
Report to SCRUTINY COMMITTEE

Date of Meeting: 8th APRIL 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 31st January 2010.
- 1.2. The projected position at the year-end is that there will be a net contribution to reserves in the year of £425k, which is an increase of £165k compared to the budgeted position of £260k, before any reserves are transferred to the capital programme.
- 1.3. The main reasons for this are an underspend of £375,000 in Supervision and Management mainly due to Employee Costs. This underspend is compensated for by a predicted overspend of £300,000 in Repairs and Maintenance. This compares favourably with the projection of a contribution of £65k presented to the Committee's January meeting.

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 £300k over budget at the year-end, an £119k improvement on the projection given to the Committee in January.
- 3.2. The projected over-spend is still mostly on *General Maintenance*, though there is a decrease on the previous projection. It is assumed that any surpluses due to the HRA from PCU will be off-set against the over-spend on *General Maintenance*.

3.3. The projection for costs on *Void Houses* is below budget.

Supervision & Management

- 3.4. *Supervision and Management* costs overall are projected to be £375k below budget and £99k below the projection given to the January meeting of the Scrutiny Committee.
- 3.5. As explained in the last report, the reduction in anticipated expenditure is largely due to reduced expenditure on staffing costs, the projection of which is slightly further reduced since November figures.
- 3.6. The main reason for the change in projections since the last report is in *Professional Fees*. It is now anticipated that costs for the stock condition survey will come from the capital budget, but this expenditure may not be incurred until 2010/11.

Capital Financing Costs

- 3.7. *Capital Financing Costs* are projected to be £73k above budget, £10k higher than projected in the last report. The change from budget is mostly due to an increase in projected interest payments, but also includes £24k of impairment on the Doors Programme, which was previously included in capital expenditure.

Other Expenses

- 3.8. *Other Expenses* are projected to be £167k below budget. The change since the last report, which projected them as being close to budget, is due to a reduction in anticipated provision for bad debts.

Income

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

Reserves

- 3.10. The accumulated draft reserve at the end of 2008/09 is £6.051m. The projected surplus would increase reserves to £6,476m at the end of 2009/10. The budget report to Council anticipated that the contribution now required to help fund the capital programme would be close to £2.560m, together with additional borrowing, to compensate for the fall in Council house sales. This would reduce reserves to around £3.916m at the end of 2009/10. The exact contribution will not be decided until after the year-end, when the final figures for revenue and capital expenditure are known.

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. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

5.4. 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 double click on the check box)

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 It has been confirmed that 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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Approved by

NAME	DESIGNATION	SIGNATURE
Susan MacKay	Finance Manager	
Angela Leitch	Chief Executive	

HOUSING REVENUE ACCOUNT**SUMMARY + PROJECTIONS**

	Budget 2009/10	Budget to 31/01/2010	Expenditure to 31 January 2010	Projections	Variance projected outcome to original budget
	£	£	£	£	£
REPAIRS AND MAINTENANCE					
Private Contractors(incl internal Land Services & Roads Services)	250,000	208,325	287,657	345,047	95,047
Void Houses	985,000	820,801	702,138	900,000	(85,000)
General Maintenance	2,005,047	1,670,805	1,703,609	2,270,000	264,953
Cyclical Maintenance	746,877	622,373	478,112	746,877	0
Gas Contract	340,000	283,322	268,226	340,000	0
O/T Minor Adaptations	0	0	21,683	25,000	25,000
	4,326,924	3,605,626	3,461,425	4,626,924	300,000
SUPERVISION AND MANAGEMENT					
Net Expenditure	4,341,923	2,685,893	2,267,778	3,967,271	(374,652)
CAPITAL FINANCING COSTS					
Principal Repayments	1,527,164	0	0	1,506,579	(20,585)
Interest Payments	1,723,409	0	0	1,795,073	71,664
Loans Fund Expenses	29,282	0	0	26,772	(2,510)
Capital From Current Revenue Impairments	0	0	0	0	0
	0	0	0	24,000	24,000
	3,279,855	0	0	3,352,424	72,569
OTHER EXPENSES					
Insurance	256,846	256,846	220,263	220,263	(36,583)
Stair Lighting	15,000	12,500	5,686	8,000	(7,000)
Void Rent Loss - Houses	132,000	183,326	122,775	157,330	25,330
Void Rent Loss - Lock-Ups	88,000	0	76,809	92,171	4,171
Grounds Maintenance	61,106	50,920	50,430	61,106	0
Garden Aid Scheme	100,508	83,753	98,306	100,508	0
Special Uplifts	125,701	104,747	71,027	125,701	0
Pest Control	12,500	10,416	8,591	12,500	0
Contributions to Bad Debts	300,000	0	0	150,000	(150,000)
Miscellaneous Expenses	3,000	2,500	0	2,000	(1,000)
Council Tax Empty Properties	5,000	0	2,682	3,000	(2,000)
	1,099,661	705,008	656,569	932,579	(167,082)
TOTAL EXPENDITURE	13,048,363	6,996,527	6,385,772	12,879,198	(169,165)
INCOME					
Rents	(13,228,100)	(11,023,417)	(10,960,168)	(13,228,100)	0
Other Income	(43,625)	(36,353)	(40,683)	(42,000)	1,625
Interest on Revenue Balances	(36,443)	0	0	(34,351)	2,092
	(13,308,168)	(11,059,770)	(11,000,851)	(13,304,451)	3,717
NET EXPENDITURE	(259,805)	(4,063,243)	(4,615,079)	(425,253)	(165,448)

**SUPERVISION AND MANAGEMENT
SUMMARY + PROJECTIONS**

As per ledger	Budget 2009/10	Budget to 31/01/2010	Expenditure to 31 January 2010	Projections for 2009/10	Variance projected outcome to original budget
	£	£	£	£	£
EXPENDITURE					
Employee Costs	2,744,295	2,320,029	1,975,244	2,394,828	(349,467)
Premises Related Expenditure	23,699	22,560	29,769	31,696	7,997
Transport Related Expenditure	62,869	52,858	46,322	57,686	(5,183)
Supplies and Services	95,511	79,590	67,332	100,787	5,276
Administration	82,308	70,284	58,911	72,269	(10,039)
Computer Charges	138,582	115,480	58,229	80,000	(58,582)
Third Party Payments	216,097	180,074	150,607	208,325	(7,772)
Transfer Payments	0	0	0	40	40
Support Services	1,161,957	0	0	1,161,957	0
					0
TOTAL EXPENDITURE	4,525,318	2,840,875	2,386,414	4,107,588	(417,730)
TOTAL INCOME	(183,395)	(154,982)	(118,636)	(140,317)	43,078
NET EXPENDITURE	4,341,923	2,685,893	2,267,778	3,967,271	(374,652)