

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - COMMUNITY
1 JUNE 2011

HOUSING REVENUE ACCOUNT
FINAL ACCOUNTS 2010-2011

1. PURPOSE OF REPORT

- 1.1 To advise Members of any major differences, by management unit, between the original budget and the outturn for the financial year to 31 March 2011 in respect of the Housing Revenue Account.

2. FINAL ACCOUNTS TO 31 MARCH 2011

- 2.1 The total budget variances for 2010/11 have resulted in a net surplus of £1,238,154 which will be transferred to the HRA working balance. This represents an increase of £1,880,724 compared to the budgeted reduction to the working balance of £642,570. The working balance therefore stands at £3,919,883 at 31 March 2011.

- 2.2 The main variations by management unit are detailed below:

	£
2010-2011 ESTIMATED TRANSFER FROM THE WORKING BALANCE	642,570
85A1 MANAGEMENT	50,658

An upgrade to the system for recording and managing results of the housing condition stock surveys has resulted in additional expenditure of £14,000.

A strain payment to the pension fund of £20,747 has been made following the early retirement of an officer.

A legal requirement to produce Energy Performance Certificates for each council dwelling has resulted in additional staff costs for a building surveyor to assess the energy performance of dwellings as they become void or mutually exchanged.

Additional costs have also been incurred in respect of consulting tenants in accordance with regulations put in place by the Tenant Services Authority. Surveys were issued to tenants in July to seek their views on the service currently provided and how it can be improved and tailored to what local tenants really want.

There is an overspend in the cost of the quarterly Insight newsletter to tenants and leaseholders, which is partly due to the additional inserts in the Summer edition for the annual tenants conference and the new maintenance contract.

However, overspends within this management unit have been partially offset by savings in employee costs due to vacant

posts during the year and the retirement of a Neighbourhood Warden in June.

Savings have also been made in the cost of procuring new mobile working devices, as implementation of new mobile working systems in Housing Services are not planned to take place until next financial year.

85A3 SUNDRY LANDS MAINTENANCE (12,632)

There is a saving in respect of the Assisted Gardens contract and a small increase in the service charge fees for estate maintenance.

85A4 REPAIRS FUND CONTRIBUTION (1,754,549)

It was budgeted that a revenue contribution of £1.765m would need to be made towards financing the HRA Capital Programme. However, a revenue contribution of £500k is required; a reduction of £1,265k.

This reduction is due to a significant under spend in the HRA Capital Programme, which is mostly attributable to delays in the kitchen replacement programme and the central heating programme as a result of the main contractor being placed into administration. In accordance with EU regulations it has been necessary to retender these contracts. For further details of the HRA Capital Programme, please refer to the Capital Monitoring Statement which will be reported to Scrutiny Committee – Resources on 2011.

In addition to the reduced revenue contribution to capital, there has been an under spend of £506k in the cost of repairs and maintenance to council dwellings. This comprises; £97k saving in general maintenance following the start of a new 5 year repairs and maintenance contract on 1 October 2010, £295k saving in the cost of repairs to void properties due to a lower level of voids, £102k saving in the cost of repainting flats due to less extensive works and fewer rendered elevations, £7k in respect of service contracts and a £5k saving in tenants compensation.

85A8 RENTS (89,915)

Additional rent from council dwellings of £101,807 has been collected during the financial year. This is due to a combination of factors, which include; a lower than budgeted level of void properties, a reduction in the number of council properties sold under the Right-to-Buy scheme and loft conversions and property extensions have resulted in certain dwellings attracting a higher rental income.

Upon a change of tenancy, the opportunity is also taken to amend the rent charged to Government guideline rent levels, which will help to accelerate rent convergence with other public sector housing bodies. This has also contributed to the higher

than budgeted level of rent collected.

This has been offset by a reduction in garage rent collected of £11,892.

85B1 GOVERNMENT SUBSIDY (168,608)

There is a £65,227 reduction in the subsidy payable for 2010/11 as a result of a change to the interest rate, from 2% to 1.5%, that local authorities are expected to receive on capital receipts, which has the affect of reducing the negative subsidy required to be paid in accordance with the HRA subsidy determination.

A refund of £103,381 has also been received from the Department for Communities and Local Government in respect of subsidy paid during 2009/10.

85B2 INTEREST 94,322

There is a reduction in investment interest income achieved by the Council's external investment fund managers due to lower interest rates.

85B4 MOVEMENT IN WORKING BALANCE

The approved annual budget provided for a contribution from the working balance to support the capital programme. As a result of the net reduction in costs explained in the above Management Units, there is now a contribution to the working balance of £1.277m.

2010-2011 INCREASE TO THE WORKING BALANCE 1,238,154

3. RECOMMENDATION

3.1 That the Scrutiny Committee – Community note the content of this report

DIRECTOR CORPORATE SERVICES DIRECTOR COMMUNITY AND ENVIRONMENT

Originator: Brenda Steer

S:PALP/Cttee/611SCC13 v2
19.5.11

CORPORATE SERVICES DIRECTORATE
COMMUNITY AND ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None