

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 5 APRIL 2001

HOUSING REVENUE ACCOUNT TO 9 FEBRUARY 2001 (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 2001 (Period 11).

2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 11 is detailed in Appendix A which, highlights an under-spend of £0.441m at Period 11 and a projected surplus carried forward of £0.018m. The budget to 9 February 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. Unavoidable expenditure required as a result of the severe weather over the winter period and additional expenditure that the department has had to meet to fulfil its statutory obligations mean that it is now anticipated that the repairs budget will out-turn 6% or £0.548m above budget. The projection assumes that repairs expenditure will be ordered at £0.121m per week until the year end. Anticipated underspends or additional income in other budget headings will offset most of this increased repairs expenditure. This includes £0.060m of insurance recoveries which relate to repairs outlay in previous years.

Central Heating leasing costs are also anticipated to out-turn at £0.022m under budget.

3.3 Administration Costs

Voids - As previously reported expenditure on Void Properties is running significantly ahead of budget. Latest figures indicate that there were 800 void properties against 474 estimated for in the budget. These figures illustrate an overspend which, if the trend continues, will out-turn at £1.601m against a budget of £0.830m which is £0.771m over budget. Vacancies continue to arise at high levels particularly in areas of little or no demand. This is aggravated by changing economic and demographic trends within our communities. A further report has been submitted to the Housing Committee.

Central Support Charges – Central Support charges may be subject to variation due to the implementation of the Best Value Accounting Code of Practice from 1 April 2000.

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 £0.041m was provided in last year's accounts. This leaves balance on the budget line 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 recovered directly from Central Government.

3.7 CFCR

As a result of slippage in the capital programme, mainly on I.T. expenditure, the full contribution to the capital budget from the CFCR budget in the HRA will not be required in 2000/01. This amounts to £0.090m which is 2% of the CFCR budget.

3.8 Income

Rent income is projected to out-turn above budget due to the pattern of the house sales.

At current arrears levels, this indicative formula used by Audit Scotland to calculate the bad debt provision for rent arrears will require an increase in the provision by £0.400m. This has been taken into account in the proposed budget for 2001/02.

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.

Alex McPhee
Director of Finance

James Lavery
Director of Homes and Technical Services

12 March 2001

**LIST OF BACKGROUND PAPERS
NIL**

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

AGENDA