

HOUSING REVENUE ACCOUNT OUTTURN - MARCH 2011

HOUSING REVENUE ACCOUNT		Original Budget 2010/11 £'000	Latest Budget 2010/11 £'000	Actual Outturn 2010/11 £'000	Variance (Outturn 2010/11 to Latest Budget 2010/11) £'000	%	Variance Outturn 2010/11 to Latest Budget 2010/11 Explanation of any variance that is considered to be significant and all variances greater than £100k
DIRECTLY CONTROLLED INCOME BUDGETS							
Dwelling & Non Dwelling Rents	Income	(59,427)	(59,082)	(59,256)	(174)	0	Income from tenant rents is higher than originally anticipated due to the return of Latham House to the Borough's management, and good performance in relation to the re-letting of void properties. The rental in respect of commercial properties is higher than previously estimated, following the revision of various shop lease agreements.
	Net Income	(59,427)	(59,082)	(59,256)	(174)	0	
Tenant & Leaseholder Service Charges	Income	(16,705)	(17,050)	(16,200)	850	(5)	Fee income in respect of Estate Parking enforcement is much lower than originally anticipated due to strict enforcement which has led to fewer breaches of parking conditions and therefore less clamping income. All other income from tenant service charges is a little higher than budgeted. Income from leaseholder service charges is slightly lower than anticipated due to savings in cleaning and concierge services.
	Net Income	(16,705)	(17,050)	(16,200)	850	(5)	
INDIRECT INCOME BUDGETS							
Housing Revenue Account Subsidy	Income	(13,625)	(13,625)	(14,129)	(504)	4	Many of the elements of the Authority's HRA subsidy entitlement are pre-set for the financial year, however a major constituent of the grant relates to capital charges. The Consolidated Rate of Interest is slightly higher than budgeted, leading to extra income although this has been offset by prior year adjustments.
	Net Income	(13,625)	(13,625)	(14,129)	(504)	4	
Investment Income Received	Income	(200)	(200)	(96)	104	(52)	The adverse variance is due to reduced interest received, arising from the early repayments of mortgages, reduced HRA balances and low LIBOR interest rates.
	Net Income	(200)	(200)	(96)	104	(52)	
General Fund Contributions	Income	(520)	(520)	(521)	(1)	0	
	Net Income	(520)	(520)	(521)	(1)	0	
TOTAL INCOME	Total Income	(90,477)	(90,477)	(90,202)	275	(0)	
	Net Income	(90,477)	(90,477)	(90,202)	275	(0)	
DIRECTLY CONTROLLED EXPENDITURE BUDGETS							
Repairs & Maintenance	Expenditure	21,705	21,705	21,821	116	1	Expenditure on Repairs and Maintenance is in line with the budget due to robust monitoring by THH. The slightly higher than budgeted expenditure is in respect of decorations to elderly persons' dwellings, a scheme approved by Cabinet in November 2009 and funded from the Accelerated Delivery programme.
	Net Expenditure	21,705	21,705	21,821	116	1	

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Supervision & Management	Expenditure	25,652	25,652	25,172	(480)	(2)	During the year Tower Hamlets Homes have implemented an Action Plan which has brought the previously forecast overspend back in line with the budget. However, these savings are partly offset by the settlement of old housing disrepair claims, incurred prior to the incorporation of THH. The is also an underspend however is in respect of lower than anticipated backdated pension costs.
	Net Expenditure	25,652	25,652	25,172	(480)	(2)	
Special Services, Rent Rates & Taxes	Expenditure	13,911	13,911	13,989	78	1	The slight overspend is mainly attributable to higher insurance costs (tenanted dwellings). This has been partly offset by reduced expenditure on the Estate Parking contract, and lower costs associated with the deep cleaning programme. The reductions in cleaning costs will be passed onto leaseholders and contribute towards the reduced income from leaseholder service charges (see Tenant and Leaseholder Service Charges - above). Additionally, a number of refunds of utility charges have been agreed with Thames Water, and recovered from RSLs and providers. Finally, there have been further reductions in concierge costs.
	Net Expenditure	13,911	13,911	13,989	78	1	
INDIRECT EXPENDITURE BUDGETS							
Provision for Bad & Doubtful Debts	Expenditure	900	900	699	(201)	(22)	Income collection rates during the last two financial years have improved, resulting in a lower than budgeted contribution to the bad debt provision
	Net Expenditure	900	900	699	(201)	(22)	
Capital Financing Charges	Expenditure	32,605	32,605	29,855	(2,750)	(8)	Part of the capital financing charges are dependent on the Consolidated Rate Interest paid on both internal and external debt . The rate of interest is lower than originally anticipated. There was also a reduction in the revenue contributions to finance capital expenditure due to slippage in the capital programme.
	Net Expenditure	32,605	32,605	29,855	(2,750)	(8)	
TOTAL EXPENDITURE	Expenditure	94,773	94,773	91,536	(3,237)	(3)	
	Net Expenditure	94,773	94,773	91,536	(3,237)	(3)	
	Total Net Expenditure	4,296	4,296	1,334	(2,962)	(69)	
Contributions from Reserves	Income	(3,000)	(3,000)		3,000	(100)	
	Net Expenditure	(3,000)	(3,000)		3,000	(100)	
TOTAL FOR HOUSING REVENUE ACCOUNT	Total Net Expenditure	1,296	1,296	1,334	38	3	