

NORTH LANARKSHIRE COUNCIL

REPORT

AGENDA ITEM No. 2(a)

To: HOUSING & TECHNICAL SERVICES COMMITTEE		Subject: REVENUE BUDGET MONITORING REPORT PERIOD 1 APRIL 2002 – 13 SEPTEMBER 2002 HOUSING REVENUE ACCOUNT
From: DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date: 3 October 2002	Ref: TMcK//DS/AN/1	

1. Introduction

- 1.1 The purpose of this report is to advise Committee on actual expenditure and income against estimates for the year to date and on the projected outturn. The report also provides explanations of the more significant variances.

2. Summary of Budget Variances

- 2.1 The net expenditure for the period shows an underspend of £252,421 (0.91%). However, the projected outturn indicates an underspend of £5,000 (0.01%) at year-end. This is a reduction of £11,000 to the previous report as a result of a number of adverse and favourable movements. An expenditure statement is appended to the report.

3. Explanation of Projected Outturn Variances

3.1 Property Costs

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|------|---|--------------------|
| i. | Significant increases in insurance premiums as a consequence of the external market conditions and general increases in insurance premiums across all business sectors. | £120,000 Overspend |
| ii. | Based upon the Energy Costs of the department during 2001/2002 and the trend in charges during 2002/2003, there is an anticipated overspend of approximately £69,000. The department will continue to monitor this position throughout the year. | £69,000 Overspend |
| iii. | A decision made at the previous Housing & Technical Services committee to demolish some void properties has reversed the previous potential overspend reported of £5,000 into a projected underspend of £24,000. This decision has also partially contributed to the increased under-recovery in House Rental income. (See section 3.5ii) | £24,000 Underspend |

3.2 Supplies and Services

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|----|--|---------------------|
| i. | A saving of £375,000 is anticipated on operational leasing due to the timing of the tower block and IT lease contract. | £375,000 Underspend |
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3.3 *Administration Costs*

- i. An increase in charges for private circuit rentals and telephone charges across the department is anticipated. This overspend was partially addressed during the 2002/2003 budget setting exercise. However, the projected outturn overspend this year is £36,000 which will need to be addressed during the 2003/2004 budget setting process. £36,000 Overspend
- ii. Significant increases in insurance premiums as a consequence of the external market conditions and general increases in insurance premiums across all business sectors. £46,000 Overspend
- iii. It should be noted that an overspend of £108,000 in Sheriff Officer fees, relating to rent arrears cases has been netted off against the over-recovery of court fees. (See section 3.5i.)

3.4 *C.F.C.R.*

- i. As part of the HRA Capital Programme review and subject to a separate report to the Housing and Technical Services Committee, held on the 29 August 2002, approval was given to reduce the revenue contribution to the Capital Programme by £586,000. This will, in the main, offset the projected shortfall in rental income (See section 3.5ii.) resulting from a significant increase in the anticipated level of council house sales. It should be noted that within the HRA Capital Programme the proposed reduction in C.F.C.R. will be offset by the increased resources available from capital receipts. £586,000 Underspend

3.5 *Income*

- i. Fees and Charges £22,000 Over-recovery

The net over-recovery of £22,000 on court fees is as a result of an increase in the volume of rent arrears cases reaching court, with the £108,000 increase in legal fees associated with rent arrears' recovery (See section 3.3iii) being offset by an increase in court fees recovered of £130,000.

- ii. Rents £731,000 Under-recovery

The majority of this under-recovery of rental income is as a result of an under projection in the number of council house sales during 2001/02 and a substantial increase in the level of applications received during the first half of 2002/03. £586,000 of this shortfall will be offset by a reduction in C.F.C.R. (see Section 3.4i.) as approved at Committee on the 29 August 2002. A development decision to demolish some houses in the South Division was also approved at that committee. This has increased the potential under-recovery of income, but has been offset by a reduction in the level of voids. (See section 3.1iii) These projections will be closely monitored on a monthly basis with variations dependent upon the level of council house sales and any future housing development decisions.

4. Financial Concurrence

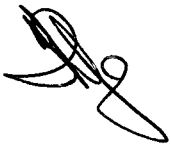
4.1 The Director of Finance concurs with the financial information contained within this report and has been fully involved in its preparation.

5. Summary

5.1 A projected minor underspend of £5,000, is the net result of a number of offsetting variances. It should be noted, that a significant overspend of £166,000, in both Property and Liability Insurance, has been included within this report. The department is anticipating that potential savings on Operating Leases will offset this and other reported overspends. Committee's approval has also been received to partially offset the projected shortfall in rental income by reducing the level of revenue contribution to the Capital Programme.

6. Recommendation

6.1 The Committee is requested to note the contents of this report.



T McKenzie
Director of Housing & Property Services

Encl.

NORTH LANARKSHIRE COUNCIL

FINANCIAL MONITORING REPORT

1 April 2002 to 13 September 2002

COMMITTEE: HOUSING AND TECHNICAL SERVICES

SERVICE: HRA

LINE NO.	DESCRIPTION	BUDGET TO DATE	ACTUAL TO DATE	YEAR TO DATE VARIANCES		%	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCES		%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		£	£	£			£	£	£		
1.	EMPLOYEE COSTS	5,679,776	5,693,646	(13,870)	Overspend	0%	12,825,283	12,825,283	0		
2.	PROPERTY COSTS	18,319,732	18,138,881	180,851	Underspend	1%	39,553,051	39,718,051	(165,000)	Overspend	-0.42%
3.	SUPPLIES AND SERVICES	1,959,532	2,028,813	(69,281)	Overspend	-4%	2,748,445	2,373,445	375,000	Underspend	13.64%
4.	TRANSPORT & PLANT	759,548	672,468	87,080	Underspend	11%	1,645,784	1,645,784	0		
5.	ADMINISTRATION COSTS	759,536	835,805	(76,269)	Overspend	-10%	1,939,226	2,129,226	(190,000)	Overspend	-9.80%
6.	PAYMENTS TO OTHER BODIES	217,445	243,798	(26,353)	Overspend	-12%	471,170	471,170	0		
7.	OTHER COSTS	5,077	1,353	3,724	Underspend	73%	11,000	11,000	0		
8.	APPORTIONED EXPENSES	180,507	180,507	0	Overspend		3,514,324	3,514,324	0		
9.	CAPITAL FINANCING CHARGES	0	0	0	Overspend		30,039,000	30,039,000	0		
10.	C.F.C.R	0	0	0	Overspend		4,778,000	4,192,000	586,000	Underspend	12.26%
11.	TOTAL EXPENDITURE	27,881,153	27,795,271	85,882	Underspend	0%	97,525,283	96,919,283	606,000	Underspend	1%
12.	FEES AND CHARGES	188,141	216,246	28,105	Over-recovery	15%	3,277,155	3,407,155	130,000	Over-recovery	4%
13.	RENTS	42,734,583	42,377,424	(357,159)	Under-recovery		92,591,599	91,860,599	(731,000)	Under-recovery	-1%
14.	INTEREST	9,230	(19)	(9,249)	Under-recovery	-100%	720,000	720,000	0		
15.	DEPARTMENTAL CHARGES	0	0	0	Under-recovery		395,000	395,000	0		
16.	SURPLUS	541,529	541,529	0			541,529	541,529	0		
17.	TOTAL INCOME	43,473,483	43,135,180	(338,303)	Under-recovery	-1%	97,525,283	96,924,283	(601,000)	Under-recovery	-1%
18.	NET EXPENDITURE	(15,592,330)	(15,339,909)	(252,421)	Overspend	-0.91%	0	(5,000)	5,000	Underspend	0.01%