

# EAST AYRSHIRE COUNCIL

## POLICY AND RESOURCES COMMITTEE – 12 APRIL 2005

### HOUSING REVENUE ACCOUNT TO 6 MARCH 2005 (PERIOD 12)

#### 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 6 March (Period 12) 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 12

Actual gross expenditure to date amounts to £31,239,165 and represents 90.9% 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 **Voids**

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 9.6% lower than budget at Period 12 and is currently projected to outturn £175,000 under budget.

#### 3.2.3 **Central Heating Leasing**

At Period 12 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 carried out by the Finance Service.

**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 the 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**

23 March 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 MARCH 2005 - PERIOD 12

Housing Revenue Account

<b>SUMMARY OF OBJECTIVE COSTS</b>					
<b>Actual Expend. to 06-Mar-05</b>	<b>Actual as % of Ann Est</b>		<b>Annual Estimate</b>	<b>Projected Actual 2004-05</b>	<b>Variance (Favourable)/ Adverse</b>
<b>£</b>			<b>£</b>	<b>£</b>	<b>£</b>
2,720,376	83.5%	Employee Costs	3,259,760	2,995,590	(264,170)
14,843,825	94.4%	Premises Costs	15,723,360	15,816,140	92,780
127,534	70.8%	Transport Related Costs	180,250	165,050	(15,200)
3,284,915	79.1%	Supplies & Services	4,153,590	4,115,810	(37,780)
774,594	93.3%	Third Party Payments	830,340	830,340	0
5,070,510	87.9%	Debt Charges	5,768,050	5,493,050	(275,000)
3,622,315	101.7%	CFCR / Planned Maintenance	3,561,230	3,924,180	362,950
795,096	89.9%	Homeless Hostels	884,260	884,260	0
<b>31,239,165</b>	<b>90.9%</b>	<b>TOTAL EXPENDITURE</b>	<b>34,360,840</b>	<b>34,224,420</b>	<b>(136,420)</b>
(29,955,720)	92.2%	Income - Rents etc	(32,472,550)	(32,522,550)	(50,000)
(968,735)	96.5%	Income - Other	(1,004,030)	(1,115,030)	(111,000)
(819,984)	92.7%	Income - Homeless Hostels	(884,260)	(884,260)	0
<b>(505,274)</b>		<b>NET EXPENDITURE</b>	<b>0</b>	<b>(297,420)</b>	<b>(297,420)</b>
		<b>Balance B/Fwd</b>	0	0	0
		<b>Net Balance C/Fwd</b>	0	(297,420)	(297,420)