

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - COMMUNITY
8 MARCH 2011

HOUSING REVENUE ACCOUNT
STEWARDSHIP TO DECEMBER 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 nine months of the financial year up to 31 December 2010 in respect of the Housing Revenue Account.

2. STEWARDSHIP TO 31 DECEMBER 2010

2.1 During this period the total budget variances indicate that there will be a net surplus of £765,737 which will be transferred to the HRA working balance at 31 March 2011. This represents a reduction of £1,408,307 compared to the budgeted reduction to the working balance of £642,570. It is estimated that the working balance will stand at £3,447,466 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	19,840

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 in employee costs due to vacant posts during the year and the retirement of a Neighbourhood Warden in June.

Savings will also be 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.

85A4 REPAIRS FUND CONTRIBUTION (1,219,700)

It was budgeted that a revenue contribution of £1.765m would need to be made towards financing the HRA Capital Programme. However, it is now forecast that a revenue contribution of £1.050m will be required; a reduction of £715k.

This reduction is due to a significant forecast 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 the contracts, which have led to delays in both programmes. For further details of the HRA Capital Programme, please refer to the Capital Monitoring Statement which will be reported to Scrutiny Committee – Resources on 23 March 2011.

In addition to the reduced revenue contribution to capital, an under spend of £505k is expected to be achieved in the cost of repairs and maintenance to council dwellings. This comprises; £150k saving in general maintenance following the start of a new 5 year repairs and maintenance contract on 1 October 2010, £300k saving in the cost of repairs to void properties due to a lower level of voids, £50k saving in the cost of repainting flats due to less extensive works and fewer rendered elevations and a £5k saving in tenants compensation.

85A8 RENTS (159,000)

It is forecast that additional rent from council dwellings of £150,000 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 THIRD QUARTER FORECAST INCREASE TO THE WORKING BALANCE (£765,737)

3. RECOMMENDATION

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

DIRECTOR CORPORATE SERVICES

DIRECTOR COMMUNITY AND ENVIRONMENT

S:PA/LP/Cttee/11SCC4
21.2.11

CORPORATE SERVICES DIRECTORATE
COMMUNITY AND ENVIRONMENT DIRECTORATE

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

Background papers used in compiling this report:

None