

NORTH LANARKSHIRE COUNCIL

REPORT

AGENDA ITEM NO. 2(a)

To: HOUSING & TECHNICAL SERVICES COMMITTEE		Subject: REVENUE BUDGET MONITORING REPORT PERIOD 1 APRIL 2002 – 3 JANUARY 2003 HOUSING REVENUE ACCOUNT
From: DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date: 9 February 2003	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 £38,502 (0.8%). However, the projected outturn indicates an underspend of £6,000 (0.01%) at year-end. This is a reduction of £6,000 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

- | | | |
|------|---|--------------------|
| i. | Significant increases in insurance premiums as a consequence of the external market conditions and general increases in insurance premiums across all business sectors. | £156,000 Overspend |
| ii. | Efforts made in reducing the level of empty properties have resulted in an overspend in decoration allowances. This is partially offset by the projected underspend on voids (See section 3.1iv.) | £128,000 Overspend |
| iii. | 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 |
| iv. | The projected underspend of £79,000 on unlet houses shows an increase of £2,000 to the previously reported figures. This is due in the main to earlier committee decisions on housing development. Void management is closely monitored within the department and these figures will be updated as the year progresses. | £79,000 Underspend |

- v. An overspend in Security Costs due to a requirement for increased security cover within Homeless Accommodation. £50,000 Overspend

3.2 ***Supplies and Services***

- i. A saving of £350,000 is anticipated on operational leasing due to the timing of the tower block and IT lease contracts. £350,000 Underspend

3.3 ***Transport and Plant***

- i. The majority of this £101,000 overspend includes revised transport charges in line with the vehicle replacement programme. £101,000 Overspend

3.4 ***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. £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 3.7i.)

3.5 ***Capital Financing Charges***

- i. Anticipated reduction in loan charges as a consequence of a downward revision in the level of interest payable on the debt outstanding. £100,000 Underspend

3.6 ***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 3.7ii.) 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

3.7 ***Income***

- i. Fees and Charges £109,000 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 3.4iii) being offset by an increase in court fees recovered of £130,000.

In addition, there has been an over-recovery of £87,000 in Housing Benefits, as a result of an increase in the number of furnished accommodation units.

ii. Rents £632,000 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. The overall position has not changed since the last report to committee and £586,000 of this shortfall will be offset by a reduction in C.F.C.R. (see Section 3.6i.) 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. Due to the higher level of council house sales these projections are now being closely monitored on a fortnightly basis with variations dependent upon the timing 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 £6,000, is the net result of a number of offsetting variances. It should be noted, that a significant overspend of £202,000, 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 03 January 2003

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)
		£	£	£			£	£	£		
1.	EMPLOYEE COSTS	9,660,352	9,514,946	145,406	Underspend	1.51%	12,825,283	12,825,283	0		
2.	PROPERTY COSTS	30,207,901	29,942,833	265,068	Underspend	0.88%	39,553,051	39,877,051	(324,000)	Overspend	0.82%
3.	SUPPLIES AND SERVICES	2,632,457	2,473,592	158,865	Underspend	-6.03%	2,748,445	2,398,445	350,000	Underspend	12.73%
4.	TRANSPORT & PLANT	1,266,133	1,351,820	(85,687)	Overspend	-6.77%	1,645,784	1,746,784	(101,000)	Overspend	6.14%
5.	ADMINISTRATION COSTS	956,478	1,056,695	(100,217)	Overspend	10.48%	1,939,226	2,129,226	(190,000)	Overspend	9.80%
6.	PAYMENTS TO OTHER BODIES	362,471	345,999	16,472	Underspend	4.54%	471,170	471,170	0		
7.	OTHER COSTS	8,463	1,663	6,800	Underspend	80.35%	11,000	11,000	0		
8.	APPORTIONED EXPENSES	601,752	601,752	0			3,514,324	3,514,324	0		
9.	CAPITAL FINANCING CHARGES	0	0	0			30,039,000	29,939,000	100,000	Underspend	0.33%
10.	C.F.C.R	0	0	0			4,778,000	4,192,000	586,000	Underspend	12.26%
11.	TOTAL EXPENDITURE	45,696,007	45,289,300	406,707	Underspend	0.89%	97,525,283	97,104,283	421,000	Underspend	0%
12.	FEES AND CHARGES	2,300,186	2,451,823	151,637	Over-recovery	6.59%	3,277,155	3,494,155	217,000	Over-recovery	6.62%
13.	RENTS	69,907,766	69,402,895	(504,871)	Under-recovery	0.72%	92,591,599	91,959,599	(632,000)	Under-recovery	0.68%
14.	INTEREST	15,386	415	(14,971)	Under-recovery	97.30%	720,000	720,000	0		
15.	DEPARTMENTAL CHARGES	0	0	0			395,000	395,000	0		
16.	SURPLUS	541,529	541,529	0			541,529	541,529	0		
17.	TOTAL INCOME	72,764,867	72,396,662	(368,205)	Under-recovery	0.51%	97,525,283	97,110,283	(415,000)	Under-recovery	0.43%
18.	NET EXPENDITURE	(27,068,860)	(27,107,362)	38,502	Underspend	0.08%	0	(6,000)	6,000	Underspend	0.01%