

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 22 MARCH 2006

**BUDGETARY CONTROL SUMMARY STATEMENT
HOUSING REVENUE ACCOUNT TO 5 FEBRUARY 2006 (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 5 February 2006 (Period 11).

2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 11 is detailed in Appendix A. It is anticipated that Housing Revenue Account will outturn at £225,000 in surplus at 31st March 2006.

3 SUBJECTIVE ANALYSIS

3.1 Employee Costs

Employee Costs are projected to outturn £40,000 under budget. This is the result of staff turnover within the department.

3.2 Premises Costs

3.2.1 Voids

Void rent loss is currently projected to underspend by £450,000. This is due to a lower than budgeted number of rent loss weeks to Period 11 reflecting the acceleration of the demolition programme. This is offset by a reduction of £300,000 in rent income (see 3.7 below).

3.2.2 Repairs

An additional £569,700 has been allocated to repairs and maintenance. This is offset by an underspend in voids as outlined above, underspends in debt charges, Employee Costs, Transport Costs, Supplies & Services and increased income as a result of lower than budgeted house sales (see 3.7 below).

3.3 Transport Cost

Transport Costs are projected to outturn £15,000 under budget. This is the result of reduced repair and maintenance costs due to vehicle replacements.

3.4 Supplies & Services

Supplies and Services are projected to outturn £46,700 under budget. This is due to budgeted expenditure from preferred supplier income not required in this heading and a reduction in the Supporting People contribution for Sheltered Housing tenants.

Bad Debt provision is expected to outturn £20,000 over budget offset by a reduction in IT costs.

3.5 Debt Charges

It is projected that debt financing costs will outturn £325,000 less than budget at the year-end. This is due to a favourable cash flow profile resulting in additional investment income.

3.6 Homeless Hostels

Homeless Hostels expenditure is projected to outturn £17,700 over budget. This is a result of staff cover required for vacant posts and staff training days and essential repairs and maintenance. This is partially offset by a reduction in debt charges.

3.7 Income

3.7.1 House Rent

It is anticipated that House Rent income will be under recovered by £192,000. Of this £300,000 is due to the acceleration of the demolition programme partially offset by increased income of £108,000 due to lower than expected house sales. This is offset by reduced void rent loss expenditure as outlined above. The balance has been allocated to repairs and maintenance (see 3.2. above).

3.7.2 Other Income

Other income is projected to outturn £110,000 above budget and relates mainly to increased income from rechargeable repairs.

3.7.3 Hostel Income

Hostel income is projected to outturn £17,700 over budget. This is the result of higher than budgeted occupancy levels within the hostel.

4 OTHER ITEMS

4.1 Members are asked to approve the procurement of 5 replacement vehicles. The vehicles will be procured on a lease basis in accordance with the contractual arrangements currently in place. The leases will be taken over a 3 year period with expected annual costs of £2,100 per vehicle. In addition the expected annual maintenance cost per vehicle is £860. These costs will be met from existing budgets.

5 RECOMMENDATIONS

5.1 It is recommended that Members:

- (i) approve the lease of 5 vans as referred to in this report; and
- (ii) otherwise, note the contents of this report.

Alex McPhee
Executive Head of Finance

William Stafford
Executive Director of Neighbourhood Services

23 February 2006

LIST OF BACKGROUND PAPERS

NIL

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

APPENDIX A
2005/06 HOUSING REVENUE ACCOUNT
AS AT 5 FEBRUARY 2006 – PERIOD 11

HOUSING REVENUE ACCOUNT
FINANCIAL PERFORMANCE SUMMARY

Actual Exp. To 5/2/06	Actual Exp. To P11 as % of Annual Estimate	Detail	Annual Estimate 2005/06	Projected Actual to 31/3/06	Variance (Favourable) / Adverse
2,644,969	83.3%	EMPLOYEE COSTS	3,174,205	3,134,205	(40,000)
13,713,972	87.2%	PREMISES COSTS	15,720,810	15,840,510	119,700
121,664	73.2%	TRANSPORT COSTS	166,140	151,140	(15,000)
3,084,412	70.7%	SUPPLIES & SERVICES	4,364,965	4,318,265	(46,700)
807,189	99.9%	THIRD PARTY PAYMENTS	807,613	807,613	0
4,442,308	80.8%	DEBT CHARGES	5,500,000	5,175,000	(325,000)
1,333,767	37.5%	PLANNED MAINTENANCE	3,561,230	3,561,230	0
754,747	80.9%	HOMELESS HOSTELS	933,498	951,198	17,700
26,903,028	78.6%	TOTAL EXPENDITURE	34,228,461	33,939,161	(289,300)
(26,825,588)	83.1%	INCOME - RENTS ETC	(32,285,573)	(32,093,573)	192,000
(937,907)	92.9%	INCOME - OTHER	(1,009,390)	(1,119,390)	(110,000)
(810,123)	86.8%	INCOME - HOMELESS HOSTELS	(933,498)	(951,198)	(17,700)
(1,670,590)	-	NET EXPENDITURE	0	(225,000)	(225,000)
		BALANCE B/F	0	0	0
		NET BALANCE C/F	0	(225,000)	(225,000)