

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 7 NOVEMBER 2001

HOUSING REVENUE ACCOUNT TO 23 SEPTEMBER 2001 (PERIOD 6)

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 23 September 2001 (Period 6).

2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 6 is detailed in Appendix A which, highlights an under spend of £0.019m at Period 6 and a projected out-turn overspend of £0.529m for the financial year 2001/2002. The budget to 23 September 2001 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 6 Property Costs are over budget by £0.327m. Of this total £0.342m relates to repairs which are projected at present to out-turn at £0.505m over budget. This is due to two main factors: a projected over spend of £0.321m on Void Property Security between lets and an overspend of £0.242m on Building & Works and C.B.C. ordering due to the current level of required Housing Maintenance. 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 Administration Costs

Voids – At Period 6 latest figures indicate that there are 886 void properties against 875 estimated for in the budget. It is expected at present that in the current year void expenditure will out-turn £0.006m over budget. The level of voids is temporarily increasing due to some properties being emptied that are part of blocks of flats earmarked for demolition. After they are demolished the level will reduce.

Void property expenditure also includes £0.056m in relation to prior year Council Tax bills for void properties.

Bad Debt Provision – From 1 April 2001 Non Council House Rent Bad Debts will be provided for by the Department originating the charge. As at Period 6 figures indicate that a provision of £0.033m is required.

3.7 **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 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.

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 continues to increase however and there are a number of factors which contribute to that. Both Housing and Finance staff are actively working to improve the management of arrears.

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

16th October 2001

LIST OF BACKGROUND PAPERS NIL

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

AGENDA