WEST DUNBARTONSHIRE COUNCIL

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

Housing, Environment and Economic Development Committee: 2 February 2011

Subject: Housing Revenue Account 2010/2011 Budgetary Control Statement to 30 November 2010 (Period 8)

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 30 November 2010.

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 30 November 2010 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 30 November 2010, is a favourable variance of £86,500. An explanation of the key variances is given below;-

a) Employee Costs - £2,380 Favourable

Previous reports showed significantly favourable variances due mainly to the savings associated with the Departmental Restructure. That this favourable variance has now been largely removed is due to the acceptance by Council in October 2010 of management adjustments, one of which included the decision to pay the pension costs of recent retirals as a one-off payment. The cost to the HRA of this decision is £417,000; the sum budgeted was £82,000.

b) Property Costs - £43,270 Favourable

It is anticipated that the property recharges to the HRA will be more in line with last year's outturn than the current year's budget.

c) Other Expenditure - £41,840 Favourable

As a result of restructuring within other departments who undertake work for the HRA, it is anticipated that the year end recharge under "Recharges from Other Departments" will be less than budgeted.

d) Lost Rents - £167,550 Favourable

The average weekly voids now number around 324 compared to the budgeted number of 389 per week. This favourable variance is expected to continue to the financial year end.

e) Interest on Revenue Balances - (£31,330) Adverse

Interest accruing to the HRA is anticipated to be lower as a result of the prolonged period of low interest rates.

f) Miscellaneous Income - (£40,000) Adverse

Within “Miscellaneous Income” there is a budget line reflecting the transfer of property costs to General Services accounts .There will however, be a lower reallocation of property costs from the HRA following the transfer of Anti Social Behaviour staff from Alexandria Area Office to Leven Valley.

g) Reallocated Salaries - (£141,410) Adverse

Employee costs are reallocated from the HRA to other budgets and when the actual employee costs (excluding the one-off payment of strain on the fund costs) incurred are less than budgeted, (see note 3.1 a), then the reallocation is also less, thus resulting in an adverse variance.

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 budget to 30 November 2010**,** is a favourable variance of £86,500.

5.2 The favourable variances associated with the Departmental Restructure and Lost Rents will continue until the year end although the saving from the former has contributed towards the one-off pension cost which was not budgeted for when the HRA budget was agreed.

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 due to recent bad weather which could arise between now and 31 March 2011 which could affect the year end spend.

7. Equalities Impact

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.

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Date: 10 January 2011

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Appendix: HRA Budgetary Control Report

Background Papers: None

Wards Affected: All