



Report Title	Revenue Monitoring Report Period 7 – October 2007
Reporting Officer, Team and Role	Peter Willett, Deputy Director of Finance
Executive Director	Rowann Limond, Executive Director of Finance
Meeting	Quarterly monitoring Meeting
Date	18 December 2007
Agenda Item	
Status of Report	Non-Confidential

1 SUMMARY & RECOMMENDATIONS

- 1.1 This report set outs the key issues affecting the financial position of the Company, Managed, and Retained elements of the Housing Revenue Account (HRA) for the period to end of October 2007 and provides commentary on and estimated impact of key risks affecting the forecast for the year to 31st March 2008.
- 1.2 Overall, the report shows an underspend of £45,000 for the Housing Revenue Account as a whole across the year. This is made up as follows:

Company Budget	Underspend of £490,000
Managed Budget	Underspend of £897,000
Retained Budget	Overspend of £1,342,000

- 1.3 The committee should note that this forecast underspend in the Housing Revenue Account does not provide any flexibility in respect of the savings which will have to be achieved in 2008/09 onwards.
- 1.4 It is recommended that the Committee:
1. Note the report
 2. Consider the level of financial risk and mitigation reported.

2 BACKGROUND

- 2.1 Budgets shown are based on the Medium Term Financial Strategy (MTFS). Company budgets have been updated to reflect the updates in the MTFS agreed by the Board at its meeting of 10 September. Managed and Retained budgets have not yet been updated, pending Council approval.
- 2.2 As part of the company's financial governance regime, monthly meetings are held with service managers to review finances and agree forecasts for

sign-off by the service management and the Executive Management Team. Meetings scheduled and attended for this period are shown in Appendix F.

3 COMPANY ACCOUNTS

3.1 The Company Accounts are those under the ownership and management of Homes for Haringey Limited and represent the position of the Company.

3.2 Key Financial Indicators

These indicators show performance against planned outcomes, and are intended to provide a snapshot of the overall financial health of the company.

Indicator	Plan for year to date	Current position	RAG	Planned full year outcome	Forecast Outcome	RAG
Total Expenditure	£30.9m	£29.5m	G	£53.7m	£53.0m	G
Total Income	(£31.3m)	(£30.7m)	A	(£53.7m)	(£53.5m)	A
External Repairs Contractor Expenditure	£5.8m	£5.7m	G	£10.2m	£10.2m	G
Gas Maintenance Expenditure	£2.9m	£2.9m	G	£5.8m	£5.8m	G
Internal Audit Outcomes	All at least "substantial" assurance	1 full 3 substantial 1 limited	A	All at least "substantial" assurance	All bar one at least "substantial" assurance	A
Uncommitted Contingency	£0.25m	£0.25m	G	£0.25m	£0.25m	G
No. of Budget Owners within budget	21 out of 21	15	R	21 out of 21	17	R

3.3 The following comments relate to these key financial indicators:

- Forecast income for the year is amber. We are forecasting net income from other services provided outside of the Management Agreement to be some £223,000 less than the budget.
- External repairs contractor expenditure is within plan. This indicator will be amended to "repairs client expenditure" once the contract goes live, and since awarded in-house a separate "contractor expenditure" indicator will also be shown.
- Internal Audit reports are shown as Amber as one (namely Disaster Recovery) has missed the target.
- The number of budget owners within budget is shown as red, though significantly improved since the updating of budgets. Budget owners anticipating overspends are:

<i>Budget Owner</i>	<i>Cause(s)</i>
Director of Housing Management	Provision for non-materialisation of underspends elsewhere in Housing Management

Head of Tenancy Management - South Tottenham	Premises & Supplies costs in excess of budget
Head of Tenancy Management - West	Minor miscellaneous overspends
Head of Estate Services	Transport & Supplies costs in excess of budget

3.4 Appendix A highlights the spend to date and the forecast outturn position of the company accounts.

3.5 The overall position for the company is a forecast £0.490 surplus.

3.6 This is largely due to additional savings being identified in Building Services.

4 MANAGED ACCOUNTS

4.1 The Managed Accounts are those under the ownership of the Council and administered by Homes for Haringey Limited as the agent of the Council.

4.2 Appendix B shows the spend to date and the forecast outturn position of the managed accounts.

4.3 The overall position for the Managed budgets is a forecast underspend of £0.897m.

4.4 This underspend incorporates:

- Forecast additional rent and service charge income of £1.599m;
- Forecast increase in Provision for Bad Debt of £0.382m
- Budget pressures of £0.320m

These will be incorporated into the Revised Budget on receipt of Council approval.

5 RETAINED ACCOUNTS

5.1 The Retained Accounts are those budgets owned and managed directly by the Council.

5.2 Appendix C shows the spend to date and the forecast outturn position of the retained accounts, an overspend of £1.342m

5.3 This forecast overspend incorporates:

- Budget pressures of £0.394 m mostly due to lower than budgeted Hostel Income.
- An increase in Management Fee payments of £0.948m

6 OVERALL HOUSING REVENUE ACCOUNT

- 6.1 The Housing Revenue Account (HRA) is made up of the three preceding accounts, and the year to date and forecast variances are the sum of these.
- 6.2 Appendix D highlights the spend to date and the potential outturn position of the Housing Revenue Account as a whole.
- 6.3 Surpluses and deficits on the Company accounts are treated for the purposes of budget monitoring as being consolidated into the HRA.
- 6.4 The overall forecast variance is an underspend for the year of £0.187m, which will replenish HRA balances.

7 FINANCIAL RISKS

- 7.1 The following table shows a summary of the current risk profile for the Housing Revenue Account as a whole. Significant risks are commented upon in subsequent paragraphs within the three accounts.

		Probability		
		Low	Medium	High
Impact	C = Company M = Managed R = Retained			
	High	C1	M1	
	Medium		C2, C3	
	Low			

7.2 Company Accounts

- 7.2.1 Major risks in financial terms relate to repairs contractor spend and single status/equal pay issues.

7.3 Managed Accounts

- 7.3.1 Major risks in financial terms relate to rent collection rates.

7.4 Retained Accounts

- 7.4.1 The position with regard to risks on Retained Budgets is being monitored in collaboration with the Council and any necessary corrective actions will be the responsibility of the Council. No major risks are currently reported.

Company Accounts

Appendix A

Company Accounts	2007/08						
	Original Budget £000s	Revised Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Forecast Spend £000s	Forecast Variance £000s
Management Fee Income - Revenue	(40,174)	(41,122)	(23,988)	(23,435)	553	(41,122)	-
Management Fee Income - Capital	(8,313)	(8,180)	(4,772)	(4,772)	0	(8,155)	25
Design & Engineering Income - Other	(2,163)	(2,032)	(1,185)	(1,446)	(261)	(2,351)	(319)
Repairs Operations Income - Other	(3,003)	(2,403)	(1,401)	(1,078)	323	(1,886)	517
Total Income	(53,653)	(53,737)	(31,346)	(30,731)	616	(53,514)	223
Chief Executive	248	248	145	119	(25)	248	-
Chief Executive	248	248	145	119	(25)	248	-
Director of Housing Management	(212)	230	141	175	35	277	47
Income Collection	1,785	1,884	1,114	1,098	(16)	1,842	(42)
Tenancy Management - North Tottenham	1,738	1,780	1,026	947	(79)	1,697	(83)
Tenancy Management - South Tottenham	1,488	1,513	883	905	22	1,555	42
Tenancy Management - West	1,556	1,596	931	912	(19)	1,597	1
Estate Services	2,574	2,619	1,528	1,566	38	2,647	27
Home Ownership	857	935	496	473	(23)	905	(30)
Housing Management	9,787	10,556	6,119	6,076	(43)	10,519	(37)
Director of Business Improvement	151	161	94	64	(30)	161	-
Involvement & Communications	1,073	959	545	459	(86)	944	(15)
Service Development	1,107	1,263	737	590	(147)	1,263	-
Governance & Best Value	463	456	266	274	8	456	-
Business Improvement	2,793	2,839	1,641	1,387	(255)	2,824	(15)
Director of Finance	305	155	91	92	1	155	-
Finance	849	835	487	482	(5)	835	-
Housing Information	618	676	395	426	32	676	-
Head of Performance	55	108	63	48	(15)	108	-
Finance	1,827	1,774	1,035	1,048	13	1,774	-
Director of Building Services	329	141	82	77	(5)	141	-
Design & Engineering	9,576	9,627	5,277	5,250	(27)	9,569	(58)
Asset Management	855	729	421	373	(49)	704	(25)
Repairs Operations	19,334	18,545	10,745	10,331	(414)	18,149	(396)
Contract Management	(288)	764	445	479	34	583	(181)
Building Services	29,806	29,807	16,971	16,509	(462)	29,147	(660)
Overheads & Financing Items	9,247	8,258	4,817	4,347	(470)	8,258	-
Contingency	(56)	254	148	-	(148)	254	-
Corporate	9,191	8,512	4,966	4,347	(619)	8,512	-
Total Expenditure	53,653	53,737	30,877	29,487	(1,390)	53,024	(713)
(Surplus)/Deficit on Company Accounts	0	0	(470)	(1,244)	(774)	(490)	(490)

Managed Accounts	2007/08						
	Original Budget £000s	Revised Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Forecast Spend £000s	Forecast Variance £000s
Dwellings Income	(57,929)	(60,225)	(28,408)	(29,427)	(1,019)	(61,500)	(1,275)
Hostel Income	-	-	-	-	-	-	-
Garages Income	(347)	(347)	(164)	(185)	(21)	(393)	(46)
Shops Income	(1,374)	(1,780)	(1,200)	(1,230)	(30)	(1,780)	-
Rental Income	(59,650)	(62,352)	(29,772)	(30,841)	(1,070)	(63,673)	(1,321)
HRA Subsidy	(21,966)	(19,128)	(9,564)	(9,769)	(204)	(19,128)	-
Leasehold Service Charge Income	(6,429)	(5,330)	(4,554)	(4,705)	(151)	(5,246)	84
Communal Heating	(200)	(363)	(182)	(174)	7	(368)	(5)
Sheltered Housing	(1,641)	(1,641)	(774)	(762)	12	(1,641)	-
Unpooled Charges	(4,725)	(4,477)	(2,112)	(2,275)	(163)	(4,834)	(357)
Tenant Service Charge Income	(6,566)	(6,480)	(3,067)	(3,211)	(144)	(6,842)	(362)
Water Rates	(3,971)	(4,642)	(2,190)	(2,190)	0	(4,642)	-
Supporting People Grant	(2,645)	-	-	-	-	-	-
Interest	(293)	(305)	(24)	(10)	14	(305)	-
Miscellaneous Income	(6,909)	(4,947)	(2,213)	(2,200)	14	(4,947)	-
Total Income	(101,521)	(98,237)	(49,170)	(50,725)	(1,555)	(99,836)	(1,599)
Housing Management Costs	3,485	5,092	3,196	3,145	(51)	5,686	594
Repairs & Maintenance	-	205	-	13	13	205	-
Bad Debt Provision	649	718	-	-	-	1,100	382
Communal Heating	386	386	193	176	(17)	386	-
Communal Lighting	680	817	408	44	(364)	817	-
Commercial Property	-	205	-	13	13	205	-
Housing Management Recharge	420	6,018	2,992	3,062	70	5,743	(275)
Service Charge Costs	1,486	7,426	3,594	3,296	(298)	7,151	(275)
Total Expenditure	5,620	13,236	6,790	6,441	(349)	13,937	702
(Surplus)/Deficit on Managed Accounts	(95,901)	(85,002)	(42,380)	(44,285)	(1,905)	(85,899)	(897)

Retained Accounts	2007/08						
	Original Budget £000s	Revised Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Forecast Spend £000s	Forecast Variance £000s
Supporting People Grant	-	(2,645)	(1,323)	(1,327)	(5)	(2,645)	-
Temporary Accommodation	(2,778)	(3,240)	(1,528)	(1,448)	80	(2,934)	306
Total Retained Income	(2,778)	(5,885)	(2,851)	(2,776)	75	(5,579)	306
Anti-Social Behaviour Action	255	151	-	0	0	151	-
Temporary Accommodation	-	279	139	288	148	279	-
Corporate Democratic Core	-	970	485	485	(0)	970	-
Supported Housing	3,400	3,081	1,572	1,504	(68)	3,081	-
Housing Management Costs	3,655	4,481	2,197	2,277	81	4,481	-
Repairs & Maintenance	-	300	-	-	-	300	-
Capital Financing Costs	43,716	43,447	-	-	-	43,535	88
Other Property Costs	1,315	2,454	826	1,017	192	2,454	-
Rent Rebates	-	-	-	-	-	-	-
Bad Debt Provisions	-	31	-	-	-	31	-
ALMO Management Fee	49,993	40,174	20,087	19,057	(1,030)	41,122	948
Total Expenditure	95,901	85,002	20,258	19,576	(682)	86,344	1,342
(Surplus)/Deficit on Retained Accounts	95,901	85,002	20,258	19,576	(682)	86,344	1,342

Overall Housing Revenue Account

Appendix D

Housing Revenue Account	2007/08						
	Original Budget £000s	Revised Budget £000s	YTD Budget £000s	YTD Actual £000s	YTD Variance £000s	Forecast Spend £000s	Forecast Variance £000s
Company Income	(53,653)	(53,737)	(31,346)	(30,731)	616	(53,514)	223
Chief Executive	248	248	145	119	(25)	248	-
Housing Management	9,787	10,556	6,119	6,076	(43)	10,519	(37)
Business Improvement	2,793	2,839	1,641	1,387	(255)	2,824	(15)
Finance	1,827	1,774	1,035	1,048	13	1,774	-
Building Services	29,806	29,807	16,971	16,509	(462)	29,147	(660)
Corporate	9,191	8,512	4,966	4,347	(619)	8,512	-
Total Company Accounts	-	-	(470)	(1,244)	(774)	(490)	(490)
Rental Income	(59,650)	(62,352)	(29,772)	(30,841)	(1,070)	(63,673)	(1,321)
HRA Subsidy	(21,966)	(19,128)	(9,564)	(9,769)	(204)	(19,128)	-
Leasehold Service Charge Income	(6,429)	(5,330)	(4,554)	(4,705)	(151)	(5,246)	84
Tenant Service Charge Income	(6,566)	(6,480)	(3,067)	(3,211)	(144)	(6,842)	(362)
Miscellaneous Income	(6,909)	(4,947)	(2,213)	(2,200)	14	(4,947)	-
Housing Management Costs	3,485	5,092	3,196	3,145	(51)	5,686	594
Bad Debt Provision	649	718	-	-	-	1,100	382
Service Charge Costs	1,486	7,426	3,594	3,296	(298)	7,151	(275)
Total Managed Accounts	(95,901)	(85,002)	(42,380)	(44,285)	(1,905)	(85,899)	(897)
Rental Income - Retained Services	(2,778)	(5,885)	(2,851)	(2,776)	75	(5,579)	306
Housing Management Costs	3,655	4,481	2,197	2,277	81	4,481	-
Repairs & Maintenance	-	300	-	-	-	300	-
Capital Financing Costs	43,716	43,447	-	-	-	43,535	88
Other Property Costs	1,315	2,454	826	1,017	192	2,454	-
Rent Rebates	-	-	-	-	-	-	-
Bad Debt Provisions	-	31	-	-	-	31	-
ALMO Management Fee	49,993	40,174	20,087	19,057	(1,030)	41,122	948
Total Retained Accounts	95,901	85,002	20,258	19,576	(682)	86,344	1,342
TOTAL HOUSING REVENUE ACCOUNT	-	-	(22,591)	(25,952)	(3,361)	(45)	(45)

HOMES FOR HARINGEY – FINANCIAL RISK ASSESSMENT

IMPACT RATINGS £0-100k = Low, £100k-250k = Medium, £250k+ = High

Account	Ref	Date Raised	Risk Description	Risk Owner	Impact if risk occurs	Probability of risk occurring	Mitigating Action	Status	Date closed
Company	C1	Period 2	Overspending on External Contractors	R Watts	High	Low	Review of processes carried out; additional controls imposed; use of Schedule of Rates; use of TASK for monitoring	Open	
Company	C2	Period 2	Cost implications of Single Status/Equal Pay	S Brookes	High	Medium	Consult with Unions; review remuneration of craft workers. HR/Legal advice being taken.	Open	
Company	C3	Period 5	Housing Revenue Account / General Fund split	R Limond	High	Medium	Discuss the issue with the council in respect of the potential backdating of charges	Open	
Company	C4	Period 5	Aids and Adaptations spend	S Clarke	High	Medium	Discuss with the council potential means of increasing the aids and adaptations capital budget	Closed	Period 7
Managed	M1	Period 2	Rent Collection target not achieved	J Thomas	Medium	Medium	Monitor and manage; targets issued to staff; additional resources allocated; additional provision for bad debt	Open	

Budget Monitoring Meeting Attendance

As part of the company's financial governance regime, monthly meetings are held with service managers to review finances and agree forecasts for sign-off by the service management and the Executive Management Team. Meetings scheduled and attended for this period are shown below:

Manager	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Director of Housing Man	✓	✓	✓	✓	✓	✓					
Director of Business Imp	✓	✓	✓	✓		✓					
Director of Finance	✓	✓	✓	✓	✓	✓					
Director of Building Services	✓	✓	✓	✓	✓	✓					
Head of Income Collection	✓	✓	✓	✓	✓	✓					
Home Ownership Manager	✓	✓	✓	✓	✓	✓					
Head of Estate Services	✓	✓	✓	✓	✓	✓					
Head of Ten Man North	✓	✓	✓	✓	✓	✓					
Head of Ten Man South	✓	✓	✓	✓	✓	✓					
Head of Ten Man West	✓	✓	✓	✓	✓	✓					
Governance & BV Manager	✓	✓	✓	✓	✓	✓					
Involve & Comms Manager	✓	✓	✓	✓	✓	✓					
Service Development Manager	✓	✓	✓	✓	✓	✓					
Finance Manager	✓	✓	✓	✓	✓	✓					
Housing IT Manager	✓	✓	✓	✓	✓	✓					
Performance Manager	✓	✓	✓	✓	✓	✓					
Head of Asset Management	✓	✓	✓	✓	✓	✓					
Head of Design & Eng.	✓	✓	✓	✓	✓	✓					
Head of Repairs Operations	✓	✓	✓	✓	✓	✓					
Head of Repairs Contracts	✓	✓	-	✓	✓	✓					
Total (out of 20)	20	20	19	20	19	20					