

ITEM NO: 13

DECISION-MAKER:	COUNCIL		
SUBJECT:	HOUSING REVENUE ACCOUNT REVENUE AND CAPITAL OUTTURN 2009/10		
DATE OF DECISION:	14 JULY 2010		
REPORT OF:	CABINET MEMBER FOR HOUSING AND LOCAL SERVICES		
AUTHOR:	Name:	David Singleton	Tel: 023 8083 2236
	E-mail:	David.Singleton@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

None

SUMMARY

This is the Housing Revenue Account (HRA) revenue and capital outturn report for the financial year 2009/10.

The actual level of net spending in 2009/10 was £388,800 (0.7%) lower than expected compared to a total turnover of £59.2M. The final outturn shows a deficit for the year of £798,200 compared to a budgeted deficit of £1,187,000. The HRA working balance at 31 March 2010 is £1,588,800.

Total capital expenditure in 2009/10 was £29,595,000 compared to the revised budget of £32,426,000, which represents an 91.3% spend level against the approved budget. This expenditure has made significant improvements in the condition of the Council's housing stock and has led to an additional 850 homes now meeting the 'Decent Homes' standards. The council is still on target to achieve the decent homes standard for all Council owned homes by the end of 2010.

RECOMMENDATIONS:

- (i) Note that the HRA revenue outturn for the financial year 2009/10, which shows a favourable variance for the year of £388,800 and balances at the end of the year of £1,588,800.
- (ii) Note the capital outturn for 2009/10.
- (iii) Approve the revenue carry forward of £248,500 for Programme Repairs External Decorations.
- (iv) Approve an increase in Direct Revenue Financing in 2010/11 of £140,300, which can be financed from the net revenue savings in 2009/10.
- (v) Approve the amendments to the HRA Capital Programme for 2010/11 set out in Appendix 3 to take account of the slippage and re-phasing in 2009/10.

REASONS FOR REPORT RECOMMENDATIONS

1. The HRA revenue and capital outturn for 2009/10 forms part of the Council's statutory accounts.

CONSULTATION

2. The HRA revenue and capital outturn outlined in this report represents the actual level of spending in 2009/10. The financial information has been prepared in accordance with statutory accounting principles. There is therefore no scope for tenants, members or other stakeholders to influence the financial position contained in this report. The adjustments to the capital programme for 2010/11 are directly related to performance in 2009/10.
3. All Local Authorities are required to publish the HRA revenue outturn in accordance with CIPFA's Best Value Accounting Code of Practice. The HRA outturn for 2009/10 can be found in this form in the authority's Annual Statement of Accounts.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

4. This report outlines the actual level of spend on the HRA for the financial year 2009/10. The figures have been prepared in accordance with statutory accounting principles. There are therefore no other options relating to the HRA revenue outturn position for members to consider. Members could decide not to amend the 2010/11 Capital Programme to reflect the 2009/10 outturn, but this could result in some approved schemes either not being completed, or overspending due to contractual commitments.

DETAIL

5. The Housing Revenue Account records all the income and expenditure associated with the provision and management of Council owned homes in the City. This account funds a significant range of services to over 18,000 Southampton tenants and leaseholders and their families. This includes housing management, repairs and improvements, welfare advice, sheltered housing services, neighbourhood wardens, and contribute to bringing all Council properties up to the decent home standard.
6. The HRA Capital Programme deals with all capital expenditure on Council Housing and related environmental works. The main focus is to deliver the decent homes and neighbourhoods agenda. Other important areas of spending are on property adaptations for disabled people and tackling anti social behaviour.
7. This report sets out the actual level of revenue spending on day to day services provided to council tenants recorded in the HRA in 2009/10. The report compares the latest estimate for 2009/10, i.e. the budgets approved by Council in February 2010, with the final spend for the year.
8. This report also summarises the HRA Capital Programme outturn for 2009/10 and recommends adjustments to the 2010/11 capital programme to take account of actual spending in 2009/10.

Revenue Outturn

9. The HRA Revenue Summary attached at Appendix 1 shows a decrease in expenditure of £200,000 (0.3%) and an increase in income of £188,800 (0.3%). Balances as at 31 March 2010 are therefore £388,800 higher than expected.
10. The net effect of changes in income and expenditure is a deficit on the HRA for the year of £798,200 against a budgeted deficit of £1,187,000, which results in an increase in working balances as at 31 March 2010. The working balance on the HRA, which will be carried forward into 2009/10, is therefore £1,588,800.
11. An explanation of the variances can be found at appendix 2. It will be noted that the underspend on programme repairs of £248,500 arose due the bad weather over the winter and it is recommended that this money is carried over into 2010/11 to enable the programme of works to be completed without impacting on the programme for 2010/11.
12. If this is approved, this leaves an overall improvement of revenue balances of £140,300. In accordance with established practice it is proposed that this money is made available to support the HRA capital programme and this is considered further in paragraph 21 below.

Capital Outturn

13. During 2009/10 the council introduced a new project management arrangement with the aim of improving project and financial management, monitoring and reporting.
14. A summary of capital expenditure for the HRA is shown in the following table:

Section	Approved Estimate 2009/10 £'000	Actual Outturn 2009/10 £'000	Over/(Underspend) £'000	%
Decent Homes	16,875	16,833	(42)	(0.2)
Decent Homes Plus	9,595	6,890	(2,705)	(28.2)
Decent Neighbourhoods & Estate Regeneration	5,886	5,866	(20)	(0.3)
Other Schemes	70	6	(64)	(91.4)
TOTAL	32,426	29,595	(2,831)	(8.7)

15. Appendix 3 shows the variances in every scheme in the capital programme. Appendix 4 provides an explanation of all variances over £100,000.
16. The expenditure detailed above has made significant improvements in the condition of the Council's housing stock. Council is also asked to note that following expenditure detailed in this report, an additional 850 homes now meet the 'Decent Homes' standard. A total of 91% of houses in the stock now meet the standard. In addition to essential major repairs and various environmental / neighbourhood improvements 1,879 homes have had new kitchens, 1,278 homes have had their bathrooms renewed, and 28 homes have had a new heating system installed.
17. The next full revision of the HRA Capital Programme will be presented to Council for approval in September. However, some amendments to the 2010/11 Programme, which take account of the variations in 2009/10, are recommended for approval in this report (see Appendix 3). A summary of the changes is shown in the following table:

	£000
Current Programme 2010/11	36,631
Spending delayed into 2010/11 from 2009/10	4,820
Spending brought forward into 2009/10 from 2010/11	(1,586)
Proposed Programme 2010/11	39,865

Capital Financing

18. A comparison of the final financing of the spending in 2009/10 with the approved budgets is shown below:

	Revised Estimate £'000	Resources Used £'000	Variance £'000
Supported Borrowing Allowance	1,496	1,496	0
Unsupported Borrowing	300	0	(300)
Useable capital receipts	400	0	(400)
Grants/Contributions	3,955	2,049	(1,906)
Direct Revenue Financing	11,214	10,989	(225)
Major Repairs Allowance	15,061	15,061	0
TOTAL	32,426	29,595	(2,831)

19. The changes to the resources are explained below:
- Unsupported borrowing has not been undertaken as there were sufficient other resources available to fund the programme.
 - Capital receipts of £412,000 were received in 2009/10 but these were

not required to fund the programme in 2009/10. They will be utilised in 2010/11.

- There were a number of changes to the Grants and Contributions received. The main items were that the grant from the HCA for the new build programme will now be received in 2010/11 (£1,169,000) and some of the HCA funding for estate regeneration was not utilised in 2009/10. Both will be utilised in 2010/11. There was also an increase of £25,000 in minor grants and contributions and a total of £84,000 was received for the Adizone.

20. The reduced level of spending means that it has not been necessary to utilise as much Direct Revenue Financing as planned in 2009/10. The level of unused DRF at 31 March 2010 is £6,282,600 which is £224,900 higher than budgeted.

Overall position

21. Appendix 3 shows that:

- Decent homes spending amounting to £250,518 has been brought forward into 2009/10, which is being funded from the 2010/11 decent homes contingency.
- The gross cost of the Adizone has been charged to capital programme, with the grant income now being shown separately.
- There was additional spending of £90,014 on decent homes plus programmes, which will be funded from the revenue savings arising in 2009/10.

The effect of other changes in resources will be considered as part of the next full update of the capital programme that will be reported to council in September.

22. In addition to the working balance, the HRA also has a balance of revenue funding that is earmarked to support the HRA Capital Programme. At 31 March 2010 this was £6,282,600 giving a total balance on the HRA at 31 March 2010 of £7,964,400

FINANCIAL/RESOURCE IMPLICATIONS

Capital

23. Contained in the detail of the report.

Revenue

24. Contained in the detail of the report.

Property

25. None

Other

26. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

27. The requirement to maintain a Housing Revenue Account is set out in the Local Government and Housing Act 1989 and the requirement to publish final accounts is set out in the Accounts and Audit Regulations 2003.

Other Legal Implications:

28. None

POLICY FRAMEWORK IMPLICATIONS

29. The HRA revenue and capital outturn for 2009/10 forms part of the Council's overall Statutory Accounts. The details in this report reflect the actual level of spending on day to day services that were provided to council tenants, and the actual level of capital spending in 2009/10 against the budget that was approved by Council in February 2010.

SUPPORTING DOCUMENTATION

Appendices

1.	HRA Revenue Summary Outturn 2009/10
2.	Revenue Variances
3.	HRA Capital Programme Outturn 2009/10
4.	Capital Variances

Documents In Members' Rooms

1.	None
----	------

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
----	------	--

Background documents available for inspection at:

FORWARD PLAN No:

KEY DECISION?

WARDS/COMMUNITIES AFFECTED: