

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - COMMUNITY
9 NOVEMBER 2010

HOUSING REVENUE ACCOUNT
STEWARDSHIP TO SEPTEMBER 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 six months of the financial year up to 30 September 2010 in respect of the Housing Revenue Account.

2. STEWARDSHIP TO 30 SEPTEMBER 2010

2.1 During this period the total of the budget variances indicate that there will be a net deficit of £420,553 which will need to be funded from the HRA working balance at 31 March 2011. However, this represents a reduction of £222,017 compared to the budgeted reduction to the working balance of £642,570. It is estimated that the working balance will stand at £2,261,176 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	36,430

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 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.

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

However, forecast overspends within this management unit have been partially offset by savings from vacant posts within the Repairs and Technical Team and the retirement of a

Neighbourhood Warden in June.

85A4 REPAIRS FUND CONTRIBUTION

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

When a council dwelling becomes empty works are undertaken to ensure it meets both a national habitable standard and a tenant agreed lettable standard. It is forecast that a £200,000 saving will be achieved in the cost of repairs to empty council properties, due to lower than budgeted level of void properties and a lower average cost of repair per void property.

This saving will enable an additional £200,000 revenue contribution to capital to be made towards the financing of the Housing Revenue Account Capital Programme.

85A8 RENTS

(209,000)

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.

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.

A further £9,000 additional rental income is expected to be received in respect of other HRA properties following the renegotiation of leases.

85B1 GOVERNMENT SUBSIDY

(128,847)

There is a £25,466 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

79,400

It is estimated that there will be a reduction in investment interest income achieved by the Council's external investment fund managers due to lower interest rates.

**2010-2011 SECOND QUARTER FORECAST DECREASE IN
WORKING BALANCE**

£420,553

3. RECOMMENDATION

- 3.1 That the Scrutiny Committee – Community note the content of 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:**

None