

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Housing, Environment and Economic Development Committee:
7 September 2011

Subject: Housing Revenue Account 2011/2012 Budgetary Control Statement to 31 July 2011 (Period 4)

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 31 July 2011. Budgetary control statements for the HRA are also presented to the full Council to allow Members to monitor performance.

2. Background

- 2.1 Attached, at Appendix 1, is the budgetary control statement for the Housing Revenue Account. This report compares actual expenditure to 31 July 2011 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 31 July 2011, is a favourable variance of £59,870. Actual expenditure to 31 July 2011 was £10,438,680. As the phased budget was £10,541,050 there is a favourable variance of £102,370 against phased expenditure (0.97%). Actual income to 31 July 2011 was £9,799,050. As the phased budget was £9,841,550 there is a small adverse variance of £42,500 against phased income (0.43%). An explanation of the key variances is given below :

a) Employee Costs - £103,450 Favourable

A combination of ongoing restructuring in the provision of housing services and current vacancies has produced savings to the HRA. This is partially offset by an adverse variance detailed in relation to Reallocated Salaries below, as the lower employee costs result in a lower reallocation to General Services and HRA capital accounts.

b) Other Expenditure - £55,020 Adverse

Expenditure on stock transfer was not budgeted within the revenue account as set by Council in February 2011. However, it has been agreed that this expenditure is to be financed from the earmarked HRA reserve created for this purpose. The expenditure is shown on the attached revenue statement to allow Committee to clearly identify the ongoing costs of this commitment. Expenditure to date is £61,000 and this explains the adverse variance being reported.

c) Repairs & Maintenance - £169,850 Favourable

Contingencies within both the Gas Maintenance and Ventilation contracts have not been required to date. In addition, recoveries from insurance and rechargeable accounts are both greater than budgeted and jobbing repairs expenditure has been less than budgeted at this stage.

d) Council Tax on Void Houses - £48,160 Adverse

This is consistent with void performance being less than anticipated, as described in e) below.

e) Lost Rents - £78,160 Adverse

The average number of voids per week, so far this financial year, has been 382. The budget was based on an average of 329 per week. This number will be reduced by letting a number of long term void properties on a planned and phased basis. In addition proposals currently under development to establish supported and temporary accommodation will have a positive impact on the lost rent figure.

f) Houses - rental income £35,300 Favourable

There is a small favourable variance against rental income for houses as the average housing stock is slightly greater than budgeted.

g) Reallocated Salaries - £72,480 Adverse

A consequence of the favourable variance against employee costs is that there will tend to be a lower reallocation of salaries to accounts outwith the HRA, for example, HRA Capital and General Services.

4. People Implications

4.1 There are no implications.

5. Financial Implications

- 5.1** The overall net position on the Housing Revenue Account, measuring the actual net expenditure against phased budget to 31 July 2011, is a favourable variance of £59,870.

6. Risk Analysis

- 6.1** The present variance should be viewed in the knowledge that it is still very early in the financial year and that there are a number of variable factors which could arise between now and 31 March 2012 which could impact on the year end position.

7. Equalities, Health and Human Rights Impact Assessment (EIA)

- 7.1** No issues were identified in a screening for potential equality impact of this report.

8. Strategic Assessment

- 8.1** The report is for noting. As such it does not directly affect any of the strategic priorities. It does, however, identify resources available to the Council to deliver the Strategic Priorities, principally Social and Economic Regeneration.

9. Conclusions and Recommendations

- 9.1** While there is no reason at this stage to anticipate any major problems within the HRA activity will continue to be monitored closely over the coming months.
- 9.2** Members are asked to note the report.

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Date: 12 August 2011

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Appendix: HRA Budgetary Control Report

Background Papers: None

Wards Affected: All