

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

**Joint Report of the Executive Director of Core
Services and the Executive Director Place**

PROVISIONAL REVENUE FINAL ACCOUNTS 2016/17
HOUSING REVENUE ACCOUNT

1. Purpose of the Report

- 1.1 This report provides a summary of the provisional final accounts position on the Housing Revenue Account for 2016/17.

2. Recommendations

2.1 It is recommended :

- (i) That the 2016/17 final accounts be noted;
- (ii) That the Executive Director for Core submits a further report on the overall outturn position if there are significant adjustments to the accounts arising from External Audit or other factors;
- (iii) That any unallocated working balance is earmarked to support the Council's strategic objectives particularly around housing growth;

3. Introduction/Background

- 3.1 There is a net improvement in the 2016/17 HRA financial position of £3.557M. Actual expenditure shows a surplus of £0.961M compared to an approved budget deficit of £12.403M an increase of £13.396M. However, of this increase £9.839M is due to rephasing of costs between financial years as shown in the table below. The Revenue Contributions are fully committed within the approved HRA capital programme.

	Approved Budget £M	Actual £M	Variance £M
Surplus(-)/Deficit (per Appendix A line 20)	12.435	-961	-13.396
Contribution to/ from (-) Working Balance	-12.435	961	13.396
Less Rephasing of Revenue Contributions to capital into future years			-9.839
Net Improvement in the financial position			3.557

- 3.2 A more detailed analysis is given in Appendix A. The accounts are still subject to External Audit scrutiny, although it is not anticipated that major changes will occur.
- 3.3 Details of the significant variations in expenditure and income are given in Appendix B, the main items of which are shown in the table below:

Budget Head	Original Budget	Revised Budget	Actual	Variation from Original Budget	Comment
	£M	£M	£M	£M	
Impairment	1.000	0.500	0.028	(0.972)	Lower than anticipated charges
Bad Debt Provision	1.055	0.750	0.394	(0.661)	Not yet seeing the full impact of Welfare Reform, excellent rent collection rates and lower than anticipated write offs by the Council on exchequer debts
Debt Repayment	2.305	1.951	1.951	(0.354)	Reduced to be in line with the agreed Council policy on debt repayment
Interest Charges	11.679	11.579	11.356	(0.323)	Impact of lower interest rates
Renewable Heat & Solar PV Income	0.510	0.650	0.806	(0.296)	Increased income above forecasts which were based upon prudent estimates
Repairs & Maintenance	18.471	18.471	18.267	(0.204)	£0.116M lower repair costs due to mild winter condition & £0.088M lower associated fee charges
NPS Profit Share	0	0.104	0.182	(0.182)	Additional income above budget forecasts
Rental Income	71.104	71.204	71.220	(0.116)	Minor variation 0.16% on the original budget forecast
Heating Charges	0.644	0.544	0.525	(0.119)	Lower usage than forecast due to mild winter conditions
Other				(0.350)	
TOTAL				(3.557)	

Berneslai Homes Management Fee

- 3.4 The Berneslai Homes Management Fee for 2016/17 is £14.171M this is in line with the approved budget.
- 3.5 Berneslai Homes has made a 2016/17 revenue surplus of £2.220M, the total reserves position is £11.010M. Priorities for investing the Company's retained surplus could include the following:-

- Housing growth.
- Acquisitions Programme to increase the supply of affordable housing in the borough.
- Support to the Council's empty home strategy,
- Service impacts of Welfare Reform and full roll out of Universal Credit.
- Financial risk including risks around the PRIP contract, in particular preparing for the new contract in 2020.
- Further modernisation of the service aligned to channel shift including mobile working, digital inclusion, e-access and aligning to the Council's Customer Services Programme.

Approval for any investment proposals funded from the surplus will form part of the 18/19 budget process.

Use of Working Balance

- 3.8 The HRA continues to be well managed, generating efficiencies and utilising sound procurement methods. The working balances are in a healthy position able to support the Council's strategic objectives, in particular housing growth.
- 3.7 The overall financial improvement in the HRA is £3.557M (£1.586M at the revised budget stage and £1.971M at the final accounts position). It is proposed that this is earmarked to further support the Council's strategic objectives.
- 3.8 Appendix C details the latest position on the working balance (£42.294M) and the current earmakings.
- 3.9 The current earmarkings within the HRA will be reviewed as part of the 2018/19 budget process.

4. Proposal and Justification

- 4.1 It is proposed to earmark the un- allocated working balance of £3.557M arising from the improvement in the financial position to support the Council's strategic objectives particularly around housing growth.

5. Consideration of Alternative Approaches

- 5.1 The un-allocated working balance of £3.557M could be reinvested in services. However this is **not** recommended at this stage given the priority of the Council's Housing Growth objectives.

6. Local Area Implications

- 6.1 None arising directly from this report

7. Compatibility with European Convention on Human Rights

- 7.1 There are no issues around possible contravention's arising from this report.

8. Promoting Equality and Diversity and Social Inclusion

8.1 There are no issues arising directly from this report.

9. Reduction of Crime and Disorder

9.1 There are no issues arising directly from this report.

10. Conservation of Biodiversity

10.1 There are no issues arising directly from this report.

11. Risk Management Issues, including Health and Safety

11.1 Retaining adequate earmarked working balances will help to manage the risk of potential future budget shortfalls.

12. Financial Implications

12.1 There is an overall financial improvement of £3.557M available to support the Council's strategic objectives particularly around housing growth.

13. Employee Implications

13.1 There are no implications arising directly from this report.

14. Glossary

HRA- Housing Revenue Account

PRIP – Property Improvement and Repair Partnership

Working Balance- the accumulated surplus (excess of income over expenditure)
on the Housing Revenue Account

Earmarked Working Balance- Working Balance which is set aside to meet
planned future expenditure

Unallocated Working Balance- Working balance which is **not** set aside and is
potentially available to fund priority additional
expenditure items

15. Appendices

Appendix A-Housing Revenue Account 2016/17

Appendix B- Major Variations

Appendix C- Working Balance Position

16. Background Papers

Final Accounts working papers and tabulations available for inspection in Berneslai Homes Finance, Gateway Plaza, Off Sackville Street, Barnsley

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Date: ^{3rd} **May 2017**

Financial Implications/Consultations
