

# EAST AYRSHIRE COUNCIL

## HOUSING COMMITTEE – 29 JANUARY 2003

### HOUSING REVENUE ACCOUNT TO 17 NOVEMBER 2002 (PERIOD 8)

#### 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 17 November 2002 (Period 8).

## 2 OVERALL POSITION

The budgetary position summarised at Period 8 is detailed in Appendix A and highlights an underspend of £0.381m at Period 8 and a projected outturn overspend of £0.187m for the financial year 2002/2003. The budget to 17 November 2002 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 within the department.

### 3.2 Premises Costs

#### A) Repairs

As at Period 8 Repair costs are projected to out-turn £0.273m over budget. This overspend is the result of the required level of void property security costs for property between lets and for property awaiting demolition. Management action has and is being taken to address the situation. The security on all void properties is being reviewed on an ongoing basis. A reduced rate for alarm systems and shutters are being replaced with less expensive alternatives. Elsewhere, alarms are being moved from property to property on a regular basis to deter intruders while reducing costs to affordable levels. As a result of the action the position has improved. Area Managers have also been instructed to adhere strictly to budget profiles. However, the Department has to respond to statutory duties or where health and safety issues require to be addressed.

## **B) Voids**

At Period 8 latest figures indicate that there are 848 void properties against 875 estimated for in the budget. The Housing Committee has determined a significant programme of demolitions and the phasing of this programme itself contributes in the short term to an increased total number of voids. The programme of demolitions previously agreed by Committee is continuing on the basis of tenders received to date. It is estimated that 87 properties will be demolished before the end of the financial year. It is expected at present that in the current year void expenditure will out-turn £0.045m under budget.

## **C) Central Heating Leasing**

It is anticipated that Central Heating Leasing will outturn £0.070m under budget as a result of continuing house sales.

### **3.3 Supplies and Services**

Telephone budget is projected to outturn under budget by £0.022m.

### **3.4 CFCR**

As a result of the additional capital income from house sales as noted below and some slippage in the capital budget, the full contribution to the capital budget from the CFCR budget in the HRA will not be required in 2002/03. This amounts to £150,000 which is 3.5% of the CFCR budget.

### **3.5 Income**

Rent income is projected to outturn £0.336m below budget. This is a result of two main factors:

- 1) Following the changes in the right to buy legislation in the Housing (Scotland) Act 2001 the number of applications for Council House purchases has increased by almost 100%. The Director of Corporate Resources now anticipates that 625 houses will be sold in 2002/03, rather than 470 originally estimated and 484 sold in 2001/02, and this in turn results in a decrease in the projected income for 2002/03.
- 2) Due to acceleration of the demolition programme at the end of 2001/02 the number of houses in the housing stock at the start of the financial year was lower than expected.
- 3) The demolition programme in 2002/03 has resulted in a reduction of income in respect of houses now demolished which is offset by an equal reduction in Void Property charges.

Although the increase in house sales will result in lower rent income it will also result in higher than budgeted capital receipts within the Housing capital budget for 2002/03.

#### **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**

18<sup>th</sup> December 2002

LIST OF BACKGROUND PAPERS

**NIL**

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