

## EAST AYRSHIRE COUNCIL

### POLICY & RESOURCES COMMITTEE – 21 FEBRUARY 2002

#### HOUSING REVENUE ACCOUNT TO 16 DECEMBER 2001 (PERIOD 9)

#### 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 16 December 2001 (Period 9).

### 2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 9 is detailed in [Appendix A](#) and highlights an underspend of £0.470m at Period 9 and a projected favourable variance of £0.018M for the financial year 2001/2002. The budget to 16 December 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 9 Property Costs are projected to outturn £0.238m over budget, of which £0.216m relates to repairs. This overspend is a result of the required level of void property security costs 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 Administration Costs

**Voids** – At Period 9 the figures indicated that there were 927 void properties against 875 estimated for in the budget. Over 100 of these void properties will be demolished by 31 March 2002. The programme of demolitions, previously agreed by 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 £0.006m over 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 £0.124m 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 there are a number of factors which contribute to that. Both Housing and Finance staff are actively working to improve the management of arrears.

**Bad Debt Provision (Non Rent Income)** – From 1 April 2001 Bad Debts in respect of Non-Rent Income will be provided for by the Department originating the charge. Period 9 figures indicate that a provision of £0.010m is required.

### 3.4 Debt Charges

As indicated under income, there is an increase in the level of Council house sales. Debt charges are anticipated to be £0.070m less than budget.

### 3.5 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

5<sup>th</sup> February 2002

### LIST OF BACKGROUND PAPERS NIL

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

**AGENDA**