

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 21 MARCH 2002

HOUSING REVENUE ACCOUNT TO 10 FEBRUARY 2002 (PERIOD 11)

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 10 February 2002 (Period 11).

2 OVERALL POSITION

The budgetary position summarised at Period 11 is detailed in Appendix A and highlights an underspend of £0.769m at Period 11 and a projected outturn underspend of £0.270m for the financial year 2001/2002. The Director of Homes and Technical Services has indicated that he intends to propose to the Housing Committee the transfer of the surplus on the Housing Revenue Account at the end of the year to the Repairs and Renewals Fund. A similar transfer was actioned last year.

The budget to 10 February 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 Property Costs

As at Period 11, property costs are projected to out-turn at £0.145m, over budget of which £0.132m relates to repairs. This overspend is the result of the required level of void property security between lets. Management Action has and is being taken to address the situation as far as possible and area managers have 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.

3.3 Transport Costs

Transport costs are expected to out-turn under budget due to a reduction in vehicle lease costs and car mileage costs.

3.4 Administration Costs

Voids – At Period 11 the figures indicated that there were 928 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. However, over 100 of these void properties will be demolished by 31 March 2002. The programme of demolitions, previously agreed by this Committee, will continue in the new financial year and will further reduce the total number of void properties. It is expected at present that in the current year void expenditure will out-turn £0.020m under budget. Void property expenditure also includes £0.056m in relation to prior year Council Tax bills for void properties.

Bad Debt Provision (Council House Rent) – The provision for Council House rents is higher than considered necessary in the present circumstances and is anticipated to out-turn at £0.204m under budget. Notwithstanding this, the level of rent arrears continues at a level which is higher than the Council would wish although there are encouraging signs that increased activity by Housing Officers is leading to a reduction in the value of current tenant arrears. Arrears relating to former tenants continue to increase however, and a specific initiative is being mounted in that regard. Both Housing and Finance staff are actively working to improve the management of arrears.

Bad Debt Provision (Non Council House Rent) – From 1 April 2001 Non Council House Rent Bad Debts will be provided for by the Department originating the charge. As at Period 11 figures indicate that a provision of £0.010m is required.

3.5 Debt Charges

As indicated under income, there is an increase in the level of Council house sales. Debt charges are anticipated to be £0.120m less than budget.

3.6 Income

Rent income is projected to outturn £0.070m below budget. This is a result of the increased level of house sales last year which in turn resulted in a lower number of houses at the start of the current year. There will be a further reduction in income as properties approved for demolition are physically demolished. This reduced income will be offset by a reduction in void property expenditure.

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

4th March 2002

LIST OF BACKGROUND PAPERS NIL

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

AGENDA