
Report to : Scrutiny Committee

Date: 21 January 2010

Subject: Housing Revenue Account 2009/10 Budget Monitoring

Report by: Finance Manager

1.0 Purpose

- 1.1. This paper reports on the projected out-turn of the Housing Revenue Account for the financial year 2009/10, based on the financial position at 30th November 2009.
- 1.2. The projected position at the year-end is that there will be a net contribution to reserves in the year of £65k, which is an decrease of £195k compared to the budgeted position of £260k, before any reserves are transferred to the capital programme.

2.0 Recommendations

- 2.1. It is recommended that the Committee note the contents of this report.

3.0 Considerations

Repairs & Maintenance

- 3.1. *Repairs & Maintenance* expenditure is projected to be £419k over budget at the year-end and £300k higher than the projection given to the Committee in October.
- 3.2. The main increase is in anticipated expenditure for *General Maintenance*, specifically day to day reactive works.
- 3.3. The projection for costs on *Void Houses* is still below budget as a result of vacancies in the Amenity Team, but this has led to increased expenditure under *Private Contractors and Land Services*.

Supervision & Management

- 3.4. *Supervision and Management* costs overall are projected to be £276k below budget and £91k below the projection given to the October meeting of the Scrutiny Committee.
- 3.5. The reduction in anticipated expenditure is largely due to reduced expenditure on staffing costs. This is partly a result of the delay in implementing single status, for which provision had been made in the budget, and partly a result of unfilled vacancies.
- 3.6. *Professional Fees* are projected to be over budget due to costs for the stock condition survey, but accurate projections and timing of expenditure cannot be made as yet.
- 3.7. *Supervision & Management Income* is lower than budgeted as a result of vacancies in the *Amenity Team*, the costs of which are cross-charged to *Repairs & Maintenance*.

Capital Financing Costs

- 3.8. *Capital Financing Costs* are projected to be £63k above budget, very close to the projection given to the October Committee meeting. This increase includes the transfer of £24k from the capital budget doors programme, which has been re-classified as revenue expenditure on impairments, rather than capital expenditure. These *Impairments* will correspondingly reduce capital expenditure.

Other Expenses

- 3.9. Overall, *Other Expenses* are projected to be close to budget. *Insurance* and *Stair Lighting* are projected to be below budget, but *Void Rent Loss* is likely to be above budget as high-lighted in the last report.

Income

- 3.10. Rental Income is projected to be close to budget.

Reserves

- 3.11. The accumulated draft reserve at the end of 2008/09 is £6.051m. The projected surplus would increase reserves to £6,116m at the end of 2009/10. The original Business Plan projected a contribution from reserves to the capital programme of just under £1m in 2009/10. Due to the reduction in house sales, the last update to the business plan projected that the contribution now required to help fund the capital programme would be close to £4.0m, together with additional borrowing. This would reduce reserves to around £2.1m at the end of 2009/10. However, the contribution will be decided at the year-end, once the final figures for revenue and capital expenditure for the year are clarified.

4.0 Sustainability Implications

4.1. N/A

5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

5.3. *Staffing*

6.0 Exempt Reports

6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please tick ☒)

The area has a positive image and attracts people and businesses	<input type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input checked="" type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input type="checkbox"/>

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

9.0 Legality

9.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 : HRA period 8

11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

Author(s)

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Marion Marsden	Accountant	452040

Approved by

NAME	DESIGNATION	SIGNATURE
Susan MacKay	Finance Manager	(Signed: S MacKay)
Angela Leitch	Chief Executive	(Signed: A Leitch)

HOUSING REVENUE ACCOUNT**SUMMARY + PROJECTIONS**

	Budget 2009/10	Budget to 30/11/09	Expenditure to 30/11/09	Projections 2009/10	Variance projected outcome to original budget
	£	£	£	£	£
REPAIRS AND MAINTENANCE					
Private Contractors(incl internal Land Services & Roads Services)	250,000	166,650	237,239	361,316	111,316
Void Houses	985,000	656,601	587,042	950,036	(34,964)
General Maintenance	1,950,747	1,300,368	1,448,066	2,313,099	362,352
Cyclical Maintenance	746,877	497,868	406,122	746,877	0
Gas Contract	340,000	226,644	219,450	340,000	0
Pathways	50,000	33,330	0	0	(50,000)
Solid Fuel Contract	4,300	2,866	0	4,300	0
O/T Minor Adaptations	0	0	20,003	30,000	30,000
	4,326,924	2,884,327	2,917,922	4,745,628	418,704
SUPERVISION AND MANAGEMENT					
Net Expenditure	4,341,923	2,192,065	1,888,033	4,066,261	(275,662)
CAPITAL FINANCING COSTS					
Principal Repayments	1,527,164	0	0	1,508,094	(19,070)
Interest Payments	1,723,409	0	0	1,784,095	60,686
Loans Fund Expenses	29,282	0	0	26,592	(2,690)
Capital From Current Revenue	0	0	0	0	0
Impairments	0	0	0	24,000	24,000
	3,279,855	0	0	3,342,782	62,927
OTHER EXPENSES					
Insurance	256,846	256,846	220,263	220,263	(36,583)
Stair Lighting	15,000	9,999	4,514	8,000	(7,000)
Void Rent Loss - Houses	132,000	87,991	101,673	157,887	25,887
Void Rent Loss - Lock-Ups	88,000	58,661	62,970	91,593	3,593
Grounds Maintenance	61,106	40,733	40,344	61,106	0
Garden Aid Scheme	100,508	66,999	95,963	100,508	0
Special Uplifts	125,701	83,792	62,368	125,701	0
Pest Control	12,500	8,333	7,973	12,500	0
Contributions to Bad Debts	300,000	0	0	300,000	0
Miscellaneous Expenses	3,000	2,000	0	2,000	(1,000)
Council Tax Empty Properties	5,000	0	2,682	3,000	(2,000)
	1,099,661	615,354	598,750	1,082,559	(17,102)
TOTAL EXPENDITURE	13,048,363	5,691,746	5,404,705	13,237,229	188,866
INCOME					
Rents	(13,228,100)	(9,094,319)	(9,026,299)	(13,228,100)	0
Other Income	(43,625)	(29,080)	(36,032)	(40,000)	3,625
Interest on Revenue Balances	(36,443)	0	0	(34,192)	2,251
	(13,308,168)	(9,123,399)	(9,062,331)	(13,302,292)	5,876
NET EXPENDITURE	(259,805)	(3,431,653)	(3,657,626)	(65,063)	194,742

SUPERVISION AND MANAGEMENT**SUMMARY + PROJECTIONS**

As per ledger	Budget 2009/10	Budget to 30/11/09	Expenditure to 30/11/09	Projections 2009/10	Variance projected outcome to original budget
	£	£	£	£	£
EXPENDITURE					
Employee Costs	2,744,295	1,896,024	1,630,775	2,411,368	(332,927)
Premises Related Expenditure	23,699	21,423	25,803	28,950	5,251
Transport Related Expenditure	62,869	42,850	38,942	61,966	(903)
Supplies and Services	95,511	63,593	56,880	146,556	51,045
Administration	82,308	58,259	52,561	81,602	(706)
Computer Charges	138,582	92,379	56,648	102,111	(36,471)
Third Party Payments	216,097	142,692	126,673	216,265	168
Transfer Payments	0	0	0	40	40
Support Services	1,161,957	0	0	1,161,957	0
TOTAL EXPENDITURE	4,525,318	2,317,220	1,988,282	4,210,814	(314,504)
INCOME	(183,395)	0	(100,246)	(144,553)	38,842
NET EXPENDITURE	4,341,923	2,317,220	1,888,036	4,066,261	(275,662)