

BARNSLEY METROPOLITAN BOROUGH COUNCIL

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

Report of the Executive Director – Core
Services & Service Director – Finance (Section
151 Officer)

PROVISIONAL REVENUE FINAL ACCOUNTS 2017/18 **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 2017/18.

2. Recommendations

2.1 It is recommended :

- (i) That the 2017/18 final accounts position be noted;
- (ii) That the Section 151 Officer 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 approval is given to carry forward the underspend on the Berneslai Homes mobile working project;
- (iv) 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 2017/18 HRA financial position of £1.397M. Actual expenditure shows a deficit of £0.777M compared to an approved budget deficit of £5.451M an increase of £4.674M. However, of this increase £3.277M is due to rephasing of costs between financial years as shown in the table below:

	Approved Budget	Actual	Variance
	£M	£M	£M
(Surplus) / Deficit (Per Appendix A Line 20)	5.451	0.777	(4.674)
Contribution to / (from) Working Balance	(5.451)	(0.777)	4.674
Less Use of Earmarked Reserves			(3.277)
Net Improvement in the Financial Position			1.397

3.2 A more detailed analysis is given in Appendix A. The final accounts are subject to External Audit scrutiny, although it is not anticipated that any major changes will materialise.

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 £M	Actual £M	Variation from Original Budget £M	Comment
Income:				
Rental Income	(69.844)	(70.241)	(0.397)	Increase in dwelling rents due to lower RTB sales.
Other Income	(2.452)	(2.835)	(0.383)	
Total Income	(72.296)	(73.076)	(0.780)	
Expenditure:				
Bad Debt Provision	1.047	0.497	(0.550)	Not yet seeing the full impact of Welfare Reform, excellent rent collection performance.
Interest Charges	10.636	10.288	(0.348)	Lower financing costs due to higher interest rate budget assumptions used compared to actual variable interest rates
Renewable Heat & Solar PV Income	0.616	0.922	(0.306)	Increased income above forecasts which were based upon prudent estimates
Strategic Housing Recharge	0.574	0.478	(0.096)	Lower than anticipated recharge
Repairs & Maintenance	18.295	18.590	0.295	Increased costs due to the impact of adverse weather conditions in February and March.
RCCO	7.990	4.690	(3.300)	Slippage in Capital Programme
Other Expenditure	38.589	38.388	(0.201)	
Total Expenditure	77.747	73.853	(3.894)	
Total Net Position	5.451	0.777	(4.674)	
Adjustment for (Use) / Contribution to Reserves				3.277
Overall (Increase) / Decrease in Strategic Reserves				(1.397)

Berneslai Homes Management Fee

3.4 The original Berneslai Homes Management Fee for 2017/18 was £13.875M which was increased by £0.090M approved funding for the Family Invention Service.

3.5 The mobile working project had a 2017/18 budget of £0.366M which underspent by £0.331M in this financial year and is required to be carried forward. Berneslai Homes (BH) is working with BMBC IT to procure a purpose built solution which meets BH requirements and would allow for potential future use by the Council. Tenders have been received back and are currently being evaluated with contracts

with the successful company to be signed shortly. Hence, in line with the requirements of the Services Agreement, approval is requested to carry forward the underspend on this project into 2018/19.

- 3.6 Berneslai Homes held a company surplus at the start of the financial year totalling £11M, split between £3.5M relating to the company obligations and £7.5M earmarked for Council priorities.
- 3.7 During 2017/18, Berneslai Homes generated a revenue surplus of £1.952M which will be considered against future priorities, as part of the 2019/20 budget process.

Use of HRA 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.
- 3.9 The HRA reserves position at the start of the financial year totalled £42.3M which was predominately split between capital priorities (£27.9M - including £14.3M relating to housing growth), general contingency (£3.5M), revenue reserves (£6M) and yet to be allocated reserves (£4.9M).
- 3.10 The overall financial improvement in the general HRA working balance totals £1.397M for 2017/18. It is proposed that this amount, in addition to the brought forward unallocated reserves (£4.9M) are earmarked specifically to further support the Council's strategic objectives.
- 3.11 Appendix C details the latest position on the working balance (£41.517M) and the current earmakings.
- 3.12 The current earmarked reserves within the HRA will be reviewed as part of the 2019/20 budget process.

4. Proposal and Justification

- 4.1 It is proposed to earmark the unallocated working balance of £1.397M 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 unallocated working balance of £1.397M 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 £1.397M 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 2017/18

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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