

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE	Subject: REVENUE MONITORING REPORT
From: HEAD OF HOUSING & SOCIAL WORK RESOURCES	01.04.09 – 11.09.09 (PERIOD 6)
Date: 21 OCTOBER 2009	Ref: RP/UC/IMcC
	HOUSING REVENUE ACCOUNT

1. Purpose of Report

This report advises the Housing and Social Work Services Committee on the overall financial position of the Housing Revenue Account for the period 1st April to 11th September 2009. Variances are reported for both year-to-date and projected outturn, with major outturn variances being highlighted and explained.

2. Summary of Financial Position

2.1. The Service is currently projecting a year-end surplus of £302,000, an adverse movement of £316,000 from the figure indicated in the previous report. This is primarily attributable to an under-recovery of revenue interest income which is partially offset by reduced interest on Capital charges. A reduction in the over-recovery of house rental income combined with additional savings within void rent loss are also included in the reported net position. Additional details regarding budget variations are outlined in paragraph four below, and the appendices to this report.

3. Risks and Uncertainty

- 3.1. Although risks are inherent in any financial planning and monitoring process, the current economic climate has the potential to impact upon the Council's ability to provide services within its existing budgetary provision.
- 3.2. The most significant risk which may impact upon the financial outcome is that housing repairs budgets may be under pressure this year. This has been partially offset by the utilisation of a proportion of the 08/09 surplus. This position will continue to be closely monitored for the remainder of the financial year.

4. Major Variations from Budget

4.1. A summary of the major variances projected at year-end is outlined within table 1 below.

Service Division:	Housing Revenue Account
Outturn Position (£s):	£302,000 Underspend
Analysis:	Savings in void rent loss and an over-recovery of house rental income partially offset by additional employee costs and an energy costs overspend. The impact of the historically low interest rates is reflected in an under-recovery of revenue interest income which is partially offset by a reduction in capital interest charges.

Table 1

- 4.2. Indications continue to show a lower than anticipated level of house sales being processed. Assuming this pattern continues, further additional rental income will be generated. The position will continue to be monitored closely, with the year-end projection revised accordingly.
- 4.3. The Housing Revenue Account has a fully costed establishment of £15 million, net of turnover savings of £0.245 million. This equates to 1.61%, or 9 FTE using £26k as the average salary. The Service is currently sitting with the equivalent of 9.5 vacant posts. This is considered only a temporary position due to the ongoing housing restructure and is not expected to continue. In addition, there are 9 held posts pending the completion of the review of caretakers. These posts are subject to management action awaiting the outcome of internal review.

The outturn position for employee costs is currently showing an overspend of £70,000, taking account of the current and anticipated levels of overtime required to cover the service.

- 4.4. Payments to other bodies account for £312,840 (0.3%) of the annual budget, and is expected to be on target for the current financial year.

5. Management Actions

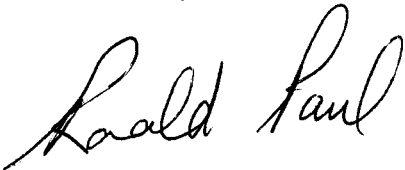
- 5.1. All variances will continue to be monitored with remedial action taken as appropriate.

6. Financial Concurrence

- 6.1. Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

7. Recommendations

It is recommended that the Housing and Social Work Services Committee note the contents of this report.



R Paul
Head of Housing and Social Work Resources
29 September 2009

For further information on this report please contact Ian McCulloch, Housing and Social Work Services Accountant on telephone 01698 332834

FINANCIAL MONITORING REPORT DIVISION : HOUSING REVENUE ACCOUNT SUMMARY
1 April 2009 to 11 September 2009 (P) Cost Centre: HRA (H1)
COMMITTEE: HOUSING & SOCIAL WORK SERVICES

Appendix 1

LINE NO. (1)	DESCRIPTION (2)	BUDGET TO DATE (3)	ACTUAL TO DATE (4)	YEAR TO DATE VARIANCES (5)		ANNUAL BUDGET (6)	PROJECTED OUTTURN (7)	PROJECTED OUTTURN VARIANCE (8)		% (9)	ANALYSIS (10)
		£	£	£		£	£	£			
1.	EMPLOYEE COSTS	6,697,288	6,729,596	(32,308)	Overspend	15,040,121	15,110,121	(70,000)	Overspend	-0.47%	Increased overtime due to requirements of service. void Rent Loss saving offset by increased energy costs. Capital charges lower than anticipated due to historically low interest rates.
2.	PROPERTY COSTS	20,115,727	19,962,957	152,770	Underspend	46,475,146	46,144,146	331,000	Underspend	0.71%	
3.	SUPPLIES AND SERVICES	1,935,296	1,912,776	22,520	Underspend	3,434,315	3,434,315	0	On Target		
4.	TRANSPORT & PLANT	640,120	653,999	(13,879)	Overspend	1,620,503	1,620,503	0	On Target		
5.	ADMINISTRATION COSTS	994,070	994,070	0	On Target	3,111,023	3,111,023	0	On Target		
6.	PAYMENTS TO OTHER BODIES	144,378	170,377	(25,999)	Overspend	312,840	312,840	0	On Target		
7.	OTHER COSTS	0	407	(407)	Overspend	0	0	0	On Target		
8.	APPORTIONED EXPENSES	413,822	413,822	0	On Target	5,027,208	5,027,208	0	On Target		
9.	CAPITAL FINANCING CHARGES	0	0	0	On Target	21,183,000	20,995,000	188,000	Underspend	0.89%	
10.	C.F.C.R.	0	0	0	On Target	8,042,000	8,042,000	0	On Target		
11.	TOTAL EXPENDITURE	30,940,701	30,838,004	102,697	Underspend	104,246,156	103,797,156	449,000	Underspend	0.43%	
12.	FEES AND CHARGES	2,056,096	2,056,096	0	On Target	4,564,279	4,564,279	0	On Target		Housing Rents. Reduced interest on revenue balances as a result of current market rates.
13.	RENTS	37,627,707	37,786,015	158,308	Over-recovery	97,833,600	98,176,600	343,000	Over-recovery	0.35%	
14.	INTEREST	3,229	-222,925	(226,154)	Under-recovery	651,000	161,000	(490,000)	Under-recovery	-75.27%	
15.	DEPARTMENTAL CHARGES	27,690	29,137	1,447	Over-recovery	547,277	547,277	0	On Target		
16.	SURPLUS	0	0	0	On Target	650,000	650,000	0	On Target		
17.	TOTAL INCOME	39,714,722	39,648,323	(66,399)	Under-recovery	104,246,156	104,099,156	(147,000)	Under-recovery	-0.14%	
18.	NET EXPENDITURE	-8,774,021	-8,810,319	36,298	Underspend	0	(302,000)	302,000	Underspend	0.29%	