



**SOCIAL WORK & HOUSING COMMITTEE – 12 SEPTEMBER 2013  
HOUSING REVENUE ACCOUNT (HRA) – BUDGET MONITORING TO 31 JULY  
2013**

**1 Recommendations**

The Social Work & Housing Committee is recommended to:-

- 1 Discuss and comment on the position with regard to the HRA at 31 July 2013.**
- 2 Note that the forecast revenue surplus of £13.528m will offset some of the borrowing required to fund capital expenditure.**

**2 Background / Discussion**

- 2.1 The Council approved the HRA budget for 2013/14 on 14 February 2013. Regular monitoring statements are provided on the income and expenditure against the budget.
- 2.2 A full analysis of the HRA is attached as **Appendix 1** and details of variances between forecast and budget are given in **Appendix 2**.
- 2.3 The table below summarises the forecast results compared to the revenue budget for the year.

	<b>Revised Budget 2013/14</b>	<b>Forecast Outturn for 2013/14 as at 31 July 2013</b>	<b>Variance Budget to Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
HRA Revenue Expenditure	38,464	37,128	(1,336)
HRA Revenue Income	(49,541)	(49,656)	(115)
<b>HRA Revenue Net Surplus For Year</b>	<b>(11,077)</b>	<b>(12,528)</b>	<b>(1,451)</b>
Second Homes Council Tax	(1,000)	(1,000)	-
<b>Revenue Funding Available to Fund Capital Programme</b>	<b>(12,077)</b>	<b>(13,528)</b>	<b>(1,451)</b>

- 2.4 The revenue surplus forecast of £13.528m is £1.451m higher than budget. The variances are mainly due to the following:
  - £177,000 underspend on planned maintenance resulting from reductions in internal property recharges due to more of these being charged to capital. In addition the number of properties still requiring electrical safety checks has reduced.
  - £250,000 underspend on Computer Costs due to delays in the replacement of the Housing Repairs IT system. The tender for this system is in progress with the successful bidder expected to commence in 2013/14.

- £121,000 underspend on replacements of furniture and equipment for Temporary Accommodation Units based on the level of spend required in the previous year, together with an increase in service charge income for these units of £107,000.
- £682,000 underspend on the Loans Fund charges as a result of a lower borrowing requirement to fund the capital programme combined with lower costs of borrowing.

2.5 Revenue surpluses are used to help fund the Capital Programme along with any Earmarked HRA reserves brought forward from 31 March 2013. As detailed in the Outturn Report for 2012/13 presented in a separate report to this Committee, there were no earmarked reserves carried forward at 31 March 2013.

2.6 The forecast revenue surplus for the year will be used to fund the capital programme for 2013/14 is as follows:

	<b>Revised Budget £'000</b>	<b>Forecast Outturn for 2013/14 as at 31 July 2013 £'000</b>	<b>Variance Revised Budget to Forecast £'000</b>
Capital Programme Expenditure	26,260	26,260	-
Capital Receipts and other capital income	(2,690)	(2,819)	(129)
Funding Required	<b>23,570</b>	<b>23,441</b>	<b>(129)</b>
Revenue funding available for the Capital Programme	(12,077)	(13,528)	(1,451)
Additional Funding required from borrowing	<b>(11,493)</b>	<b>(9,913)</b>	<b>(1,580)</b>

2.7 The table at 2.6 highlights the effect that changes in the Capital Funded from Current Revenue (CFCR) figure has on the borrowing required to fund the Capital Programme. The higher revenue surplus being forecast for the year, results in the forecast for additional borrowing being reduced from £11.493m to £9.913m. The forecast capital expenditure will be reported to this Committee in a separate report. The HRA Business Plan is monitored throughout the year to ensure that this forecast level of spending is affordable to the HRA in terms of borrowing and CFCR.

2.8 The Head of Finance and Monitoring Officer in Corporate Services have been consulted on this report [and are in agreement with the recommendations].

### **3 Staffing and Financial Implications**

3.1 There are no staffing implications arising from this report.

3.2 The financial implications are inherent in the report.

**Ritchie Johnson**  
**Director of Housing & Social Work**

**Alan Wood**  
**Head of Finance**

Report prepared by Alison Tennant – Accountant  
Date 19<sup>th</sup> July 2013

ABERDEENSHIRE COUNCIL - Housing Revenue Account

	ACTUAL 2012/13 £'000	REVISED BUDGET 2013/14 £'000	ACTUAL TO 31-Jul-2013 £'000	%	REVISED FORECAST 2013/14 £'000	NOTES
<b>HRA SUMMARY</b>						
<b>Staff Costs</b>						
1 Salaries & Wages	6,702	6,476	2,167	33.5%	6,455	
2 Superannuation	1,136	1,120	373	33.3%	1,122	
3 National Insurance	429	462	139	30.1%	461	
4 Supplementary Pensions	40	35	13	37.1%	39	
5 Other Staff Costs	117	86	24	27.9%	86	
6 Insurance - Non Property	49	50	16	32.0%	50	
	<b>8,473</b>	<b>8,229</b>	<b>2,732</b>	<b>33.2%</b>	<b>8,213</b>	
<b>Premises Costs</b>						
7 Rent & Rates	248	236	103	43.6%	236	
8 Insurances - Property	138	139	46	33.1%	139	
9 Heating & Lighting	1,660	1,846	135	7.3%	1,846	
10 Repairs & Maintenance - Response Repairs	9,486	9,427	2,151	22.8%	9,427	
11 Repairs & Maintenance - Planned Maintenance	1,711	2,004	442	22.1%	1,827	HRA 1.0
12 Repairs & Maintenance - Other Maintenance	1,376	2,012	421	20.9%	2,012	
13 Accommodation Allocation	401	407	136	33.4%	407	
14 Cleaning	345	397	40	10.1%	397	
	<b>15,366</b>	<b>16,468</b>	<b>3,474</b>	<b>21.1%</b>	<b>16,291</b>	
<b>Administration Costs</b>						
15 Printing, Stationery & Postages	179	154	54	35.1%	158	
16 Telephone Costs	136	134	39	29.1%	131	
17 Course Expenses	35	48	21	43.8%	48	
18 Lost Rents	505	527	195	37.0%	527	
19 Fees & Charges	388	395	56	14.2%	395	
20 Central Administration and Management Charge	2,610	2,506	835	33.3%	2,506	
	<b>3,852</b>	<b>3,764</b>	<b>1,200</b>	<b>31.9%</b>	<b>3,765</b>	
<b>Transport Costs</b>						
21 Travel & Subsistence	230	242	84	34.7%	249	
	<b>230</b>	<b>242</b>	<b>84</b>	<b>34.7%</b>	<b>249</b>	
<b>Supplies &amp; Services</b>						
22 Furniture & Equipment	108	115	17	14.8%	114	
23 Computer Costs	154	480	33	6.9%	230	HRA 2.0
24 Alarm Systems	170	181	41	22.7%	181	
25 Other Supplies & Services	149	117	49	41.9%	110	
26 Tenant Participation	56	68	30	44.1%	68	
27 Temporary Accommodation Units	349	514	118	23.0%	393	HRA 3.0
	<b>986</b>	<b>1,475</b>	<b>288</b>	<b>19.5%</b>	<b>1,096</b>	
<b>Payments to Agencies</b>						
28 Payments to Outside Bodies	289	404	100	24.8%	374	1.0
29 Payment to Social Work	56	56	19	33.9%	56	
30 Payments to Tenants	74	223	24	10.8%	163	HRA 4.0
	<b>418</b>	<b>683</b>	<b>143</b>	<b>20.9%</b>	<b>593</b>	
<b>Capital Financing Costs</b>						
31 Loans Funds	6,924	7,603	2,317	30.5%	6,921	HRA 5.0
	<b>6,924</b>	<b>7,603</b>	<b>2,317</b>	<b>30.5%</b>	<b>6,921</b>	
<b>Provisions</b>						
32 Increase/(Decrease) in Bad Debt Provision	468	0	0	0.0%	0	
	<b>468</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	
<b>Gross Expenditure</b>	<b>36,717</b>	<b>38,464</b>	<b>10,238</b>	<b>26.6%</b>	<b>37,128</b>	

ABERDEENSHIRE COUNCIL - Housing Revenue Account

	ACTUAL 2012/13 £'000	REVISED BUDGET 2013/14 £'000	ACTUAL TO 31-Jul-2013 £'000	%	REVISED FORECAST 2013/14 £'000	NOTES
<b>HRA SUMMARY</b>						
<b>Income</b>						
33 Government Grants	0	0	0	0.0%	0	
34 Council House Rents	(38,866)	(40,868)	(13,475)	33.0%	(40,868)	
35 Sheltered Housing Income	(2,755)	(2,783)	(912)	32.8%	(2,783)	
36 Other Rent & Charges	(1,668)	(1,752)	(606)	34.6%	(1,752)	
37 Internal Recharges	(1,989)	(2,198)	(736)	33.5%	(2,198)	
38 Interest on Revenue Balances	(33)	(25)	(8)	32.0%	(33)	
39 Other Income	(690)	(635)	(124)	19.5%	(635)	
40 Internal Housing Support Recharge	(866)	(699)	(233)	33.3%	(699)	
41 Temporary Accommodation Units	(739)	(581)	(225)	38.7%	(688)	HRA 6.0
<b>Total Income</b>	<b>(47,605)</b>	<b>(49,541)</b>	<b>(16,319)</b>	<b>32.9%</b>	<b>(49,656)</b>	
<b>Current Year (Surplus)/Deficit</b>	<b>(10,888)</b>	<b>(11,077)</b>	<b>(6,081)</b>	<b>54.9%</b>	<b>(12,528)</b>	
<b>Second Homes Council Tax Funding</b>	(981)	(1,000)	0	0.0%	(1,000)	
<b>Earmarked HRA Reserve b/f</b>	0	0	0		0	
<b>Revenue Funding Available to Finance Capital Programme</b>	<b>(11,869)</b>	<b>(12,077)</b>	<b>(6,081)</b>		<b>(13,528)</b>	

**Appendix 2 - Notes to Monitoring 31st July 2013**

<b>Major Note</b>	<b>£'000</b>	
HRA 1.0	(177)	Internal property charges have been reduced due to more of these being charged to capital projects. The number of electrical safety checks has also been reduced due to the majority of properties having now been checked.
HRA 2.0	(250)	There is a budget of £300,000 for the replacement of the Housing Repairs IT repairs system. The tender for this is in progress but the new contract will not commence 2013/14 therefore this forecast has been reduced.
HRA 3.0	(121)	The forecast for Temporary Accommodation Units has been reduced based on prior years actual costs for replacement of furniture and equipment.
HRA 4.0	(60)	The forecast for payments to tenants has been reduced by £60,000 due to lower than anticipated payments of underoccupation grants.
HRA 5.0	(682)	Loans fund costs are forecast to be lower than budget due to a reduction in the cost of new borrowing partly due to a lower borrowing requirement in 2012/13 resulting from slippage on the capital programme and higher in year revenue surpluses
HRA 6.0	(107)	Service Charge income from temporary accommodation units is forecast to be £107,000 higher than budget due to higher use of housing stock for homelessness accommodation.
<b>Note</b>	<b>£'000</b>	
1.0	(30)	Payments to Outside Bodies are forecast to be £30,000 lower than budget due to less payments required for contractors to carry out asbestos and energy performance surveys on Council properties.