

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - COMMUNITY
31 AUGUST 2010

HOUSING REVENUE ACCOUNT
STEWARDSHIP TO JUNE 2010

1. PURPOSE OF REPORT

To advise Members of any major differences, by management unit, between the original budget and the outturn forecast for the first three months of the financial year up to 30 June 2010 in respect of the Housing Revenue Account.

2. STEWARDSHIP TO 30 JUNE 2010

During this period the total of the budget variances indicate that there will be a net deficit of £428,834 which will need to be funded from the HRA working balance at 31 March 2011. However, this represents a reduction of £213,736 compared to the budgeted reduction to the working balance of £642,570. It is estimated that the working balance will stand at £2,252,895 at 31 March 2011.

The main variations by management unit are detailed below: £

2010-2011 ESTIMATED TRANSFER FROM THE WORKING BALANCE **642,570**

85A1 MANAGEMENT

A lower than budgeted level of Supporting People Subsidy is forecast to be received during 2010/11 and additional temporary staff costs have also been incurred due to the long term sickness of permanent members of staff. However, the forecast overspend has been partially offset by savings from a vacant post, following the retirement of a Neighbourhood Warden in June. 16,730

85A4 REPAIRS FUND CONTRIBUTION

This budget provides for the cost of repairs and maintenance to council dwellings. 0

It is forecast that a £50,000 overspend will occur in the cost of repairs following periodic electrical testing, which are related to electrical works necessary to communal areas of flats, including those at Faraday House, Abbeville Close, Tristan Close and Wynford Road. However, the additional costs will be met from a corresponding reduction in the revenue contribution to capital.

85A8 RENTS

It is forecast that additional rent from council dwellings of £200,000 will be 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. (205,000)

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.

85B1 GOVERNMENT SUBSIDY

There is a 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. (25,466)

2010-2011 FIRST QUARTER FORECAST DECREASE IN WORKING BALANCE	428,834
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4. RECOMMENDED

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

HEAD OF HOUSING SERVICES

S:PA/LP/Committee/810SCC14
16.8.10

COMMUNITY & ENVIRONMENT DIRECTORATE

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

1. None