

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - COMMUNITY
1 JUNE 2010

HOUSING REVENUE ACCOUNT
FINAL ACCOUNTS 2009-2010

1 PURPOSE OF REPORT

- 1.1 To advise members of the overall financial performance of the Housing Revenue Account (HRA) for the 2009-2010 financial year ended 31st March 2010.

2 HOUSING REVENUE ACCOUNT (Appendix A)

- 2.1 During the financial year regular reports were made to this committee on the estimated outturn and variance in the working balance. The final outturn has now been calculated, and the report below highlights the major differences by Management Unit from the approved annual budget.
- 2.2 Overall, there is a net deficit of £15,249 for the year, after a revenue contribution to capital expenditure of £650,000 has been made. The working balance has therefore been reduced by £15,249 to £2,843,016 as at 31st March 2010. This compares to a planned reduction in the working balance of £682,100.

3 MAIN VARIATIONS

The main variations by management unit are detailed below:

| | £ |
|---|----------------|
| 2009-2010 ESTIMATED REQUIREMENT FROM WORKING BALANCE | 682,100 |

| | |
|------------------------|---------------|
| 85A1 MANAGEMENT | 87,294 |
|------------------------|---------------|

There was a £34,740 reduction in administration costs that could be charged against capital receipts, in accordance with the housing capital receipt pooling regime, as a result of a significant reduction in the number of dwellings sold under the Right To Buy scheme during the year.

Additional expenditure was also incurred in respect of re-tendering the General Maintenance contract, which included the cost of an options appraisal, tenant consultation and moving to an industry standard schedule of rates.

Additional costs of £26,681 were also incurred during 2009/10 in respect of temporary staff employed to cover vacant posts, sickness and maternity leave.

The prolonged period of cold weather also contributed to additional electricity and gas costs for sheltered accommodation and communal areas.

| | | |
|--|--|------------------|
| 85A3 | SUNDRY LANDS MAINTENANCE The £23,295 saving has arisen from a lower than budgeted level of initial cultivations carried out as part of the assisted garden maintenance scheme together with a reduction in the cost of general estates maintenance for 2009/10. | (23,295) |
| 85A4 | REPAIRS FUND CONTRIBUTION This budget provides for the cost of repairs and maintenance to council dwellings. There was a significant (£493K) increase in the cost of reactive maintenance, including general repairs, repairs to void properties and electrical work. A large element of this overspend was attributable to the prolonged period of cold weather, when a higher than normal level of breakdowns occurred in relation to heating appliances. However, the additional costs have been more than compensated by a reduction in the revenue contribution to capital, which has been possible due to an underspend in the HRA capital programme. | (418,646) |
| 85A6 | CAPITAL CHARGES Additional costs were incurred during the financial year in respect of the redemption of a finance lease. | 7,701 |
| 85A8 | RENTS As a result of changes in the government's directions on the rent increase for 2009/10, a lower than anticipated housing rents uplift was implemented at 3.1% for this year. This resulted in a lower than budgeted level of rent charged during the year. However, a £550,000 reduction in rent was forecast earlier in the year and an improvement in the level of rent arrears during the last three months of the financial year has helped to reduce the reduction in rent collected to £265,955. | 265,955 |
| 85B1 | GOVERNMENT SUBSIDY There was a reduction in the subsidy payable for 2009/10 as a result of the changes to the rent uplift changes as directed through the HRA subsidy regime. | (609,453) |
| 85B2 | INTEREST There has been a £16,728 reduction in investment interest received as a result of lower interest rates, mainly due to the economic downturn. There has also been a £6,865 reduction in mortgage interest receivable as a result of additional early redemptions in respect of mortgage debt. | 23,593 |
| 2009-2010 TOTAL VARIANCES FROM BUDGET AND REDUCTION IN REQUIREMENT FROM THE WORKING BALANCE | | (666,851) |
| 2009-2010 REQUIREMENT FROM THE WORKING BALANCE | | 15,249 |

4 RECOMMENDED

That Scrutiny Committee- Community note this report

DIRECTOR CORPORATE SERVICES

DIRECTOR COMMUNITY AND
ENVIRONMENT

CORPORATE SERVICES DIRECTORATE
COMMUNITY AND ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

1. None