

STRATEGY AND RESOURCES COMMITTEE

24 MAY 2018

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Report Title	HOUSING REVENUE ACCOUNT (HRA) OUTTURN 2017/18 – SUMMARY OF VARIANCES
Purpose of Report	To inform members of the 2017/18 outturn position on the Housing Revenue Account
Decision(s)	<p>The Committee RESOLVES to:</p> <p>(1) Note the Housing Revenue Account revenue and capital outturn for 2017/18, as shown in Table 1 and Table 4</p> <p>(2) To approve the transfers to and from earmarked reserves for the year, as set out in Table 2</p> <p>(3) To approve the reprofiling of the 2018/19 New Build Programme budget as set out in Table 6.</p>
Consultation and Feedback	Budget holders have been consulted about the budget outturn for their service areas. The feedback has been incorporated in the report to explain differences between budgets and actual income and expenditure.
Financial Implications and Risk Assessment	<p>This report sets out the outturn position on the Housing Revenue Account (HRA) for 2017/18.</p> <p>As reported during the year to both Housing committee and Strategy and Resources committee, there are significant underspends on the revenue and capital elements of the HRA. The revenue budget is £1.368m underspent, with the capital budget being £3.187m underspent.</p> <p>Whilst the report sets out the reasons for revenue and capital underspends, there is a concern that budgets have not been set at an appropriate level going forward. This is the second year of significant underspending across the HRA, and whilst it is positive that budgets are not being spent 'for the sake of it', the underlying level of underspend must be addressed through the budget setting process.</p>

<p>Financial Implications and Risk Assessment</p>	<p>HRA revenue and capital budgets for 2018/19 and beyond must be looked at in detail and reviewed with supporting evidence (stock condition survey data, modelling of spend profile options) as part of the 2019/20 budget setting process.</p> <p>The 30 year business plan will be updated to ensure the HRA remains financially viable over the medium and longer term.</p> <p>David Stanley – Accountancy Manager (s151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p> <p>Report author to comment on the Risk Assessment There is a risk that HRA budgets have not been set correctly for 2018/19 and beyond, which could lead to a similar level of financial performance in future years.</p>
<p>Legal Implications</p>	<p>As a local housing authority, the Council is under a duty to ensure that the Housing Revenue Account (HRA) is managed in accordance with proper accounting practices. The HRA consists of sums falling to be credited or debited in respect of the provision of housing and other associated housing purposes. The Council is also under a duty to prevent a debit balance on the HRA for each accounting year and in doing so must keep under review the proposals in place regarding the income and expenditure on its assets held for housing related purposes. (Ref: rcd11.5.d10.5c14.5)</p> <p>Mike Wallbank Solicitor Advocate and Deputy Monitoring Officer Tel: 01453 754362 Email: mike.wallbank@stroud.gov.uk</p>
<p>Report Author</p>	<p>Lucy Clothier, Principal Accountant Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk</p>
<p>Options</p>	<p>To restrict or not approve the reserve transfers and capital slippage</p>
<p>Performance Management Follow Up</p>	<p>The outturn position will be taken into account when the budget for 2019/20 is prepared later in the year. The change to balances and reserve levels will be incorporated into an updated Medium Term Financial Plan.</p>

Background

1. This report sets out the final outturn position for the Housing Revenue Account (HRA) for the 2017/18 financial year. The purpose of this report is to inform members of the level of balances held by the HRA as a result of closing the accounts for the year.

HRA Outturn Position Overview

2. The HRA is a self financing account for the Council's housing landlord function, which must be budgeted to break even (net of approved transfers to/from HRA reserves).
3. The original gross expenditure budget for the HRA in 2017/18 was £25.515m. This has been revised to a gross expenditure budget of £24.814m, funded by income of £22.832m and net transfers from HRA reserves of £1.982m.
4. The revenue outturn position of the HRA shows a transfer to HRA General Reserves of £3.578m. This represents a net underspend of £1.368m (5.5% of gross expenditure budget). A summary of this variation can be found in Table 1 (following paragraph 8).
5. The capital outturn position shows expenditure of £6.002m. A variance of £3.187m against the revised budget of £9.189m. A summary of this variation can be found in Table 4 (paragraph 30).

HRA Revenue Outturn Position

6. The outturn position for the HRA shows a net underspend of £1,368k (5.5% of gross expenditure budget). A breakdown of the variance is included in Table 1 below. This is a change of +£173k (0.7%) from the forecast reported in April 2018.
7. It is proposed that this balance returns to HRA General Reserves, reducing the use of reserves from a budgeted amount of £3,578k, to £2,210k. A summary on the position of HRA General Reserves can be found from paragraph 27.
8. A review of HRA budgets will be undertaken by the Housing service in 2018/19 to ensure that budgets remain adequate and relevant, whilst maintaining a balanced position over the medium and longer term.

Table 1 – HRA Outturn Summary

	2017/18 Original Budget (£'000)	2017/18 Latest Budget (£'000)	2017/18 Outturn (£'000)	Outturn Variance (£'000)
Income				
Dwelling Rents and Service Charges	(22,269)	(22,171)	(22,516)	(345)
Other Charges and Income	(661)	(661)	(682)	(21)
Total Income	(22,930)	(22,832)	(23,198)	(366)
Expenditure				
Supervision and Management	5,301	5,234	5,011	(223)
Repairs and Maintenance	3,658	3,643	3,315	(328)
Sheltered Housing Service	1,441	1,523	1,295	(228)
Other Expenditure	552	552	545	(7)
Sheltered Housing Modernisation	425	406	264	(142)
Queens Court	0	0	55	55
Revenue Funding of Capital Programme (Depreciation and RCCO)	10,562	9,880	9,869	(11)
Provision for Bad Debts	100	100	0	(100)
Total Expenditure	22,039	21,338	20,354	(984)
Other Costs and Income				
Interest Payable/Receivable	3,476	3,476	3,419	(57)
Transfers to/from HRA Earmarked Reserves	503	1,596	1,635	39
Transfers to/from HRA General Reserves	(3,088)	(3,578)	(3,578)	0
Total Other Costs and Income	891	1,494	1,476	(18)
Total (Balance to HRA General Reserves)	0	0	(1,368)	(1,368)

Further detail on the variances included in Table 1:

9. Dwelling rents and service charges – (£345k) additional income

Income is £345k (1.5%) more than budgeted. This is largely due to void loss (excluding dwellings intended for redevelopment) being approximately 0.5%, much lower than the budgeted void rate of 2%. The void assumption included in the budget will be reviewed during 2018/19, and although it could be assumed that it will remain at a lower rate in the short term, the longer term position is uncertain, for example the introduction of mandatory fixed term tenancies as part of the Housing and Planning Act 2016 could greatly impact turnover, and so it is prudent not to assume ongoing savings in the longer term until the position is clear.

10. Supervision and management – (£223k) underspend

Staffing underspends make up most of this variance with in year underspends of over £100k (due to vacant posts during the year where

recruitment of new staff has been difficult in the current market) as well as an unused staffing contingency of £184k. There is also a general contingency budget of £50k that has not been called on during the year. This has been offset by an overall increase in support service charges from the General Fund (for council-wide services provided by IT, finance, HR etc) of £105k, £70k of which is charged to Supervision and Management.

Some funding set aside for estate works and resident involvement have not been fully utilised due to needing time for the new Neighbourhood Management Officers to develop their roles and a review of the way tenant involvement is delivered. A tenant involvement action plan will be presented to Housing Committee in September.

11. Repairs and maintenance – (£328k) underspend

A breakdown of repairs and maintenance is shown below. The repairs and maintenance budgets will be reviewed during 2018/19 to ensure they remain adequate and fit for purpose.

12. Planned cyclical maintenance – (£147k) underspend

The programme started mid year and some works have slipped into 2018/19 due to the Section 20 (s20) process, and a period of inclement weather. The s20 process requires a landlord to consult leaseholders who are required under the terms of their leases to contribute toward costs for the upkeep of the common parts of a property.

13. Gas in-house provider – (£54k) underspend

Savings relate largely to reduced salary costs while recruiting to vacant posts.

14. Voids – (£148k) underspend

There were a total of 278 minor voids during the year, giving an average cost of £2.65k per minor void.

The overall void process has been reviewed to both reduce cost and improve the process which has assisted the underspend by preventing unnecessary waste utilising pre term inspections, highlighting tenant responsibilities and recharging the outgoing tenant(s) for any works required as part of the void process.

15. Responsive maintenance – £21k overspend

A small overspend of £21k (1.7%) has been experienced this year. As responsive works are demand led, it can be difficult to accurately predict the level of works that will be needed each year.

16. Sheltered housing service – (£228k) underspend

Salary underspends (of £143k) and lower than budgeted in year costs (such as grounds maintenance on decommissioned schemes and site officers taking more responsibility for some groundworks saving £14K) have contributed to an underspend of £228k.

Some non essential spend in communal areas had been put on hold pending decisions on the timing of schemes being included in the Sheltered Housing Modernisation Programme, but with a decision in place on the forthcoming schemes this spend can now continue in the remaining schemes.

The planned closure of some red schemes has meant that recruitment is not currently planned for a small number of vacant posts. This budget will continue to be reviewed as the Sheltered Modernisation Programme continues.

It should be noted that even with an underspend of £228k, sheltered housing has been subsidised by the HRA as a whole by approximately £374k which has been the case for a number of years. This excludes the cost of the Sheltered Housing Modernisation Programme.

17. Sheltered housing modernisation – (£142k) underspend

A reduced level of spend on decants and associated costs such as council tax and security has occurred during the year, as well as some slippage of works at Sherborne House (revenue elements) into early 2018/19.

The balance of funding will remain in the earmarked reserve in order to contribute towards funding the decanting of residents from Cambridge House, which commenced in January 2018, and Glebelands which will begin in January 2019 as planned.

18. Queens Court - £55k spend

There has been final spend of £55k in year to fund the decanting of tenants from Queens Court. The sale of the site was completed in early 2018/19.

19. Revenue funding of capital programme – (£11k) underspend

The £11k underspend represents the small underspend in Sheltered Modernisation programme (capital) and the purchase of properties using Right to Buy receipts.

The Revenue Contribution to Capital Outlay (RCCO), the revenue funding used to fund the capital programme, has been further reduced by £624k due to an outstanding payment due on the renewable heating contract from 2014. As reported in the month 10 Budget Monitoring report, this sum will no longer be carried forward as a creditor accrual, but will transfer to a provision. The underspend in RCCO is offset by the transfer of the same sum to a provision and the bottom line of the HRA is not affected. Further detail is included in Renewable Heating (paragraph 41).

20. Provision for bad debt – (£100k) underspend

Income collection has exceeded the budget, and no additional provision for non payment of rents and charges has been needed.

The budget for this provision is increased for the three years from 2018/19 (from £100k to £200k) as it is expected that the introduction of Universal Credit may reduce collection rates.

21. Interest payable/receivable – (£57k) underspend

The allowance for £50k interest payments on the repayment of Right to Buy receipts has not been needed due to the approval of a £700k capital budget to purchase additional homes.

There is also additional investment income of £7k.

22. Transfers to/from earmarked reserves – £39k reduced transfers from earmarked reserves

The reduced spend in 2017/18 on Sheltered Housing Modernisation has reduced the amount drawn from the reserve in this year. Further detail on the transfers to and from earmarked reserves can be found in paragraph 23, onwards.

HRA Earmarked Reserves

23. A net transfer of £1,635k to earmarked reserves is proposed.

24. A budgeted transfer to the Sheltered Housing Modernisation reserve of £2,196k is proposed. This is partially offset by the use of £551k of the reserve during 2017/18. The £551k spend relates to revenue spend of £264k, capital spend of £189k (total capital spend of £615k, less £164k funded by RTB receipts and £262k funded from sheltered housing capital receipts) as well as a contribution towards the loss of sheltered housing service charges, as included in the budget, of £98k.

25. There is also a carry forward of £10k for Bearlands that has been included in 2017/18 as per the approval from the HRA Outturn 2016/17 report (June 2017).

26. The below table shows a summary of HRA earmarked reserves.

Table 2 - HRA Earmarked Reserve Transfers

	Opening Balance 01.04.17	Transfers In	Transfers Out	Closing Balance 31.03.2018
Carry forwards	10		(10)	0
Sheltered Housing Modernisation	331	2,196	(551)	1,976
Estate Redevelopment	350			350
Workforce Planning	250			250
Total	941	2,196	(561)	2,576

HRA General Reserves

27. The opening balance of HRA general reserves at 1 April 2017 was £5,213k. The base budget included a transfer from reserves of £3,088k, which has been increased by £490k to fund part of the £700k capital budget to purchase properties utilising RTB receipts (Strategy and Resources, June 2017). The total budgeted transfers from HRA general reserves in 2017/18 are therefore £3,578k.

28. The underspend of £1,368k, reduces the requirement for transfers from HRA general reserves to £2,210k. This gives a closing balance in HRA general reserves of £3,003k.

29. The following table gives an update on the forecasted balance of HRA general reserves over the MTFP period.

Table 3 - Summary of HRA general reserves forecast

	2017/18 £000s	2018/19 £00s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Opening balance	5,213	3,003	2,877	3,061	2,867
Budgeted transfer to/(from) general reserves	(3,578)	(126)	184	(194)	1,742
2017/18 Underspend	1,368				
Closing balance	3,003	2,877	3,061	2,867	4,609

HRA Capital Programme

30. The revised capital programme for 2017/18 is £9,189k, of which £6,002k has been spent. This includes an underspend of £624k relating to an outstanding invoice for renewable energy as detailed in paragraphs 19 and 41.

Table 4 – HRA Capital Outturn Position

	2017/18 Original Budget (£000's)	2017/18 Latest Budget (£000's)	2017/18 Outturn (£000's)	Outturn Variance (£000's)	Slippage (£000's)
Central Heating	690	690	759	69	
Disabled Adaptations	308	308	43	(265)	
Kitchens and Bathrooms	1,545	1,545	1,122	(423)	
Major Works	515	515	346	(169)	
Compliance	453	453	110	(343)	
Doors and Windows	515	515	430	(85)	
Electrical Works	206	206	241	35	
Damp Works/Insulation	124	124	1	(123)	
Renewable Heating	0	0	(624)	(624)	
Non-Traditional Properties	340	340	45	(295)	
Door Entry	206	206	43	(163)	
External Works	1,700	1,700	926	(774)	
Total - Major Works	6,602	6,602	3,442	(3,160)	0
Woolaways - Minchinhampton	0	0	2	2	
Woolaways-Leonard Stanley (New Build)	0	0	(6)	(6)	
The Corriett	0	0	(28)	(28)	
Berkeley	0	0	3	3	
Hillside, Coaley	0	0	(48)	(48)	
Southbank, Woodchester	578	8	53	45	
Chapel Street, Cam	579	535	535	0	
New Homes Contingency	250	17	0	(17)	22
Woolaways-Top of Town Phase 2	0	0	3	3	
Woolaways-Top of Town Phase 3	401	203	228	25	
Former Ship Inn, Bridgend	1,500	19	21	2	
Woolaways-Top of Town Phase 4	1,206	485	490	5	
Purchase of Properties Using RTB Receipts	0	700	692	(8)	
Total - New Build and Development	4,514	1,967	1,945	(22)	22
Sheltered Housing Modernisation (Capital)	1,366	620	615	(5)	5
Total Capital Expenditure	12,482	9,189	6,002	(3,187)	27

Major Works

31. Total spend on Major Works during the year was £3,442k against a budget of £6,602k, giving a variance of (-)£3,160k. The remaining funding has not been requested as slippage at this time, but will remain in the Major Repairs Reserve pending a review of the ongoing capital programme which will be presented to members during 2018/19.

32. Further detail on the variances in Major Works are included below.
33. Central heating – £69k overspend
A total of 161 boilers were installed in dwellings, along with three commercial boiler systems which were installed at sheltered housing schemes with shared heating facilities (serving 101 dwellings). The overspend is related to the additional cost of bringing one of the commercial boilers forward in the programme due to its condition.
34. Disabled adaptations – (£265k) underspend
Demand for adaptations has been lower during 2017/18. Provision of adaptations are subject to assessment and referral through Gloucestershire County Council Occupational Therapists.
The outturn figure includes an over accrual of £80k from 2016/17.
35. Kitchens and bathrooms – (£423k) underspend
The kitchen and bathroom replacement programme in the north of the district was fulfilled. Replacements were lower than budgeted with replacements being reprogrammed after surveying (as they were not yet needed) and tenant refusals (25 bathrooms and 24 Kitchens). Some works in the south of the district have been moved forward into the 2018/19 programme due to the change in contractor, these works have been prioritised for completion in the first half of the 2018/19 programme.
36. Major void works – (£169k) underspend
There have been 26 major voids during the year. A major void is one which requires more than £10k worth of investment in order to bring it up to a habitable standard. Instructions for 8 major voids were delayed in the south of the district towards the end of the year pending the start of the new contractor.
37. Compliance – (£343k) underspend
In line with the Month 10 report, spend on compliance areas has been lower than budgeted. Items such as asbestos form the majority of this budget and is therefore subject to change in line with planned works commitment. Under-delivery of the capital programme has therefore impacted on spend.
38. Doors and windows – (£85k) underspend
A total of 324 composite doors have been installed, and 101 properties have received new windows. The underspend relates to a number of doors being slipped into 2018/19 as the contractor was not able to deliver a change in the specification for some schemes.
39. Electrical works - £35k overspend
The electrical works consists of a total of 43 domestic rewire, rewire and major works to 20 housing blocks/communal areas, the installation of 92 electric fires and smaller electrical works to 260 dwellings and communal areas.

40. Damp works/insulation – (£123k) underspend
A planned programme of works is not yet in place. Some works to reduce condensation and improve the thermal performance of properties has been undertaken as part of other planned programmes.
41. Renewable heating – (£624k) underspend
As reported in the Month 10 Budget Monitoring report, an invoice remains outstanding for renewable heating works from 2014. With no response forthcoming from the contractor to resolve the situation, the accounting entry will not be carried forward into next year. Provision will be made for the sum in revenue (see paragraph 19), which will be called on should the claim be settled. This has led to an underspend of £624k in capital.
42. Non-traditional properties – (£295k) underspend
Delivery of the programme is being reviewed in line with the action plan agreed at the March 2018 Housing Committee. Some limited works were completed in year to establish benchmark standards for the properties. Works to a number of properties have been delayed awaiting planning permission and other statutory consents.
43. Door entry – (£163k) underspend
Six door entry systems have been installed in 2017/18. Delays due to contractor issues have meant that a large part of the programme has slipped into Q1 of 2018/19. A revised delivery of the overall programme is currently taking place.
44. External works – (£774k) underspend
The spend in 17/18 relates largely to roofing and rendering works. The majority of slipped works will be reprogrammed over 2018/19 and 2019/20, dependant on condition, with the residual being reprogrammed into future years as necessary.

New Build and Development

45. A total of 36 units have been completed or purchased in 2017/18. This includes the handover of Top of Town Phases 3 and 4, Chapel Street in Cam and the successful purchase of four dwellings on the open market, where the majority of the allocated budget of £700k, including the use of Right To Buy receipts, was spent.
46. It is proposed that the total underspend of £22k is carried forward to next year and the 2018/19 budget amended accordingly. The proposed revised profiling is included in Table 6 following paragraph 52.

Sheltered Housing Modernisation

47. Six ex warden properties have each been converted into two flats during the year, three of which completed during the year, and three with handovers in early April 2018. This has meant six flats being added to the sheltered housing stock in 2017/18 and an additional six have been added early in 2018/19.

48. Other works completed during the year includes two garages at Dryleaze Court having been successfully converted into the new laundry facilities for the remaining bungalows. The start of works on the communal areas of Sherborne House were delayed due to a longer than expected procurement process, but this is now on track with works now started and due to complete by September/October 2018.

49. A low level of slippage (£5k) has been experienced, and it is proposed that this be added to the capital programme for Sheltered Modernisation for 2018/19. A summary of the proposed revised budget can be found in table 6.

50. The Sheltered Modernisation budget and profiling will continue to be monitored to ensure that the budget is appropriate for the programme.

Capital Financing

51. The total capital spend of £6,002k has been financed as follows.

Table 5 – HRA Capital Financing

Source of Funding	£000s	
Major Repairs Reserve	3,506	
Revenue Contribution to Capital Outlay (RCCO)	1,047	
Capital Receipts	1,333	Includes £560k Right to Buy receipts, receipts from shared ownership sales of £511k and £262k sheltered housing receipts
HCA Grant	116	Funding from the HCA for Top of Town and Chapel Street
Total Funding	6,002	

Capital Budget 2018/19

52. Taking into account the slippage from 2017/18 the proposed revised capital programme for 2018/19 is:

Table 6 - Revised HRA Capital Programme

	2018/19 Base £000s	2018/19 Revised £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s
Total Major Works (Summary)	6,657	6,657	6,103	6,027	5,919
New Homes and Regeneration					
Southbank, Woodchester	992	650	342		
Former Ship Inn, Bridgend	1,434	334	1,100		
Contingency/Unallocated	578	50	550		
Total New Homes and Regen	3,004	1,034	1,992	-	-
Sheltered Housing Modernisation					
Red Scheme - Tanners Piece	1,700	1,700	13		
Red Scheme - Glebelands	-				1,500
Green/Amber Schemes	359	364	298	462	336
Total Sheltered Housing Modernisation	2,059	2,064	311	462	1,836
Total HRA Capital Programme	11,720	9,755	8,406	6,489	7,755

Note: the Major Works budgets have been summarised in the table as there are no proposed changes.

53. The New Homes and Regeneration budgets have been reprofiled in order to carry out the necessary consultations, planning discussions and procurement of contractor on the current schemes.

54. Further schemes are being worked up to assign the unallocated element of the budget and a proposal will go to Housing Committee in 2018/19.

HRA Stock Numbers

55. The total number of dwellings available to let (excluding those held vacant pending redevelopment) has reduced by 17 to 5,060 at the end of the financial year.

56. This includes a total of 31 sales (26 RTB and 5 on the open market as part of the new build and sheltered modernisation programmes), the addition of 32 new builds, 4 purchased properties and 6 newly converted ex scheme manager flats. A total of 104 properties have been taken out of the housing stock this year (of which 87 were reported as being held vacant at the end of last year), and an additional 11 dwellings are not available for relet as they are in Glebelands, a red sheltered scheme due to commence decanting from January 2019.

Table 7 – Changes to housing stock 2017/18

	Rented	Shared Ownership	Total
Opening Stock at 1 April 2017	5,129	35	5,164
<i>Additions:</i>			
New build schemes:			
Top of Town Phase 3	12		12
Top of Town Phase 4	6		6
Chapel Street, Cam	9	5	14
Purchases	4		4
Ex warden conversions	6		6
<i>Less:</i>			
Right to Buy	(26)		(26)
Market disposals	(5)		(5)
Decanted for Sheltered Modernisation Programme/Queens Court	(104)		(104)
Closing stock at 31 March 2018	5,031	40	5,071
Held vacant for Sheltered Modernisation Programme – Glebelands (red scheme)	(11)		(11)
Stock available for rent at 31 March 2018	5,020	40	5,060

57. For context, and as requested by Members previously, a summary of housing stock changes since 2012 (the implementation of self financing) can be found in the table below.

Table 8 – Summary of dwelling numbers since 2012

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Opening stock at 1 April	5,203	5,132	5,108	5,091	5,117	5,164
Right to Buys	(22)	(25)	(27)	(24)	(25)	(26)
Demolitions/Disposals	(49)	(23)	(4)	(21)	(10)	(109)
New Builds/Acquisitions	0	24	14	71	82	42
Closing stock at 31 March	5,132	5,108	5,091	5,117	5,164	5,071

Right to Buy Receipts

58. As members will be aware, the Council is able to retain Right to Buy (RTB) receipts (after a set payment to the Treasury, a Council share, an allowance for the self financing debt relating to the RTBs, and an admin allowance), but only if they are spent on new affordable rented housing. There are strict rules on the use of the receipts, with the RTB receipts only able to make up a total of 30% of the spend on the new housing. The remaining 70% of spend must come from other resources, such as revenue resources (ie from rental income), borrowing, or capital receipts (although the use of capital receipts from the sale of non RTB dwellings

is not directly allowable). For example, £300k of RTB receipts must be used towards spend of £1,000k on new housing, with £700k coming from Council resources. They also cannot be used at the same time as other government funds, such as Homes England, previously the Homes and Communities Agency (HCA), grants.

59. A total of 26 properties were sold under Right to Buy in 2017/18, with a total capital receipt of £2,572k. This is after discounts totalling £1,874k were applied.

60. The below table shows the breakdown of these receipts.

Table 9 - Right to Buy Receipts 2017/18

	£000s	
Treasury share	461	Amount paid to Government under the RTB legislation
Local authority share	189	Amount that can be kept locally without match funding restrictions
Admin costs	34	Allowance to cover administration costs
Attributable debt	556	Allowance for self financing debt relating to sold properties. Note: this does not need to be used to repay borrowing
Buyback allowance	87	Allowance of up to 50% for repurchasing ex council houses (relates to costs incurred in past years)
Additional 141 receipts	1,245	Remaining amount that must be match funded within three years. In order to keep these receipts an additional £4,151k must be spent by 31 March 2021.
	2,572	

61. During 2017/18, the total spend required (from RTB receipts up to March 2015 – to allow for the three year period in which we have to allocate RTB receipts) has been met, and no additional RTB receipts have been returned.

62. The addition of a £700k budget in order to purchase properties on the open market, as approved by Council in January 2017, has been successful with the purchase of four properties now added to the housing stock - three two bed properties and one three bed property.

63. Right to Buy receipts have also been allocated to developments at Chapel Street (Cam), Top of Town (Phase 4) and the conversion of a number of sheltered ex warden accommodations from one dwelling, into two.

64. 2017/18 has also seen the allocation of RTB receipts to a Registered Provider (RP), Fortis Living, who will use the funding to build affordable housing on land at Fountain Crescent, Wotton-under-Edge. This has not been without challenges and has taken a considerable amount of officer time to achieve. It is also being closely monitored over the length of the grant agreement.

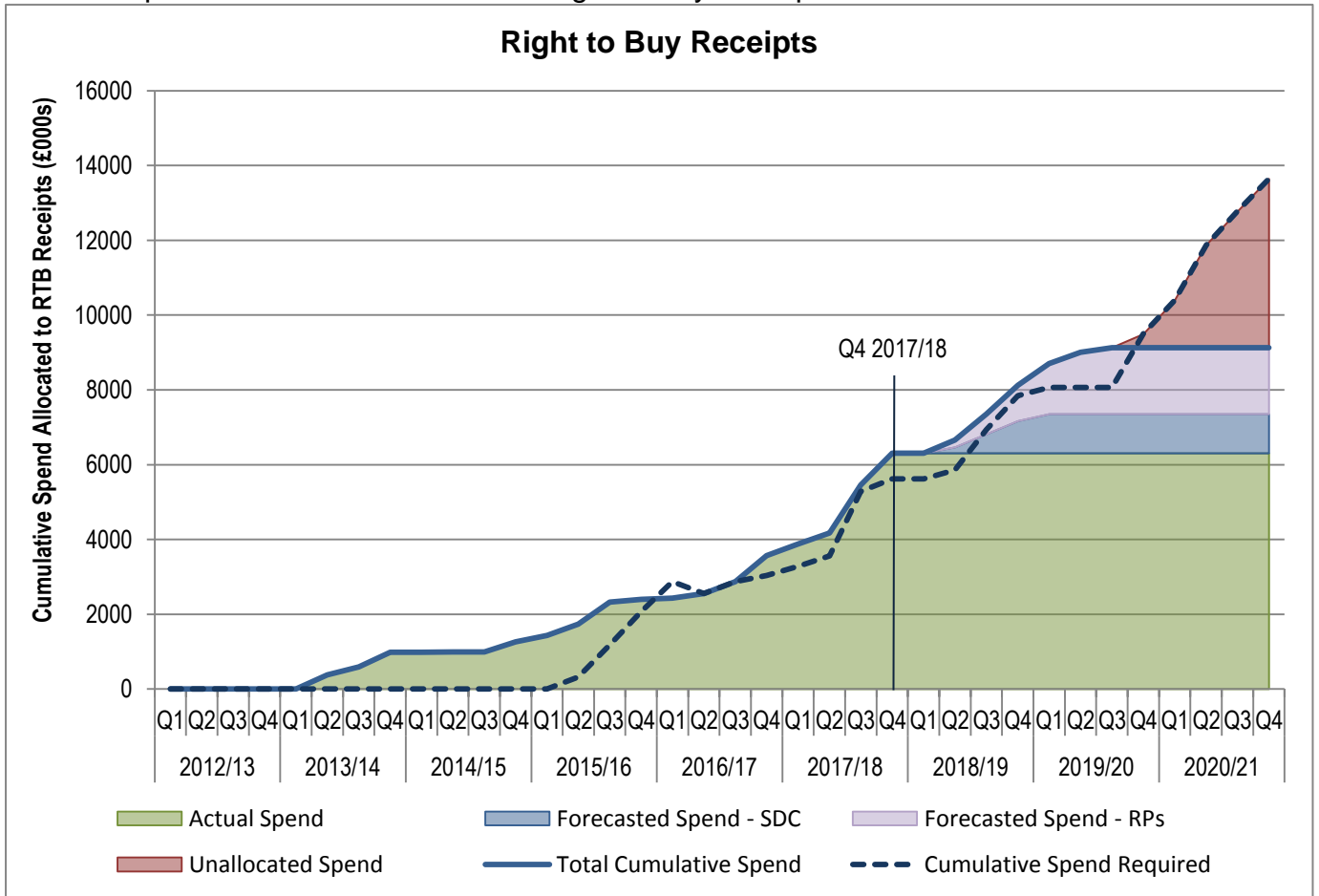
65. Any partnership with an RP must be very carefully managed and monitored as the risk for repayment of RTB receipts if they are not fully spent within three years of receipt (when received by SDC, rather than when they are transferred to the RP) remains with the Council. This could happen for example with a development timescale slipping out past the original timescales. Interest payments would also be borne by the Council. The Council could then also face having to continue to pass the grant funding to the RP, needing to find it from other sources as the RTB receipts are no longer available.

66. Table 10 below summarises the current forecast of RTB eligible spend (that is the total spend including both the 30% RTB funding plus the 'other' 70%). This is also shown, by quarter, in Graph 1.

Table 10 - Additional spend needed to offset RTB receipts

	March 2016 £000s	March 2017 £000s	March 2018 £000s	March 2019 £000s	March 2020 £000s	March 2021 £000s
Cumulative spend required	2,069	3,040	5,621	7,845	9,493	13,644
Cumulative actual/forecasted spend	2,400	3,568	6,304	8,119	9,131	9,131
Shortfall (additional spend needed)					362	4,513

Graph 1 – Forecast of the use of Right to Buy Receipts



67. It shows that by March 2020, an additional £362k will need to be spent in order to retain the existing RTB receipts. By March 2021, this increases to £4,513k of which £1,354k (30%) could be funded by RTB receipts and so £3,159k (70%) must be found from other resources.

68. The availability of resources will need to be considered as part of the next review of the longer term position of the HRA.