

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Housing, Environmental and Economic Development

**Housing, Environment and Economic Development Committee:
4 February 2009**

**Subject: Housing Revenue Account 2008/2009 Budgetary Control
Statement to 15 December 2008 (Period 8)**

1. Purpose

- 1.1** The purpose of this report is to provide the Committee with an update on the financial performance of the Housing Revenue Account (HRA) to the period ended 15 December 2008. Budgetary control statements for the HRA are also presented to the full Council to allow the Members to monitor performance.

2. Background

- 2.1** Attached, at Appendix 1, is the budgetary control statement for the Housing Revenue Account. It should be noted that this report compares actual expenditure to 15 December 2008 to the phased budget as at that date.

3. Main Issues

- 3.1** The overall net position on the Housing Revenue Account, measuring the actual against phased budget to 15 December 2008, is a favourable variance of £310,070. An explanation of the key variances is given below;-

a) Employee Costs - £98,080 Favourable

This underspend is due to a number of contributory factors, including an underspend on APT&C Staff of £102,890 due to vacancies, and a net underspend on Caretakers of £86,940, due to the delay in introducing the Estate Enhancement Pilot Schemes approved by the Council at the Rent Setting meeting on 14 February 2008. The budgetary control figures to period 8 also include £88,540 in respect of the provision for the realignment payments which are anticipated will be paid to employees associated with the implementation of single status.

b) Supplies, Services and Administration Costs - £35,890 Favourable

This underspend is due to a combination of favourable variances including £10,460 in respect of Computer Supplies/Equipment, £6,890 in respect of Printing & Stationery and £16,910 in respect of an underspend on Tenant Participation Costs.

c) Other Expenditure - (£86,350) Adverse

This overspend is due mainly to a provision for the effect of increased recharges from other departments to reflect the realignment payments associated with the implementation of single status.

d) Repairs and Maintenance - £328,220 Favourable

This favourable variance is caused by a number of factors including an underspend of £106,910 on Gas Maintenance, due to a large number of obsolete boilers and systems being discovered during annual maintenance visits and consequently being replaced through the HRA Capital Programme with a resultant reduction in the revenue costs. The favourable variance is also due to an over-recovery of £246,530 on Insurance Recoveries and Rechargeables. It is anticipated that this favourable variance will continue to the year end.

e) Lost Rent - £171,360 Favourable

This underspend reflects the fact that the level of void houses has fallen from that assumed in the preparation of the 2008/2009 estimate, mainly due to a number of houses being declared surplus to requirements and consequently taken out of the letting pool. There has been an almost corresponding reduction in the rental income as referred to in note 3.1 f) below.

f) House Rent - (£187,980) Adverse

This under-recovery in house rent is mainly due to a number of houses being declared surplus to requirements and consequently being taken out of the letting pool.

g) Interest on Revenue Balances - (£52,420) Adverse

Interest on Revenue Balances is now projected to be less than anticipated as a consequence of variations in interest rates.

h) Reallocated Salaries - £60,970 Favourable

This favourable variance is due to an increased allocation of salary costs to reflect the provision for the realignment payments associated with the implementation of single status.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

- 5.1** The overall net position on the Housing Revenue Account, measuring the actual against phased budget to 15 December 2008, is a favourable variance of £310,070.

6. Risk Analysis

- 6.1** The present variance should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March 2009 which could affect the year end spend.

7. Conclusion

- 7.1** The report identifies an underspend against the phased budget of £310,070

8. Recommendation

- 8.1** The Committee is asked to note the report.

Elaine Melrose

Executive Director of Housing, Environmental and Economic Development

Date: 20 January 2009

Person to Contact: James Pow - Manager of Finance, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737535, e-mail: jim.pow@west-dunbarton.gov.uk

Appendix: HRA Budgetary Control Report

Background Papers: None

Wards Affected: All