

HRA Outturn 2013/14 - Revenue Variances

Responsive Repairs - £974,400 over spend (9.4%)

The long spell of inclement weather greatly increased demand for responsive repairs, leading to an increase of 4% in the number of repairs required. In addition, labour rates were corrected during the year to reflect the actual cost of the work carried out by the Council's in-house team. This had the effect of increasing job costs for repairs and voids against the budgeted figure.

Housing Investment - £356,800 under spend (6.1%)

The material variations in the programmed repairs budget were as follows:

Decorations (under spend of £287,800)

Due to the inclement weather it was not possible to complete the contracted external decorations programme to schedule. This under spend of £165,000 is the subject of a **carry forward recommendation** to allow the contractors to address the backlog of work. In addition, the special decorations budget has shown a second year of reduced demand, resulting in an under spend of £108,900. Investigations as to the reason for this are ongoing and will inform the estimates process for 2015/16, as appropriate.

Gas Servicing (under spend of £132,500)

Continuing investment in the replacement of gas boilers in the Capital Programme has led to a reduction in the expenditure on boiler servicing, due to the possession of new equipment warranties.

Electrical Testing Works (under spend of £94,300)

A change in legislation for electrical testing has relaxed the requirements for annual testing of some appliances and allowed for a reduction in staff time required.

Health & Safety Works (over spend of £116,100)

The adverse variance comprised fire signage for tower blocks (£47,800), replacement electric ovens for International Way (£12,700), inspection and water-sampling at Kingsland House (£19,500) and asbestos removal at Green Park Road (£38,100).

Supervision and Management - £881,800 under spend (4.3%)

This heading covers the costs of all services provided to tenants other than repairs. The main variations were as follows:

Development of new Housing Initiatives (under spend of £96,200)

A provision was set aside within the Business Plan for the development of new services and initiatives as part of Housing's expanding role in the city, which includes participation in a Council wide change programme. Due to challenges in recruitment and implementing these new initiatives, not all the funding allocated has been spent in the year.

District Heating Feasibility (under spend of £42,800)

Due to changes announced in the Chancellor's Autumn Statement, the ECO Funding which had been available for this project was altered and is still subject to Government consultation, leading to an unavoidable slippage in the project and the associated feasibility study. This under spend is the subject of a **carry forward recommendation** to allow the study to continue.

Block Utilities (under spend of £168,000)

As more accurate information regarding the communal heating and lighting electricity costs for housing blocks was obtained during the year, the prudent original estimate was found to be over stated.

Freehold / Leasehold Sales (under spend of £78,300)

The Government's changes to the right-to-buy scheme have resulted in significantly higher sales. As a result it was possible to capitalise a greater proportion of administration costs than anticipated.

Decent Neighbourhoods Project (under spend of £36,800)

This budget is for an HRA contribution to the General Fund's Estate Parking scheme where SCC tenants are resident in predominantly private housing areas. The scheme has been delayed and an under spend of £30,000 is the subject of a **carry forward recommendation**.

Policy Team (under spend of £48,900)

There is an under spend in the Policy Team budget as three approved posts have not yet been appointed to.

Neighbourhood & Elderly Persons Wardens (under spend of £161,800)

To ensure that a detailed and thorough review of the wardens' service was undertaken, there has been a delay in the implementation of a proposed restructure. This delay, along with savings on equipment and furniture purchase, have resulted in an under spend on the wardens' budget.

Housing Management (under spend of £165,900)

There have been a number of challenges in filling posts in 2013/14 and recruitment delays have led to a number of staff savings within the Housing Office teams. In addition, work ordered at Maybush Housing Office, to accommodate some additional staff, has been delayed. This has resulted in an under spend of £40,000, which is the subject of a **carry forward recommendation**.

Other budget variances

Interest Repayments – £827,800 under spend (14.2%)

Borrowing that was built into the capital financing estimates to fund the HRA Capital Programme in both 2012/13 and 2013/14 was not required, due to slippage in the profile of expenditure. This resulted in savings on interest payments of circa £350,000 in 2013/14. In addition, a one-off credit of £382,000 was transferred from a holding account relating to a debt restructure in 2008. This follows recognition that rules relating to housing subsidy no longer apply following the move to HRA self financing.

Total Income – £107,800 adverse variance (0.2%)

There has been a loss of income from increased right-to-buy sales and from the delay in introducing the proposed new block cleaning charge as part of the warden review. This has been partially offset by increased major works in housing blocks, which are charged back to the Council's leaseholders.

Depreciation/Direct Revenue Financing of Capital - £996,600 increase (4.2%)

This combined revenue contribution to the funding of capital expenditure has been increased by £996,600. This will allow other capital resources to be carried forward and reduce the borrowing requirement to support the ambitious HRA Capital Programme for 2014/15.