

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 5 OCTOBER 2000

HOUSING REVENUE ACCOUNT TO 25 AUGUST 2000 (PERIOD 5)

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 25 August 2000 (Period 5)

2 OVERALL POSITION

- 2.1 The budgetary position summarised at Period 5 is detailed in Appendix A which, highlights an under-spend of £0.136m at Period 5 and a projected out-turn overspend of £0.579m for the financial year 2000/2001. This together with the decreased deficit of £0.334m brought forward from 1999/00 gives a projected deficit carried forward of £0.245m. The budget to 25 August 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

Employee Costs are underspent as a result of some vacancies with the department.

3.2 Property Costs

Repairs expenditure includes the cost of work recharged and also the cost of work completed but still to be recharged. It has become apparent however that actual recharges are currently running 20% ahead of committed expenditure. Management action is being taken to realign actual costs with committed expenditure.

3.3 Administration Costs

As previously reported expenditure on Void Properties is running significantly ahead of budget. The out-turn figure in the previous financial year was £1.177m. 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. As at Period 5 there were 394 long-term voids against 270 estimated for in the budget and 548 short-term voids against 204 estimated for.

Latest figures for Void Properties illustrate an overspend which, if the trend continues, will out-turn at £1.569m against a budget of £0.830m which is £0.739m 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 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 £0.098m of which £0.040m was provided in last year's accounts. This leaves balance on the budget of £0.175m which may not be required this year.

3.6 Debt Charges

Some of the budgeted expenditure relates to Homeless Persons and will be recovered directly from Central Government.

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

19 September 2000

LIST OF BACKGROUND PAPERS NIL

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

AGENDA