

**HOUSING REVENUE ACCOUNT BUDGETARY POSITION 2002-03**

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| <p><b>Report of: Strategic Director, Finance and Corporate Services</b></p> <p><b>Report Author: Sarah Fogden</b></p> <p><b>Lead Member: Councillor Hollingsworth Responsible:</b></p> <p><b>Overview and Finance and Performance Scrutiny Management Committee Responsibility:</b></p> <p><b>Key Decision: No</b></p> <p><b>SUMMARY AND RECOMMENDATIONS</b></p> <p><b>This report updates Executive Board on the budgetary position for the current year and makes a revised forecast of year end balances.</b></p> <p><b>Executive Board is asked to</b></p> <p><b>i) note the forecast balances at 31<sup>st</sup> March 2003 of £993,000</b></p> <p><b>ii) agree that any further pressures be required to be met from business managers' own budgets</b></p> <p><b>iii) note that business managers are currently investigating a number of possible savings.</b></p> | <p><b>WARDS AFFECTED</b></p> <p>All</p> |
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**1. Introduction**

1.1 Annex A shows that the likely call on balances during the year is £415,000. Balances at 31<sup>st</sup> March 2003 are projected to be £993,000.

**2. Projected Outturn**

2.1 I reported to Executive Board on 8<sup>th</sup> July 2002 that the call on balances was likely to be £474,000. In arriving at this figure I took into account the cost pressures shown below in column A of table 1. Column B of table 1 shows the revised forecast in each of these spend areas and identifies new variations from budget.

**Table 1**

|                                      | <b>COLUMN A</b> | <b>COLUMN B</b> |
|--------------------------------------|-----------------|-----------------|
|                                      | <b>£</b>        | <b>£</b>        |
| DTD repairs additional spend         | 300,000         | 1,100,000       |
| Stock Condition survey               | 70,000          | 70,000          |
| Housing Subsidy & Rent Rebates       | 200,000         | 50,000          |
| Various underspends (incl vacancies) | -96,000         | -10,000         |
| Planned Maintenance underspend       |                 | -500,000        |
| Additional Rent Income               |                 | -300,000        |
|                                      | <b>474,000</b>  | <b>410,000</b>  |

2.2 Explanations of the variances are given below.

### **3. Major Variations**

- 3.1 Day to Day repairs expenditure is estimated to exceed budget by approximately £1.1m. This is consistent with previous year's expenditure in this area. Expenditure is demand led by tenants reporting of repairs to the call centre. The OBS Business Manager will be bringing forward a revised repairs policy to the December Executive Board and it is anticipated that the policy (if agreed) may help to reduce repairs expenditure in 2003/4 but will have little or no effect in the current year. To partly compensate for this overspend the business manager has identified approximately £0.5m of planned maintenance that can be slipped.
- 3.2 The latest Housing Subsidy claim has identified reduced expenditure on Rent Rebates. The net effect of this is a reduction from the £200,000 overspend forecast in July to an overspend of £50,000. The last monitoring report promised figures on debt charges but the external advisers have yet to conclude their review. These may be available to report orally at the meeting.
- 3.3 There is additional rental income of £300,000 as there are 53 rent weeks in the year and the budget only allowed for 52 weeks.
- 3.4 There are a number of other minor variations including additional insurance costs of £14,000, costs associated with the service charge implementation of £20,000 offset by underspends on salaries.

**4. Items Subject to Further Investigation**

- 4.1 Work is ongoing on all non rental income to verify income due and income that might be expected under rent reviews.
- 4.2 Business Managers have been requested to review all vacant posts and supplies & services expenditure in order to achieve short term underspends that can be used to increase balances. It is expected that between £70,000 to £100,000 additional savings may be achieved. This would restore balances to over £1 million.
- 4.3 The HRA balances position will next be reported to Executive Board in December.

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

M Luntley - Strategic Director of Finance and Corporate Services

Cllr A Hollingsworth – Portfolio Holder

N Gibson – Strategic Director Housing, Health & Community Services

Background papers:

Executive Board Reports 9<sup>th</sup> September, item 4  
8<sup>th</sup> July, item 8

**HRA Monitoring - 2nd quarter**

**Annex A**

| Bunit                | Bunit(T)                    | Costc | Costc(T) | OE           | Approved budget | Expected Year End Position | Variance       | Comments  |
|----------------------|-----------------------------|-------|----------|--------------|-----------------|----------------------------|----------------|---|
| B01                  | Strategic Policy & Research |       |          | 52,160       | 52,160          | 52,160                     | -              |   |
| B20                  | Financial Management        |       |          | 121,183      | 121,183         | 81,584                     | - 39,599       | Salaries  |
| B40                  | Housing Management          |       |          | 8,442,928    | 8,423,536       | 8,651,115                  | - 227,579      | Rent Rebates & subsidy £50k overspend insurance, rent review, service charge review |
| B41                  | Customer Services           |       |          | 59,613       | 59,613          | 59,613                     | -              |   |
| B42                  | Homelessness                |       |          | 321,641      | 321,641         | 321,641                    | -              |   |
| B43                  | Oxford Building Solutions   |       |          | 7,406,090    | 7,432,529       | 8,134,529                  | 702,000        | £1m DTD over, £0.5m planned under, £0.1m external DTD over, £70k Stock condition    |
| B44                  | Neighbourhood Renewal       |       |          | 520,557      | 474,726         | 464,726                    | - 10,000       | CANACT  |
| B80                  | Administration              |       |          | 29,289       | 29,289          | 39,289                     | - 10,000       | Salaries  |
| <b>OVERALL TOTAL</b> |                             |       |          | <b>9,027</b> | <b>9,027</b>    | <b>423,849</b>             | <b>414,822</b> |   |

Balances as at 1/402 -1,497,619

less commitments

Carryforwards 270,123

Benefits Subsidy due 100,000 370,123

add refund of contact centre - 280,000 - 280,000

Running Total -1,407,496

less overspend above 414,822

Estimated Balances as at 31st March 2003 -992,674 need to be at least £500k preferably £1.0m

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