Purpose of this report

1. The report presents the 2018/19 HRA outturn financial position as at the end of March 2019 (subject to audit). It sets out spend against the revenue and capital budgets, and provides explanations for any variations. This report enables Executive to consider the overall financial position of the HRA.

RECOMMENDATIONS

The Executive is asked to note and approve:

1. that the provisional Revenue outturn position is to achieve a balanced budget with a contribution to HRA Reserves of £6.873M, thus strengthening the Council’s ability to invest and improve its stock of Council Houses;

2. that the provisional Capital outturn is £7.092M lower than budget, at £18.038M. Works to the value of £5.206M are deferred to 2019/20. These works relate to Future Investment projects;

3. that Right to Buy (RTB) sales are slightly lower than previous financial years, with retained receipts totalling £2.693M, resulting in a year end balance, after funding of the Capital programme, of unapplied capital receipts of £0.838M;

4. as part of the funding of the Capital Programme a contribution of £6.509M has been made from the Strategic Reserve, towards the Capital programme (£4.884M) and the transfer of assets from the General Fund (£1.625M); and
5. The net increase in reserves is £0.364M, so that, at the year end, the HRA will have £29.334M of reserves available, of which £2.0M is identified as a minimum level of HRA Balances.

Issues

2. The provisional revenue outturn position results in a year end surplus of £6.873M compared to a budgeted surplus of £6.501M, an increase of £0.372M.

3. The key positive variances are increased income (£0.590M), reduced expenditure on Housing Operations and Financial Inclusion (£0.611M) and no principal debt repayment (£0.2M). These are offset by an underachievement of the 2018/19 Medium Term Financial Plan (MTFP) efficiency programme (£0.686M), due to delays in purchasing properties and the time required for refurbishment and conversion, and increased maintenance costs (£0.197M).

4. The provisional outturn position for the HRA Capital Programme indicates a net outturn below budget at £18.038M; this includes deferred works of £4.944M from 2017/18. £5.206M of works are deferred to 2019/20.

5. The 2018/19 budget for the HRA anticipated a net contribution from Reserves of £5.158M, with a contribution to the Independent Living Development Reserve (ILDR) of £0.374M and a contribution from the Strategic Reserve of £5.532M. The year end outturn is a net contribution to Reserves of £0.364M, an improvement against budget of £5.522M, comprised of a contribution of £0.295M to the Strategic Reserve and £0.069M to the Life Cycle Reserve. This equates to a predicted total Reserve balance of £29.334M.

6. The MTFP approved by Council in February 2019 sets out a revised funding approach for the All Saints View project, with £5M of the spend in 2019/20 to be funded via new borrowing. Together with a revised profile for spend on this project, this has reduced the balance required in the ILDR for 2019/20. At the same time, the MTFP also identified additional purchases of properties, to the value of £12M in 2019/20. A transfer of £11.912M was made from the ILDR to the Strategic Reserve at year end, so that the balance carried forward in that Reserve is sufficient to fund the purchases, along with the funding of other Capital programmes.

Council Priorities

7. Sound financial management contributes to the Council’s Value for Money and enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 6 Council priorities.

Corporate Implications

Legal Implications

8. None
Financial Implications

9. The financial implications are contained in the report.

Equalities Implications

10. Equality Impact Assessments were undertaken prior to the allocation of the 2018/19 budgets and each Directorate was advised of significant equality implications relating to their budget proposals.

Conclusion and next Steps

11. The report presents the provisional 2018/19 HRA outturn position as at the end of March 2019 and provides explanations for any variations. This report enables the Executive to consider the overall financial position of the HRA.

Appendices

Appendix A - Housing Revenue Account Detailed Commentary