

# **WEST DUNBARTONSHIRE COUNCIL**

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

**Council: 16 December 2009**

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**Subject: Housing Revenue Account 2009/2010 Budgetary Control Statement to 15 November 2009 (Period 7)**

### **1. Purpose**

- 1.1** The purpose of this report is to provide Members with an update on the financial performance of the Housing Revenue Account (HRA) to the period ended 15 November 2009. Budgetary control statements for the HRA are also presented to the Housing, Environment and Economic Development Committee to allow the Committee 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 November 2009 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 November 2009, is an adverse variance of £145,360. An explanation of the key variances is given below;-

- a) Employee Costs - £119,270 Favourable

This underspend is mainly due to vacancies.

- b) Repairs and Maintenance - (£230,400) Adverse

This overspend is due mainly to an overspend of £407,870 on Jobbing Repairs, an overspend of £98,450 on Other Maintenance, an underspend on the Close Cleaning Pilot of £43,950 and a net over-recovery of £210,010 on Insurance and Rechargeable Work.

The overspend on Jobbing Repairs relates mainly to repairs carried out by the Housing Repairs and Maintenance Trading Operation and management action is being taken to reduce this overspend, the overspend on Other Maintenance is due to the cost of the ventilation contract being higher than anticipated; the underspend on the Close Cleaning Pilot is as a result of the contract coming in at less than had been allowed for in the estimates, and the over-recovery on Insurance and Rechargeable Work reflects a much higher level of recovery from owner occupiers than had been anticipated.

c) Lost Rent - £51,070 Favourable

The favourable variance of £51,070 is a result of the decision of the 2 September Housing, Environment and Economic Development Committee to declare a number of houses surplus to requirements and accordingly they have been removed from the Letting Pool, thus reducing the lost rent figure. Income from House Rents has reduced by a corresponding figure.

d) Loan Charges - (£80,000) Adverse

The adverse variance on Loan Charges is a consequence of the 2008/2009 overspend on the HRA Capital Programme exacerbated by the reducing level of Council house sales.

e) House Rents - (£63,050) Adverse

The adverse variance of £63,050 on House Rents is due primarily to the decision of the 2 September Housing, Environment and Economic Development Committee to declare a number of houses surplus to requirements and accordingly they have been removed from the Letting Pool, thus reducing the income accruing from rents.

f) Factoring/Insurance - £60,130 Favourable

This favourable variance is due to a greater value of invoices being issued than allowed for in the preparation of the estimates.

g) Reallocated Salaries - (£32,730) Adverse

An element of HRA Employee Costs are recharged to other General Services budgets and the Reallocated Salary recharge is less than budgeted as a consequence of the favourable variance on Employee Costs referred to in note a).

#### **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 November 2009, is an adverse variance of £145,360.

## **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 2010 which could affect the year end spend.

## **7. Conclusions and Officers' Recommendations**

- 7.1** The report identifies an overspend against the phased budget of £145,360.
- 7.2** The budgetary position will be closely monitored and appropriate management action taken to bring the budget into line as far as is possible.
- 7.3** Members are asked to note the report.

**Elaine Melrose**

**Executive Director of Housing, Environmental and Economic Development**

**Date: 3 December 2009**

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**Appendix:** HRA Budgetary Control Report

**Background Papers:** None

**Wards Affected:** All