

HRA REVENUE OUTTURN 2013/14

Cabinet Member Cllr Neal Davey
Responsible Officer Head of Finance

Reason for Report: To present the revenue outturn figures for the financial year 2013/14.

RECOMMENDATION(S): That the PDG - note the positive position achieved on the Housing Revenue Account which shows an annual saving of £32k and approve the “ear marking” of specific items totalling £2,553k identified in paragraph 3.2.

Relationship to the Corporate Plan: The financial resources of the Council impact directly on its ability to deliver the corporate plan prioritising the use of available resources carried forward from 2013/14. All future spending will be closely linked to key council pledges from the updated corporate plan.

Financial Implications: Good financial management and administration underpin the entire document.

Legal Implications: None.

Risk Assessment: Regular financial monitoring information mitigates the risk of over or underspends at year end and allows the Council to direct its resources to key corporate priorities.

Executive Summary of 2013/14

The table below gives an overview of the year movements during the year on the key operational balances of the Council and then shows the closing cash position which will be reflected in the end of year Accounts.

	31/3/13	In year movement	31/3/14
Housing Revenue Account	(£1,968k)	(£32k)	(£2,000k)

Note - These movements assume that all proposed recommendations are agreed.

1.0 Introduction

1.1 During the budget setting process we continue to ensure that revenue budgets are set on a robust basis and took a prudent view of the likely levels of income and expenditure.

1.2 It should be noted, in order to get a completed year end outturn position to Senior Management and Members in a timely fashion the attached financial

information includes: budgeted capital charges and support services and prior to a full review of bad debt provision. Therefore, these figures may be altered slightly over the next few weeks as we complete the formal accounts process, but will have little effect on the overall HRA surplus position.

- 1.3 Members of the Audit Committee should note that the outturn report is basically a set of management reports that show the final cash related position on all service areas. The Finance Team then have to turn these management reports into the Final Accounts which are subject to a wide number of complex accounting rules that often significantly change the final picture of a service's financial position for the year. However, it is important to note that the bottom-line profit or loss for the year remains constant.

2.0 Housing Revenue Account (HRA)

- 2.1 This is a ring-fenced reserve in respect of the Council's housing function. It is increased or decreased by the surplus or deficit generated on the HRA in the year. For 2013/14 a net surplus of £689k was achieved before any transfers to/from ear marked reserves.
- 2.2 This surplus is explained in paragraph 3.4 and the effect of it on the HRA Balance is shown below.

HRA Balance

HRA balance @ 31/03/13	£ (1,968)k
Budget saving achieved in 2013/14	£ (689)k
Total HRA balance before 2013/14 EMRs	£ (2,657)k
Proposed adjustments to Ear Marked Reserves to be cfwd into 2014/15	
Use of renewable energy fund	£ (138)k
Use of sewerage plant reserve	£ (84)k
Extra income rec'd from solar panel agreement	£ 246k
Transfer to 30yr modernisation programme	£ 633k
HRA balance after proposed EMRs	£ (2,000)k

Note – the 2013/14 budget also included a planned transfer to the 30 year modernisation reserve of £1,895k.

- 2.3 The above position leaves the HRA Balance at £2,000k at 31 March 2014.

- 2.4 The table below highlights the main budget variances during 2013/14 that give rise to the figure of £689k as shown in paragraph 3.2. For further details, please see the HRA Outturn Summary for 2013/14, which is attached as Appendix 3 to this report.

Summary of Major Variances	£k
Income rec'd from solar panel agreement	(246)
Lower borrowing costs from GFund	(101)
Staff savings	(182)
Increased rents from Wells Park development	(63)
Expenditure on sewage works to be met from reserves	84
Other variances (see Appendix 3)	(181)
Total HRA under spend – before EMRs	<u>(689)</u>

- 2.5 In addition to the above, the HRA hold a number of EMRs. The movements on these during 2013/14 and their closing balances are shown on Appendix 4. This money is effectively “ring fenced” and will be held to meet expenditure on projects during 2014/15.

3.0 Conclusion

- 3.1 Members are asked to note the revenue outturn figures for the financial year 2013/14 and agree the proposed ear marking of surplus funds generated by in year savings from the HRA.

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Background Papers:

Circulation of the Report:

Cllr Neal Davey
Management Team

HOUSING REVENUE ACCOUNT
FINANCIAL MONITORING INFORMATION
FOR THE YEAR ENDED 31 MARCH 2014

Code		2013/14 Budget £	2013/14 Actual £	Variance £	Variance %
Housing Revenue Account					
1000	Employees	2,655,420	2,250,874	(404,546)	-15.2%
2000	Premises	183,010	131,285	(51,725)	-28.3%
3000	Transport	296,280	253,665	(42,615)	-14.4%
4000	Supplies and Services	5,489,270	5,198,616	(290,654)	-5.3%
Total Direct Expenditure		8,623,980	7,834,439	(789,541)	-9.2%
7000	External Income	(13,771,710)	(13,671,636)	100,074	0.7%
Net Direct Expenditure		(5,147,730)	(5,837,197)	(689,467)	13.4% (a)
5000	Internal Recharges	1,130,890	1,130,890	0	
6500	Capital Charges	4,016,840	4,016,840	0	
Total Indirect Expenditure		5,147,730	5,147,730	0	
Total HRA Expenditure		0	(689,467)	(689,467)	N/A
BHO01	Dwelling Rents	(11,829,720)	(11,892,276)	(62,556)	0.5%
BHO02	Non-Dwelling Rents	(522,430)	(525,706)	(3,276)	0.6%
BHO03	Tenant Charges For Services	(329,840)	(330,507)	(667)	0.2%
BHO04	Leaseholders' Service Charges	(13,700)	(12,712)	988	-7.2%
BHO05	Contributions Towards Expend.	(21,890)	(37,860)	(15,970)	73.0%
BHO06	Other Charges For Services	(122,680)	(133,637)	(10,957)	8.9%
BHO06B	Miscellaneous Income	(19,000)	(280,867)	(261,867)	1378.2%
BHO07	H.R.A. Investment Income	(21,950)	(21,886)	64	-0.3%
BHO09	Repairs And Maintenance	2,571,580	2,528,810	(42,770)	-1.7%
BHO10	Supervision & Management	1,446,640	1,411,829	(34,811)	-2.4%
BHO11	Special Services	482,800	390,517	(92,283)	-19.1%
BHO17	Bad Debt Provision Movement	25,000	(1,303)	(26,303)	-105.2%
BHO18	Share Of Corporate And Democratic Core	151,070	124,760	(26,310)	-17.4%
BHO20	H.R.A. Interest Payable	2,924,010	1,381,547	(1,542,463)	-52.8%
	HRA loan - principal repaid		1,397,165	1,397,165	
BHO23	Accounting Adjustments incl. Revenue Contribution to Capital	132,380	164,930	32,550	24.6%
Net Direct Expenditure		(5,147,730)	(5,837,197)	(689,467)	13.4%
Net Direct Expenditure 2013/14 variance					(689,467) (a)

HOUSING REVENUE ACCOUNT
FINANCIAL MONITORING INFORMATION
FOR THE YEAR ENDED 31 MARCH 2014

Major Cost Increases

Payments made and funded from Renewable Energy Fund (see below)	29,232	
		29,232

Major Cost Savings

Amount borrowed from GF less than originally planned	(145,298)	
Staffing savings due to new structure being put in place	(92,283)	
Savings made due to non-DLO work carried out, but much less than forecast	(42,770)	
Staffing savings, principally because Welfare reform Officer has not been required yet	(64,043)	
Staffing savings have led to pension cost savings	(26,310)	
Excellent rent recovery performance has led to small reduction in bad debt provision	(26,303)	
Community Alarm customer numbers have remained high	(10,957)	
		(407,965)

Major Changes in Income Levels

Newly built properties in Crediton have generated additional rent	(62,556)	
Recovery of rechargeable repairs income has been better than anticipated	(15,970)	
Income received and transferred to Renewable Energy Fund (see below)	(246,612)	
		(325,138)

Minor Variances

14,404

Net Direct Expenditure 2013/14 variance**(689,467) (a)**

5000	Internal Recharges	0
6000	Capital Charges	0

Net movement before transfers to/from earmarked reserves**(689,467)****EARMARKED RESERVES**

	£
Utilised 2013/14	
Renewable Energy Fund - Solar PV expenditure in year	(29,232)
Renewable Energy Fund - Revenue contribution to capital	(109,000)
Sewage treatment plants	(84,000)
Proposed contribution carried forward to 2014/15	
Renewable Energy Fund - funding received in year	246,612
30 year modernisation programme	633,000

Net movement in earmarked reserves 657,380

Total Expenditure variation after Ear Marked Reserves**(32,087)**

Note - the 2013/14 HRA revenue budget included a budgeted transfer to the 30 year modernisation programme of £1,895,480

For information - HRA EMRs bfwd from 2012/13:

Sewage treatment plants	£100,000
Renewable Energy Fund	£237,000
Housing Maintenance Fund (30 year plan)	£2,198,000