

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 26 MARCH 2003

HOUSING REVENUE ACCOUNT TO 9 FEBRUARY 2003 (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 9 February 2003 (Period 11).

2 OVERALL POSITION

The budgetary position summarised at Period 11 is detailed in Appendix A and highlights an underspend of £0.650m at Period 11 and a projected outturn under spend of £0.080m for the financial year 2002/2003. The budget to 9 February 2003 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 11 Repair costs are projected to out-turn £0.331m 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. Reduced rates for shuttering longer term voids as well as less expensive one off payments for shuttering properties awaiting demolition have been negotiated. 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 these actions 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 11 latest figures indicate that there are 895 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 82 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

This underspend is due to lower than expected requirements over several budget headings, principally Telephone Costs, Tools and Equipment, Printing and Other Administration Costs.

3.4 Debt Charges

Debt Charges are projected to outturn £0.150m under budget. The underspend is largely attributable to the debt restructure which allowed the Council to take advantage of lower than anticipated interest rates and a favourable cash flow profile.

3.5 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 £0.250m which is 5.8% of the CFCR budget.

3.6 Income

Rent income is projected to outturn £0.377m below budget. This is a result of three main factors:

- A) 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 648 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.

- B) 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.
- C) 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.

Additional Income of £0.020m will be earned in relation to the Supporting People Programme.

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

11TH March 2003

LIST OF BACKGROUND PAPERS

NIL

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