

2019/20 Housing Revenue Account Summary

Description	2019/20 Original Budget £'000	2019/20 Current Budget £'000	2019/20 Outturn £'000	2019/20 Variance £'000
Income:				
Dwelling Rents	(24,408)	(24,408)	(23,676)	732
Non-Dwelling Rents	(319)	(319)	(289)	30
Charges for Services and Facilities	(662)	(662)	(670)	(8)
Other Income	(66)	(66)	(47)	19
Total Income	(25,455)	(25,455)	(24,682)	773
Expenditure:				
Repairs and Maintenance	8,110	8,110	8,932	822
Supervision and Management - General	3,201	3,207	3,781	574
Supervision and Management - Special	1,326	1,320	1,255	(65)
HRA share of Corporate and Democratic Costs	421	421	421	0
Depreciation and Impairment of Fixed Assets	3,620	3,620	3,628	8
Revaluation Losses (Gains)	0	0	(9,056)	(9,056)
Non-enhancing Capital expenditure	0	0	4,566	4,566
Debt Management Expenses	35	35	42	7
Provision for bad debts	245	245	131	(114)
Other Expenditure (Pension Deficit)	272	272	0	(272)
HRA Internal Insurance	0	0	9	9
Total Expenditure	17,230	17,230	13,709	(3,521)
Net Cost of HRA Services	(8,225)	(8,225)	(10,973)	(2,748)
Interest Payable and Similar Charges	2,718	2,718	2,731	13
Interest and Investment Income	(219)	(219)	(391)	(172)
Investment Property Inc & Exp*	0	0	(25)	(25)
Return on Pension Assets *	0	0	328	328
Net (Gain)/loss on sale of HRA Assets *	0	0	(1,358)	(1,358)
Capital receipts pooling *	0	0	802	802
HRA (Surplus)/Deficit	(5,726)	(5,726)	(8,886)	(3,160)
MOVEMENT ON THE HRA BALANCE:				
(Deficit)/Surplus for the Year	5,726	5,726	8,886	3,160
Other Reserve Movements	262	262	375	113
Repayment of Principal	(3,222)	(3,222)	(3,222)	0
Transfer to Major Repairs Reserve	(2,523)	(2,523)	(2,526)	(3)
Net charges made on Retirement Benefits (IAS19)	0	0	1,780	1,780
Employer's contribution to Pension Fund	0	0	(689)	(689)
Net (Gain)/loss on sale of HRA Assets	0	0	(1,358)	(1,358)
Capital receipts pooling	0	0	802	802
Non-Enhancing Capital Expenditure Financed from MRR	0	0	4,566	4,566
Revaluation (Gains)/Losses	0	0	(9,062)	(9,062)
Reduction in Transfer to Reserve	243	243	(448)	(691)

*Accounting adjustment reversed out on the HRA balance

Explanation of Significant Variances	£'000
<p>Dwelling rents</p> <p>Budget is set using a number of assumptions in relation to stock levels, average rents and void rates. As at 1 April 2019 the opening stock figure was lower than anticipated as a result of the increase in right to buy sales during 2018/19 (65 were sold compared to a budgeted figure of 39) and during this year a further increase in right to buy sales (56 sales against a budgeted 50) has decreased the stock levels. In addition to this, delays in the new build schemes have further reduced stock levels. Reduction in rents from this is estimated at £163k.</p> <p>Void rates have been budgeted at 1.5% but are currently averaging 1.8% resulting in a shortfall in collectible rent £75k.</p> <p>Write offs in the year have been £153k and year-end adjustments to reflect 5 days of income relating to 2020/21 have reduced the income by £326k.</p>	717
Reduction in income for heating service charge of £19k due to repair works being carried out in 2019/20. This is offset by a reduced cost in fuel.	19
Warden service charges income has increased (£22k) in line with the introduction of further temporary accommodation units.	(22)
<p>Repairs & Maintenance</p> <p>Increase in salaries recharged to capital projects (£47k) and repairs works rechargeable in nature (£12k)</p> <p>During the process of re-evaluating the maintenance contracts for the fire alarm systems, only statutory works have been covered causing an underspend of (£193k). It is requested that £50k of the budget be carried forward to cover other works that have been delayed.</p> <p>Spend on premises maintenance and scheduled works has increased by £270k. Works are reactive in nature and spend dependant on the repairs required. The majority of the overspend is attributable to work on void properties.</p> <p>Redundancy and associated costs from service restructure of £152k. Savings from the restructure will be seen in future years.</p> <p>Pension costs of £622k for accounting entry IAS19 are included. These have been removed in the above table within movement on the HRA balance.</p>	792
<p>Supervision & Management General</p> <p>Contribution of £45k from Housing to the newly formed Business Support Unit.</p> <p>Increase in legal costs of £101k due to external legal costs now being charged directly to the HRA, and an ongoing complex case.</p> <p>Redundancy and associated costs from service restructure of £37k.</p>	539

<p>Savings from the restructure will be seen in future years.</p> <p>Pension costs of £281k for accounting entry IAS19 are included. These have been removed in the above table within movement on the HRA balance.</p> <p>Housing Development – There has been an overspend of £75k which will be funded through reserves.</p>	
<p>Supervision & Management Special</p> <p>Increase in service charge of Tunstall alarm monitoring system of £22k. This is being appraised as part of a full sheltered housing review.</p> <p>Scheduled communal room refurbishments of (£70k) have been delayed whilst other works were undertaken. Budget is requested to be carry forward for the project to be completed in 2020/21.</p> <p>There has been a reduction of (£27k) in gas usage of whilst works being done on communal heating.</p> <p>Housing Development – There has been an overspend of £32k which will be funded through reserves.</p> <p>Pension costs of £34k for accounting entry IAS19 are included. These have been removed in the above table within movement on the HRA balance.</p>	(9)
<p>Asset Revaluations</p> <p>Accounting entries for asset revaluation gains of (£9.056m) are included. These have been removed in the above table within movement on the HRA balance.</p>	(9,056)
<p>Non-Enhancing Capital Expenditure</p> <p>Accounting entries for expenditure on non-enhancing capital (expenditure incurred through the HRA capital programme, in respect of activities to maintain the decent homes standard within the housing stock) of £4.566m is included. This has been removed in the above table within movement on the HRA balance.</p>	4,566
<p>Provision for bad debts</p> <p>The introduction of universal credit has not had the increase of unpaid rents as expected.</p>	(114)
<p>Interest</p> <p>The rephasing of the new build programme has resulted in reserve balances being higher than budgeted which has led to an increase in the investment income received.</p>	(172)