

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 17 MARCH 2004

HOUSING REVENUE ACCOUNT TO 8 FEBRUARY 2004 (PERIOD 11)

Joint Report by the Director of Finance and the Director of Homes and Technical Services

1 PURPOSE OF REPORT

- 1.1 To advise Members of the current budgetary control position of the Housing Revenue Account for the period ended 8 February 2004 (Period 11).

2 OVERALL POSITION

The budgetary position summarised at Period 11 is detailed in Appendix A and highlights an underspend of £0.377m at Period 11, and a projected outturn surplus of £0.100m for the financial year 2003/2004. In line with previous years practice a proposal will be made to Council to transfer an actual surplus at the year end on the Housing Revenue Account to the Repairs and Renewals Fund. The budget to 8 February 2004 is based on standard phasing for each period of income and expenditure, except where the Director of Homes and Technical Services has indicated otherwise.

3 SUBJECTIVE ANALYSIS

3.1 Employee Costs

Employee Costs are underspent at Period 11 by £0.061m and are projected to outturn £0.065m under budget as a result of some vacancies within the Department and a reduction in Overtime and Other Employee Related Expenses.

3.2 Premises Costs

3.2.1 Voids

At Period 11 latest figures indicate that there are 707 void properties against 793 estimated for in the budget which are at present projected to outturn £0.091m under budget.

3.2.2 Central Heating Leasing

It is anticipated that Central Heating Leasing will outturn £0.077m underbudget as a result of continuing house sales.

3.2.3 Repairs

Repairs are anticipated to outturn £100,000 above budget due to demand.

3.3 **Supplies and Services**

There are a number of variances under Supplies and Services with the projected underspend of £19,000 due principally to lower than budgeted requirements for Tools and Equipment, Cleaning Materials and Telephone Costs.

3.4 **Debt charges**

Debt charges are projected to outturn £0.200m under budget. The underspend is largely attributable to a favourable cashflow profile and debt rescheduling.

3.5 **CFCR**

As a result of increased capital receipts, as noted below, the full contribution to the capital budget from the CFCR budget in the HRA will not be required in 2003/2004. This amounts to £100,000, which is 2.9% of the CFCR budget.

3.6 **Homeless Hostels**

Homeless Hostels are projected to outturn £0.070m under budget due principally to lower than budgeted repair costs and debt charges.

3.7 **Income**

3.7.1 **Rent Income**

Rent income is projected to outturn £0.330m below budget. This is a result of three main factors:-

- 1) Following the changes in the right to buy legislation in the Housing (Scotland) Act 2001 the number of applications for Council House purchases has continued to run at a high level. The Director of Corporate Resources now anticipates that 639 houses will be sold in 2003/04, rather than 524 originally estimated, and this in turn results in a decrease in the projected income for 2003/04.
- 2) Due to the acceleration of the demolition programme at the end of 2002/03 and increased sales the number of houses in the housing stock at the start of the financial year was lower than expected.
Although the increase in house sales will result in lower rent income it will also result in higher than budgeted capital receipts within the Housing capital budget for 2003/04.
- 3) As a result of the continuing demolition programme in 2003/04 rent income will be reduced. This is offset by a reduction in Void Property Costs as noted above.

3.7.2 **Other Income**

Other income is projected at present to outturn £0.014m above budget.

3.8 **Homeless Hostels**

Income for Homeless Hostels is projected to outturn £0.070m under budget due to lower Housing Benefit Income. This under-recovery is offset by reduced expenditure as noted above.

4 RECOMMENDATIONS

4.1 It is recommended that Members note the contents of this report.

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James Lavery
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27th February 2004

LIST OF BACKGROUND PAPERS

NIL

For further information please contact James Lavery, Director of Homes and Technical Services on 01563 554875

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