

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE		Subject: REVENUE MONITORING REPORT 01.04.10 – 25.06.10 (PERIOD 3) HOUSING REVENUE ACCOUNT
From: HEAD OF HOUSING & SOCIAL WORK RESOURCES		
Date: 05 AUGUST 2010	Ref: RP/UC/IMcC	

1. Purpose of Report

This report advises Committee on the overall financial position of the Housing Revenue Account for the period 1st April to 25th June 2010. Variances are reported for both year-to-date and projected outturn, with major outturn variances being highlighted and explained. The report also seeks approval to realign budgets between housing repairs and CFCR and to allocate the 2009/10 Housing Revenue Account surplus.

2. Summary of Financial Position

2.1. The Service is currently projecting a year-end surplus of £704,800, an adverse movement of £7,200 from the figure indicated in the previous report. This is attributable to slight variations in house rental income and void rent loss. 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. Early indications are that the revenue repairs budget, including virement contained in section 5, may be under pressure this year. This could be offset by the proposed utilisation of the 2009/10 surplus.

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):	£704,800 Underspend
Analysis:	Primarily attributable to anticipated savings within void rent loss and an over-recovery of house rental income

Table 1

- 4.2. The Housing Revenue Account has a fully costed establishment of £15.5 million, net of turnover savings of £0.261 million. This equates to 1.7%, or 8.5 FTE using £30.9k as the average salary. The Service is currently sitting with the equivalent of 6.8 vacant posts. In addition, there are 10.5 held posts, including 8 posts which have been temporarily filled pending the completion of the review of caretakers. These posts are subject to management action awaiting the outcome of internal review.
- 4.3. The projected employee costs outturn is a breakeven position.
- 4.4. Payments to other bodies account for £315,840 (0.2%) of the annual budget, and is expected to be on target for the current financial year.

5. Budget Virement

- 5.1. In March 2006, Committee approved the transfer of £970,000 from CFCR to the revenue repairs budget for kitchen installations in void properties. However the assumptions applied at that time over-estimated the value of this work, particularly given the level of capital investment in kitchen replacement. It is therefore proposed to transfer back budget provision of £870,000 from revenue repairs to CFCR in the current year, and on a recurring basis thereafter to fund future kitchen installations. A provision of £100,000 would remain within revenue repairs to replace kitchens in voids where necessary to facilitate the letting of properties. This will be subject to ongoing review.

6. Use of Surplus Balances

- 6.1. The cumulative surplus as at 31st March 2010 amounted to £4.424m, subject to final audit verification. In accordance with its long-term budget strategy for the Housing Revenue Account, it is the Council's policy to maintain a reserve of £1.2m. When account is taken of this reserve, together with the funding earmarked for the New Build Programme, the level of resources available for consideration amounts to £1.586m.
- 6.2. Key priorities have been identified for one-off additional funding in 2010/11 and Committee approval is sought to allocate the available resources as follows:
 - i) Provision of £930,000 additional CFCR to enhance the HRA Capital Programme. £330,000 would be used to increase the overall SHQS rating with the installation of loft insulation in approximately 1,500 properties and £600,000 to accelerate the roofing and render programme (120 houses); and
 - ii) £656,000 to increase the budget for housing repairs.

7. Management Actions

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

8. Financial Concurrence

- 8.1. 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.

9. Recommendations

It is recommended that the Housing and Social Work Services Committee:

- i) approve virement of £870,000 from housing repairs to CFCR as outlined in paragraph 5.1;
- ii) approve the use of the surplus brought forward from 2009/10 as detailed in section 6;
- iii) remit this proposal to the Policy and Resources Committee for approval; and
- iv) otherwise note the contents of this report



R Paul
Head of Housing and Social Work Resources
21 July 2010

Enc.

For further information on this report please contact Aileen Nakhaei, Service Manager, Finance on telephone 01698 332788.

FINANCIAL MONITORING REPORT DIVISION : HOUSING REVENUE ACCOUNT SUMMARY
1 April 2009 to 25 June 2010 (P3 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	3,471,743	3,441,113	30,630 Underspend	15,481,762	15,481,762	0 On Target		Void Rent Loss saving
2.	PROPERTY COSTS	10,094,341	9,933,826	160,515 Underspend	47,069,143	46,373,143	696,000 Underspend	1.48%	
3.	SUPPLIES AND SERVICES	2,814,580	2,814,036	544 Underspend	3,564,062	3,564,062	0 On Target		
4.	TRANSPORT & PLANT	78,106	80,208	(2,102) Overspend	1,689,683	1,689,683	0 On Target		
5.	ADMINISTRATION COSTS	212,985	210,963	2,022 Underspend	3,467,223	3,467,223	0 On Target		
6.	PAYMENTS TO OTHER BODIES	43,555	43,555	0 On Target	315,840	315,840	0 On Target		
7.	OTHER COSTS	0	0	0 On Target	0	0	0 On Target		
8.	APPORTIONED EXPENSES	0	0	0 On Target	4,737,208	4,737,208	0 On Target		
9.	CAPITAL FINANCING CHARGES	0	0	0 On Target	24,169,000	24,169,000	0 On Target		
10.	C.F.C.R.	0	0	0 On Target	6,361,000	6,361,000	0 On Target		
11.	TOTAL EXPENDITURE	16,715,310	16,523,701	191,609 Underspend	106,854,921	106,158,921	696,000 Underspend	0.65%	
12.	FEES AND CHARGES	1,089,995	1,089,015	(980) Under-recovery	5,034,795	5,034,795	0 On Target		Housing Rents
13.	RENTS	15,510,824	15,512,854	2,030 Over-recovery	100,832,134	100,840,934	8,800 Over-recovery	0.01%	
14.	INTEREST	231	231	0 On Target	195,000	195,000	0 On Target		
15.	DEPARTMENTAL CHARGES	0	0	0 On Target	542,992	542,992	0 On Target		
16.	SURPLUS	0	0	0 On Target	250,000	250,000	0 On Target		
17.	TOTAL INCOME	16,601,050	16,602,100	1,050 Over-recovery	106,854,921	106,863,721	8,800 Over-recovery	0.01%	
18.	NET EXPENDITURE	114,260	-78,399	192,659 Underspend	0	-704,800	704,800 Underspend	0.66%	