

# EAST AYRSHIRE COUNCIL

## HOUSING COMMITTEE -18 APRIL 2000

### HOUSING REVENUE ACCOUNT TO 11 FEBRUARY 2000 (PERIOD 11)

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

#### **I PURPOSE OF REPORT**

- 1.1** To advise Members of the current budgetary control position of the Housing Revenue Account for the period ended 11 February 2000 (Period 11)

#### **2 OVERALL POSITION**

- 2.1** The budgetary position summarised at Period 11 is detailed in Appendix A which, highlights an overspend of £0.281m at Period 11 and a projected outturn overspend of £0.754m for the financial year 1999/2000. This, together with the increased deficit of £0.808m brought forward from 1998/99 as previously reported to the Budget Monitoring Group and Council, gives a projected deficit being carried forward of £1.562m. The budget to 11 February 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**

The underspend of £0.038m is projected following a review of vacancies within the department and identification of salary costs which require to be recharged to other accounts.

##### **3.2 Property Costs**

As reported previously repairs are currently running over budget. Management action has been taken to transfer to capital work the additional resources that earlier in the year were concentrated on revenue repairs. However, due to several factors it is anticipated that the budget will out-turn at £0.418m over budget, half of which is expenditure in relation to outside contractors.

- (a) As part of the mid-year review exercise the budget was reduced by £0.150m in anticipation of savings arising from reduced stock following demolitions and house sales. However, demand arising from the remaining housing stock is continuing to run ahead of budget and it is not proving possible to realise these savings in a budget that is largely demand led.
- (b) No provision was made in the budget beyond the normal rate of inflation for the uplift in the new contracts. The uplift in the new contract is in the range of 15-20% and in one week alone the uplift amounted to £20,000.
- (c) More work has been incurred as the result of the recent flood damage. An underspend of £0.050m is projected on Central Heating Leasing Costs due to lower than anticipated capital values for the projects on which the leasing value is based.

### **3.3 Administration Costs**

Latest figures for Void Properties illustrate an overspend which, if the trend continues will out-turn at £0.100m 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. The Director of Homes and Technical Services is currently reviewing a range of measures to tackle the problem of surplus housing and the first of a number of reports has been submitted to the Housing Committee.

Difficulties in relation to expenditure on ISDN lines have been highlighted to previous meetings of this Committee.

### **3.4 Decoration Vouchers**

Expenditure on the Housing Allowance budget is demand led and reflects a reduced requirement for the service. Any variance from the projected figure will affect the net position of the service.

### **3.5 Income**

As has regularly been reported budgeted rent income will out-turn significantly less than budget. The situation is being closely monitored although the final position will depend on the actual number of house sales and when the houses are actually sold.

### **3.6 General**

The department is currently examining a range of Efficiency Reduction 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 Housing 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.

**3.7 Summary**

The net effect of the above variances is that the HRA account is projected to out-turn at a surplus of £0.195m in the current financial year.

**4 RECOMMENDATIONS**

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

Alex McPhee  
Director of Finance

James Lavery  
Director of Homes and Technical Services

**14 March 2000**

**LIST OF BACKGROUND PAPERS**

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# EAST AYRSHIRE COUNCIL

## APPENDIX A

### HOUSING REVENUE ACCOUNT TO 11 FEBRUARY 2000 (PERIOD 11)

	Budgeted Expenditure to 11/2/00 Period 11 Revised  £	Actual Expenditure to 11/2/00 Period 11 per FMS  £	Variance to date (favourable)/ Adverse to 11/2/00 Period 11  £	Annual Estimate 1999/00  £	Projected Outturn 1999/00  £	Outturn Variance (Favourable)/ Adverse 1999/00  £
Employee Costs	1,986,623	2,044,524	57,901	2,310,971	2,272,971	(38,000)
Property Costs	10,451,144	10,624,699	102,887	11,801,186	12,168,741	367,555
Transport Costs	106,618	81,299	(25,319)	120,436	102,482	(17,954)
Supplies & Services	1,002,368	862,282	(74,651)	1,204,771	1,189,811	(14,960)
Administration Costs	2,615,143	1,199,821	68,265	3,221,904	3,345,104	123,200
Housing Allowance	72,006	42,026	(29,980)	85,000	51,000	(34,000)
Payments to Other Bodies	487,813	484,603	(3,210)	493,088	495,238	2,150
Debt Charges	5,508,462	-	-	6,510,000	6,510,000	-
CFCR Annuity	2,505,428	-	-	2,960,960	2,960,960	-
<b>TOTAL EXPENDITURE</b>	<b>24,735,605</b>	<b>15,339,254</b>	<b>95,993</b>	<b>28,708,316</b>	<b>29,096,307</b>	<b>387,991</b>
Income	(24,676,680)	(24,365,242)	185,576	(29,656,914)	(29,291,214)	365,700
<b>NET EXPENDITURE</b>	<b>58,925</b>	<b>(9,025,988)</b>	<b>281,469</b>	<b>(948,598)</b>	<b>(194,907)</b>	<b>753,691</b>
Balance B/Fwd				882,939	1,690,824	807,885
Net Balance C/Fwd				(65,659)	1,495,917	1,561,576

<b>AGENDA</b>
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