

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 28 MARCH 2000

HOUSING REVENUE ACCOUNT TO 11 FEBRUARY 2000 (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 11 February 2000 (Period 11)

2 OVERALL POSITION

- 2.1** The budgetary position summarised at Period 11 is detailed in Appendix A which, highlights an overspend of £0.281m at Period 11 and a projected out-turn surplus of £0.195m for the financial year 1999/2000. This, together with the deficit of £1.691m brought forward from 1998/99 as previously reported to the Budget Monitoring Group and Council, gives a projected deficit being carried forward of £1.496m. The budget to 11 February 2000 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

The underspend of £0.038m is projected following a review of vacancies within the department and identification of salary costs which require to be recharged to other accounts.

3.2 Property Costs

As reported previously repairs are currently running over budget. Management action has and is being taken to reduce the quantity of work being committed to what was provided for in the budget. However, due to several factors it is anticipated that the budget will out-turn at £0.418m over budget, half of which is expenditure in relation to outside contractors.

- (a) As part of the mid-year review exercise the budget was reduced by £0.150m in anticipation of savings arising from reduced stock following demolitions and house sales. However, demand arising from the remaining housing stock is continuing to run ahead of budget and it is not proving possible to realise these savings in a budget that is largely demand led.
- (b) No provision was made in the budget beyond the normal rate of inflation for the uplift in the new contracts. The uplift in the new contract is in the range of 15-20% and in one week alone the uplift amounted to £20,000.

However, due to the delay in recharges from Building and Works following the introduction of the new Building and Works (URS) system, certain assumptions have had to be made with regard to actual expenditure to date and outturn expenditure using the best information available within Homes and Technical Services. Until transaction input is brought up to date and appropriate system support is provided to enable relevant information to be extracted however, it is not possible for the figures to be substantiated by the Director of Finance. The Director of Homes and Technical Services is aware of the issues and is taking urgent action to resolve these matters.

As part of the recharges submitted by B&W are in dispute and subject to final negotiation between Building and Works and Homes.

An underspend of £0.050m is projected on Central Heating Leasing Costs due to lower than anticipated capital values for the projects on which the leasing value is based.

3.3 Administration Costs

Latest figures for Void Properties illustrate an overspend which, if the trend continues will out-turn at £0.100m over budget. Stock turnover continues at high levels particularly in areas of little or no demand. This is aggravated by changing economic and demographic trends within our communities. The Director of Homes and Technical Services is currently reviewing a range of measures to tackle the problem of surplus housing and the first of a number of reports has been submitted to the Housing Committee.

3.4 Housing Allowance

Expenditure on the Housing Allowance budget is demand led and reflects a reduced requirement for the service. Any variance from the projected figure will affect the net position of the service.

3.5 Income

As previously reported budgeted rent income will out-turn significantly less than budget. The situation is being closely monitored although the final position will depend on the actual number of house sales and when the houses are actually sold.

3.6 General

The department is currently examining a range of Efficiency Reduction 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 Housing 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.

3.7 Summary

The net effect of the above variances is that the HRA account is projected to out-turn at a surplus of £0.195m in the current financial year.

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

14 March 2000

LIST OF BACKGROUND PAPERS

NIL

For further information please contact David McLellan, Financial Services Manager on 01563 576263

**EAST AYRSHIRE
COUNCIL**

APPENDIX A

**HOUSING REVENUE ACCOUNT TO 11 FEBRUARY 2000
(PERIOD 11)**

	Profiled Budget	Profiled Budget	Budgeted	Actual	Actual	Actual	Variance To Date (Favourable)/ Adverse	Annual Estimate	Projected Outturn	Outturn Variance (Favourable)/ Adverse
	per FMS 1999/00 £ (£)	Adjustment s 1999/00 £ (£)	Expenditure to 11/2/00 Period 11 Revised £	Expenditure to 11/2/00 Period 11 per FMS £	Expenditure to 11/2/00 Period 11 Adjustment s £	Expenditure to 11/2/00 Period 11 Revised £	£	£	£	£
Employee Costs	1,974,910	11,713	1,986,623	2,044,524	-	2,044,524	57,901	2,310,971	2,272,971	(38,000)
Property Costs	10,218,746	232,398	10,451,144	10,624,699	(70,668)	10,554,031	102,887	11,801,186	12,168,741	367,555
Transport Costs	106,618	-	106,618	81,299	-	81,299	(25,319)	120,436	102,482	(17,954)
Supplies & Services	1,022,214	(19,846)	1,002,368	862,282	65,435	927,717	(74,651)	1,204,771	1,189,811	(14,960)
Administration Costs	2,314,106	301,037	2,615,143	1,199,821	1,483,587	2,683,408	68,265	3,221,904	3,345,104	123,200
Housing Allowance	72,006	-	72,006	42,026	-	42,026	(29,980)	85,000	51,000	(34,000)
Payments to Other Bodies	487,813	-	487,813	484,603	-	484,603	(3,210)	493,088	495,238	2,150
Debt Charges	6,013,700	(505,238)	5,508,462	-	5,508,462	5,508,462	-	6,510,000	6,510,000	-
DFCR Annuity	3,041,544	(536,116)	2,505,428	-	2,505,428	2,505,428	-	2,960,960	2,960,960	-
TOTAL EXPENDITURE	22,210,113	20,064	24,735,605	15,339,254	9,492,244	24,831,498	95,893	28,708,316	29,096,307	387,991
Income	(25,459,102)	782,422	(24,676,680)	(24,365,242)	(132,586)	(24,491,104)	185,576	(29,656,914)	(29,291,214)	365,700
NET EXPENDITURE	(3,248,989)	802,486	58,925	(9,025,988)	9,359,658	340,394	281,469	(948,598)	(194,907)	753,691
Balance B/Fwd								882,939	1,690,824	807,885
Net Balance C/Fwd								(65,659)	1,495,917	1,561,576

AGENDA