

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 16 MARCH 2005

HOUSING REVENUE ACCOUNT TO 06 FEBRUARY 2005 (PERIOD 11)

Joint Report by the Executive Head of Finance and the Executive Director of Neighbourhood 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 06 February (Period 11) and the projected outturn for the year.

2. OVERALL POSITION

2.1 Projected Outturn

Based on all available information, it is currently projected that the Housing Revenue Account, which is detailed at Appendix A, will outturn at £297,420 in surplus as at 31 March 2005.

2.2 Budget Performance to Period 11

Actual gross expenditure to date amounts to £28,635,486 and represents 83.3% of the estimated expenditure for the year. Year-to-date variances have been analysed and are mainly attributable to timing of expenditure and receipt of income in advance of expenditure. Such timing variances should level out over the year, but if this is not the case, reasons for the anticipated variances are highlighted in section 3 of this report.

3. SUBJECTIVE ANALYSIS

3.1 Employee Costs

Employee Costs are projected to outturn £264,170 under budget mainly as a result of vacancies and staff turnover within the department. A service review is currently being undertaken by the Executive Director of Neighbourhood Services.

3.2 Premises Costs

3.2.1 Repairs

Repairs are anticipated to outturn £567,780 (5.5%) above budget due to demand.

3.2.2 Void Rent Loss

The total number of Void Rent Loss weeks allowed for in the annual budget is 34,369. The actual number of Void Rent weeks is lower at Period 11 and currently is projected to outturn £175,000 under budget.

3.2.3 Central Heating Leasing

At Period 11 Gas Central Heating Leasing is anticipated to outturn £300,000 under budget as a result of continuing house sales and lower than anticipated termination costs.

3.3 Transport Costs

Transport costs are under budget due to a reduction in vehicle lease costs and car mileage costs.

3.4 Supplies and Services

£50,000 of this projected underspend relates to former HRA expenditure now funded by Supporting People grant and £15,000 is a projected underspend in Tools & Equipment. These are partly offset by an increase in the provision for Bad Debt (non-rent arrears).

3.5 Debt charges

It is projected that debt financing costs will outturn £275,000 less than estimate at the year end. This is due to increased investment returns which arise from positive cash flows in respect of revenue and capital budgets, together with savings arising from the rescheduling of the debt portfolio during the year.

3.6 CFCR Planned Maintenance

As a result of underspends and increases of income noted elsewhere in this report, a larger contribution can be made to the Housing Improvement Plan budget from the HRA than originally anticipated. This will reduce borrowing costs in the longer term.

3.7 Income**3.7.1 Rent Income**

Rent income is projected at present to outturn £50,000 overbudget due to the demolition of houses taking place later in the year than originally anticipated.

3.7.2 Other Income

Other income is projected at present to outturn £111,000 above budget and relates mainly to increased income due for rechargeable repairs and increased income from the supplier scheme.

3.8 General

In line with previous years practice a proposal will be made to Council to transfer an actual surplus at the end of the year on the Housing Revenue Account to the Renewals and Repairs Fund. A similar transfer was actioned in previous years.

4. RECOMMENDATIONS

It is recommended that the members note the contents of this report.

Alex McPhee
Executive Head of Finance

William Stafford
Executive Director of Neighbourhood Services

25 February 2005

LIST OF BACKGROUND PAPERS

NIL

For further information please contact William Stafford, Executive Director of Neighbourhood on 01563 556023

APPENDIX A

**HOUSING REVENUE ACCOUNT BUDGET
AS AT 6 FEBRUARY 2005 - PERIOD 11**

Housing Revenue Account

SUMMARY OF OBJECTIVE COSTS					
Actual Expend. to 06-Feb-05	Actual as % of Ann Est		Annual Estimate	Projected Actual 2004-05	Variance (Favourable)/ Adverse
£			£	£	£
2,494,384	76.5%	Employee Costs	3,259,760	2,995,590	(264,170)
13,630,820	86.7%	Premises Costs	15,723,360	15,816,140	92,780
121,366	67.3%	Transport Related Costs	180,250	165,050	(15,200)
2,963,103	71.3%	Supplies & Services	4,153,590	4,115,810	(37,780)
770,754	92.8%	Third Party Payments	830,340	830,340	0
4,732,583	82.0%	Debt Charges	5,768,050	5,493,050	(275,000)
3,235,838	90.9%	CFCR / Planned Maintenance	3,561,230	3,924,180	362,950
686,638	77.7%	Homeless Hostels	884,260	884,260	0
28,635,486	83.3%	TOTAL EXPENDITURE	34,360,840	34,224,420	(136,420)
(27,274,464)	84.0%	Income - Rents etc	(32,472,550)	(32,522,550)	(50,000)
(866,563)	86.3%	Income - Other	(1,004,030)	(1,115,030)	(111,000)
(751,261)	85.0%	Income - Homeless Hostels	(884,260)	(884,260)	0
(256,802)		NET EXPENDITURE	0	(297,420)	(297,420)
		Balance B/Fwd	0	0	0
		Net Balance C/Fwd	0	(297,420)	(297,420)