

WEST DUNBARTONSHIRE COUNCIL

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

Council: 27 April 2011

Subject: Housing Revenue Account 2010/2011 Budgetary Control Statement to 28 February 2011 (Period 11)

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 28 February 2011.

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 28 February 2011 to the phased probable 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 28 February 2011, is a small adverse variance of £6,140. Actual expenditure to 28 February 2011 was £29,662,980. As the phased probable was £29,660,620 there is a small adverse variance of £2,360 against phased expenditure (0.01%). Actual income to 28 February 2011 was £30,229,960. As the phased probable was £30,233,740 there is a small adverse variance of £3,780 against phased income (0.01%). An explanation of the key variances is given below :-

a) Employee Costs - £128,720 Adverse

While the ongoing restructuring in the provision of housing services has produced savings to the HRA earlier than anticipated the successful appeal by around half the caretakers against their grading will cost the HRA an estimated £130,000 in the current year. Discussions have started to determine the extent, if any, of the liability the Council may incur in the event of those employees who did not appeal being due additional payments. The Council provision for meeting the cost of successful re-grading appeals has been provided for historically within the General Fund and so can apply only to General Fund employees; the HRA has to bear this cost directly and provision for the above costs has been made.

As this sum was neither budgeted nor allowed for in the probable outturn it has more than eliminated the favourable variance previously reported against this budget head.

b) Property Costs - £33,410 Favourable

It is anticipated that the charges for communal electricity, for example close lighting and standing charges for void properties will be less than anticipated.

c) Repairs and Maintenance - £128,240 Favourable

Although there has been some unforeseen snow-related repair work overall expenditure on response repairs has been reduced following the poor weather in December. Reduced expenditure on Gas Maintenance works continues and is a consequence of the considerable expenditure in recent years on new central heating installations.

d) Council Tax on Void Houses - £56,070 Adverse

There has been a one-off year-end charge of almost £60,000 for void house liabilities.

e) Lost Rents - £67,200 Adverse

The probable outturn was based on a weekly void average of 317 houses. The average to the end of February has been 327 with the average number of voids per week since December at 335. There has also been a small increase in the number of void lockups.

f) Loan Charges - £76,080 Favourable

It is anticipated that given the prolonged period of low interest rates and the reduction in the likely level of net capital expenditure in the current year that overall loan charges will be less than expected.

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 against phased probable to 28 February 2011, is an adverse variance of £6,140.

6. Risk Analysis

6.1 The present variance should be viewed in the knowledge that there are a number of variable factors - particularly the impact on Repairs expenditure of bad weather, the deterioration in void performance and the uncertainty surrounding the full cost of the caretakers backdating - which could change between February and 31 March 2011 and which could affect the year end spend.

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

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

8. Conclusions and Recommendations

8.1 Members are asked to note the report.

Elaine Melrose

Executive Director of Housing, Environmental and Economic Development

Date: 28 March 2011

Person to Contact: Gillian McNeilly - Finance Manager, Garshake Road, Dumbarton, G82 3PU, telephone: 01389 737194, e-mail: gillian.mcneilly@west-dunbarton.gov.uk

Appendix: HRA Budgetary Control Report

Background Papers: None

Wards Affected: All