

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 31 JANUARY 2001

HOUSING REVENUE ACCOUNT TO 15 DECEMBER 2000 (PERIOD 9)

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 15 December 2000 (Period 9).

2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 9 is detailed in Appendix A which, highlights an under-spend of £0.043m at Period 9 and a projected out-turn overspend of £0.268m for the financial year 2000/2001. This together with the decreased deficit of £0.334m brought forward from 1999/00 gives a projected surplus carried forward of £0.066m. The budget to 15 December 2000 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 as a result of some vacancies with the department.

3.2 Property Costs

Repair expenditure includes the cost of work recharged and also the cost of work completed, but still to be recharged. At present repairs are projected to out-turn on budget. It should be noted however that actual recharges are currently running at 20% to 30% ahead of committed expenditure and that management action is ongoing to realign actual costs with committed expenditure. Committed expenditure on the Building & Works multi trade contracts is running significantly ahead of budget. The Director of Homes and Technical Services has instructed that management action be taken to bring expenditure back into line with budget and is monitoring the situation closely. Expenditure in some other budget headings within repairs are above budget i.e. Void Security but it is anticipated that this will be offset by savings in other repairs budget headings that are below budget.

3.3 **Administration Costs**

Voids - As previously reported expenditure on Void Properties is running significantly ahead of budget. The out-turn figure in the previous financial year was £1.178m. The budget for Voids was reduced in this financial year to take account of improved re-letting efficiencies arising from the introduction of the Orchard system. Latest figures indicate that there were 813 void properties against 474 estimated for in the budget. These figures illustrate an overspend which, if the trend continues, will out-turn at £1.629m against a budget of £0.830m which is £0.799m over budget. Stock turnover continues at high levels particularly in areas of little or no demand. This is aggravated by changing economic and demographic trends within our communities. A further report is being submitted to the Housing Committee.

Central Support Charges - These charges are under review and may be subject to variation due to the implementation of the Best Value Accounting Code of Practice from 1 April 2000.

3.4 **Decoration Vouchers**

Expenditure on New Tenant Decoration Vouchers is demand led and reflects a reduced requirement for the service.

3.5 **Payments to Other Bodies**

This budget includes a provision of £0.233m for the East Ayrshire Housing Partnership. To date the Council has agreed to pay £0.105m of which £0.041m was provided in last year's accounts. This leaves balance on the budget line of £0.168m which may not be required this year.

3.6 **Debt Charges**

The projected underspend is attributable to lower than anticipated interest rates and a favourable cash flow profile. As well, some of the budgeted expenditure relates to Homeless Persons and will be recovered directly from Central Government.

3.7 **Income**

The formula used by Audit Scotland to calculate the bad debt provision for rent arrears will require an increase in the provision by £0.400m. This has been taken into account in next year's budget.

4 **GENERAL**

4.1 The department is currently examining a range of measures to try to reduce expenditure further in the current financial year without cutting across council policies within which services are delivered. The Director of Homes and Technical Services will continue to monitor this closely and progress will be reported to the Housing Committee and the Policy and Resources Committee through regular Budget Monitoring Reports. As at Period 9 however, the HRA is projected to outturn in surplus at the year-end.

5 RECOMMENDATIONS

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

Alex McPhee
Director of Finance

James Lavery
Director of Homes and Technical Services

15 January 2001

**LIST OF BACKGROUND PAPERS
NIL**

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

AGENDA