeted £43.5m.

(Note 2) Slippage

The total available budgeted programme for capital expenditure of £43.5m is set to allow for slippage. (contract price variations, projects starting later than anticipated, projects being amended etc)

(Note 3) Borrowing

This is the level of borrowing the Council has approved to undertake in 2016/17.

(Note 4) Capital From Current Revenue (CFCR)

At present it is anticipated that a £24.3m for the revenue contribution to capital will be made.

The overall level of the revenue contribution will be subject to variation dependent on the final position of the Housing Revenue Account and the Capital programme.

Appendix 3

Housing Capital 2016/17

Project	Original Approved Programme £'000	Actual As at 28 February £'000
SCOTTISH HOUSING QUALITY STANDARDS		
1 Compliant with the tolerable standard		
1.1 Major Repairs		
Major Repairs/Capitalised Repairs	1,414	1,266
	<hr/>	<hr/>
	1,414	1,266
2 Free from Serious Disrepair		
2.1 <u>Primary Building Elements</u>		
Structural Repairs Multi Storey	7,615	5,055
Multi Storey blocks are surveyed on a 5-7 year cycle to identify any works required to the Structure of the buildings in order to keep the buildings safe and prolong their life.		
Structural Repairs General Housing	2,641	2,250
Structural works carried out in order to keep the building stable and structurally sound		
<u>Secondary Building Elements</u>		
2.2 Upgrading Of Flat Roofs General	447	423
Replacement of existing roof covering and upgrading of insulation to meet current building957 Regulations.		
2.3 Upgrade Flat Roofs Multi Storey	1,024	1,147
Full replacement of the flat roofs and also checking the replacement of roof ventilation as required		
2.5 Mono Pitched Types	855	318
Replacement of the external render of the building, replacement of gutters and downpipes and environmental works		
2.6 Window Replace General	654	(117)
A rolling programme of double glazing where previously single glazing, or replacing Double glazing to meet current standards. This is based on a cyclical programme.		
2.7 Window Replace Multi Storey	0	0
A rolling programme to replace existing double glazing to meet current standards. This is on a cyclical programme.		
2.8 Balcony Storm Doors	0	0
Replacement of existing doors with more secure, solid doors		
2.9 Balcony Glass Renewal - Multi Storey	128	56
Replacement of existing balcony glazing on a cyclical basis		
	<hr/>	<hr/>
	13,365	9,132
3 Energy Efficient		
<u>Effective insulation</u>		
3.1 General Houses Loft Insulation	76	50
Installation of loft insulation where there is none previously or the topping up of existing Insulation to comply with current building regulations.		
<u>Efficient Heating</u>		
3.3 Heating Systems Replacement	5,161	5,650,
Replacement of boiler/whole system as deemed necessary.		
3.4 Medical Need Heating	0	0
Installation of gas/electric heating depending on the medical assessment. This can be installing a completely new system, modifying or extending an existing system.		
3.5 Energy Efficiency Multi Blocks	1,678	1,286
Contribution to Aberdeen Heat & Power for the creation of Combined Heat & Power Plants		
3.6 Energy Efficiency Sheltered	220	166
Introduction of energy efficiency measures in sheltered housing such as new or upgraded Systems.		

Project	Original Approved Programme £'000	Actual As at 28 February £'000
<u>Additional Energy Efficiency measures</u>		
3.7 S.C.A.R.F Payment to SCARF for work carried out by them under the Energy Efficiency programme to Individual council properties. The work carried out includes the installation of loft insulation, Draught proofing and compact fluorescent bulbs. Also, providing tenants with energy efficiency Advice and information.	0	0
3.8 Solid Wall Insulation Installation of solid wall insulation where there was none previously.	35	0
3.9 Vestibule Doors Installation of new doors where there were none before.	0	0
	7,170	7,152
4 Modern Facilities & Services		
<u>Bathroom and Kitchen Condition</u>		
4.1 Modernisation Programme Replacement of bathrooms and kitchens.	2,092	1,333
	2,092	1,333
5 Healthy, Safe & Secure		
Healthy		
5.1 Condensation Measures Installation of heating systems and ventilation measures to combat condensation.	21	31
Safe		
5.3 Rewiring Replacement of cabling, fittings and distribution boards as necessary. This work is carried out in every property on a cyclical basis	2,836	1,725
5.4 Lift Replacement Multi Storey/Major Blocks Replacement of lifts where they are beyond economical repair. This can be full replacement replacement of specific parts of the lift.	1,439	1,399
5.5 Smoke Detectors	349	167
5.6 Services Cyclical maintenance/replacement of the following services Ventilation Systems, Water Tanks/Pipework, Refuse Chutes/Chamber Dry Riser Systems, Standby Generators	0	33
5.7 Entrance Halls/Concierge Provision of security service	0	0
5.8 Laundry Facilities Replacement of laundry equipment	58	20
5.9 Upgrading of Lighting Installation of lighting controlled by photo cell i.e. switches on and off automatically depending on the level of natural light. Installation of lighting in areas where there was none before.	0	43
Secure		
5.11 Door Entry Systems Installation of door entry and replacement of existing doors where required	365	37
5.12 Replace Door Entry Systems - Major Blocks Installation of door entry and replacement of existing doors where required	0	24
5.13 Other Initiatives Upgrading of stairs and installation of security doors and door entry systems	300	13
5.14 Crime Prevention /Safety Measures		
	5,368	3,492

Project	Original Approved Programme £'000	Actual As at 28 February £'000
NON SCOTTISH HOUSING QUALITY STANDARDS		
6 Community Plan & Single Outcome Agreement		
6.1 Housing For Varying Needs New build including extra care housing.	413	112
6.5 Community Initiatives Early Action projects linked to Regeneration and Master planning Briefs for Regeneration & provision of consultation events. Acquisition of land for new build programme & Cruff Court	1,082	248
6.6 CCTV – Multi Storey Provision of CCTV for the multi storey service	154	3
6.7 Adaptations Disabled Installation of level access showers, ramps, stair lifts and kitchen adaptations	1,126	861
6.8 Special Initiatives/Barrier Free Housing Provision of specialist facilities or housing for tenants with particular needs i.e. extensions	712	(17)
6.9 Housing For Varying Needs- Amenity/Adaptations Conversion of properties to Amenity Level standard	443	216
6.10 Housing For Varying Needs- Extra Care/Adaptations Adaptations required to ensure existing sheltered housing stock meets current standards	362	729
6.11/ Roads/Paths	300	105
6.12 Upgrade of Roads to an adoptable standard and the Formation or upgrading of paths		
6.13 Garages Upgrade of Garages	0	0
6.14 New Affordable Housing	12,350	7,611
	16,943	9,868
7 Service Development		
7.1 Conditions Surveys Surveying of Council houses to identify failures against Scottish Housing Quality Standard	0	0
7.2 Property Database Various items of IT equipment including hardware and software	0	25
7.3 Integrated Housing System Various purchase of PC's and software packages	0	0
	0	25
8 Service Expenditure		
Corporate Fees	2,494	432
	2,494	432
Total Budget	48,846	32,700

Earmarked Reserves

As at Period 11 2016/17	Balance b/f 1 April 2016	Forecast for Year	New Amounts / (Unrequired) Amounts	Projected c/f 31 March 2017	Details (reason for holding, plans for using, assumptions on new amounts and reasons for unrequired amounts)
	£'000	£'000	£'000	£'000	
<i>Projects:</i>					
Welfare Reform	2,850	0	0	2,850	Money Set aside for the potential impact of welfare reform, as Universal Credit did not commence in Aberdeen until November 15.
Repairs & Maintenance	1,193	1,193	0	0	This is for the zero cost jobs in Building Services as at 31 March 2015. Jobs initiated at 31 st March 2015 but work has yet to commence.
Non RTB Sales	245	0	0	245	Income from non Right to Buy sales to be set aside for new build.
Total	4,288	1,193	0	3,095	