

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 22 FEBRUARY 2001

BUDGETARY CONTROL SUMMARY STATEMENT HOUSING REVENUE ACCOUNT

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.

2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 10 is detailed in Appendix A which, highlights an under-spend of £0.450m at Period 10 and a projected surplus carried forward of £0.018m. The budget to 12 January 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 with the department.

3.2 Property Costs

As previously reported, committed expenditure on repairs has been running ahead of budget. Management action has and is being taken to address this situation as far as possible but it is now anticipated that the out-turn will be 5% or £470,000 above budget. This arises due to a variety of factors including unavoidable additional expenditure required as a result of the recent severe weather, expenditure that the department has been required to commit to fulfil statutory obligations and movement in capital programme commitments. It should be noted that this is a transitional period coming up to the year-end and that a number of other headings within the HRA will be subject to the normal year-end examination and adjustments. The Director of Homes and Technical Services will continue to work to ensure that, overall, the HRA will out-turn with a modest surplus at 31 March 2001.

3.3 Administration Costs

- (a) **Voids** - As previously reported expenditure on Void Properties is running significantly ahead of budget. The out-turn figure in the previous financial year was £1.178m. The budget for Voids was reduced in this financial year to take account of improved re-letting efficiencies arising from the introduction of the Orchard system. Latest figures indicate that there were 818 void properties against 474 estimated for in the budget. These figures illustrate an overspend which, if the trend continues, will out-turn at £1.604m against a budget of £0.830m which is £0.774m over budget. Stock vacancies continue at high levels particularly in areas of little or no demand. This is aggravated by changing economic and demographic trends within our communities. A detailed report on the position has been submitted to the Housing Committee.
- (b) **Central Support Charges** – Central Support Charges may be subject to variation arising from the implementation of the Best Value Accounting Code of Practice for the 2000/01 Accounts.

3.4 Decoration Vouchers

Expenditure on New Tenant Decoration Vouchers is demand led and reflects a reduced requirement for the service.

3.5 Payments to Other Bodies

This budget includes a provision of £0.233m for the East Ayrshire Housing Partnership. To date the Council has agreed to pay £0.105m of which £0.040m was provided in last year's accounts. This leaves a balance on the budget of £0.168m which will not be required this year.

3.6 Debt Charges

The projected 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. In addition, some of the budgeted expenditure relates to Homeless Persons and will be included in claim for reimbursement from Central Government.

3.7 Income

Rent income is projected to out-turn above budget due to a lower number of house sales and hence a higher number of houses in the housing stock at 31 March 2001 than was anticipated when the budget was set.

At current arrears levels, the formula used by audit Scotland to calculate the bad debt provision for rent arrears will require an increase in the provision £0.400m. This has been taken into account as part of the budget construction for 2001/02 and is not reflected in this report.

4 GENERAL

4.1 The department is currently examining a range of measures to try to reduce expenditure further in the current financial year without cutting across council policies within which services are delivered. The Director of Homes and Technical Services will continue to monitor this closely and progress will be reported to the Housing Committee and the Policy and Resources Committee through regular Budget Monitoring Reports.

5 RECOMMENDATIONS

5.1 It is recommended that Members note the contents of this report.

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Director of Finance

James Lavery
Director of Homes and Technical Services

14 February 2001

**LIST OF BACKGROUND PAPERS
NIL**

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

AGENDA