

## Performance and Management Scrutiny Committee – 22<sup>nd</sup> March 2005

### Report of the Head of Financial Services

#### ITEM 5B REVENUE BUDGET MONITORING – HOUSING REVENUE ACCOUNT - PERIODS I-II

##### Summary Position

This report highlights expenditure and rental income up to and including period eleven, February 2005, for the Housing Revenue Account. The HRA includes many statutory charges that are only calculated at year-end and this report is restricted to the direct controllable areas only.

In summary, expenditure is underspent against the profiled budgets to the end of period eleven. Rental income and service charges are shown net of loss of income from empty dwellings.

##### Expenditure – Major Variances to budget

Service	Difference to budget	Budget to Period II	Difference
	Under/(Over)		
	£000	£000	%
<b>General Management</b>	78	1,338	6%
<b>Special Management</b>	24	951	3%
<b>Management of Repairs and Maintenance</b>	34	342	10%
<b>Repairs and Maintenance</b>	200	3,607	6%
<b>Total</b>	336	6,238	5%

##### General Management - £78k underspend

The main variances include an overspend of £41k on Tenants Consultation which includes significant additional expenditure required regarding the Stock Option Appraisal. This was offset by savings on Security Measures (£41k), General Management Salaries (£29k), Housing Needs (£61k) and Housing Initiatives (£35k).

##### Special Management - £24k underspend

Includes an underspend of £19k on Residential Wardens.

##### Management of Repairs and Maintenance - £34k underspend

Includes £9k underspend on Agency Staff and £19k Consultants Fees.

### Repairs and Maintenance - £200k underspend

Includes an underspend of £57k on General repairs, £39k on Relet repairs, £38k on Gas Appliance repairs and renewals and £10k Garage repairs.

### Income – Rents

The table below presents the key rental and service charges. Void loss is the loss of rental income through having empty (void) properties. The table shows the amount of income that could have been collected if all the properties were filled, compared with the income due from those that were occupied. Income due includes all income that should be collected, amounts that have yet to be collected are included although they are also classified as current arrears.

	<b>Total (potential) rent collectable £000</b>	<b>Income due £000</b>	<b>Voids loss £000</b>	<b>Void loss as a percentage of income due</b>
<b>Dwelling Rents</b>	<b>12,493</b>	12,200	293	<b>2%</b>

### **Service Charges**

Landlord Warden Charge	<b>88</b>	83	5	<b>6%</b>
Central Heating	<b>98</b>	83	15	<b>15%</b>
Communal Facilities	<b>45</b>	39	6	<b>13%</b>
Hostel	<b>43</b>	35	8	<b>19%</b>
Council Tax	<b>13</b>	11	2	<b>15%</b>
	<b>12,780</b>	<b>12,451</b>	<b>329</b>	<b>3%</b>

### **Rent Arrears**

Rent arrears have increased by £38k up until period eleven. The total amount includes all monies owed, not just those generated in the first part of the year. Comparisons of arrears positions over time include amounts written-off during those periods when the arrears amount reduces because of the write-off.

	<b>2003/04 £000</b>	<b>2004/05 £000</b>
Arrears at the beginning of year	640	646
Arrears at the end of period eleven	643	684
Increase/(Decrease)	3	38

Rent Arrears have been broken down further in the following tables. These are taken as a snapshot which, on this occasion was 10/03/2005 and include Garages and Shops. These were designed for the end of years Bad Debt calculation when all collection periods had expired. As such, when taking a snapshot such as this during the year, one half of the Borough (East or West) will show arrears as the debit for that week is shown but not collected until the next week as CBC operates a fortnightly rent collection cycle.

#### Rent Arrears by Amount

Arrears Band	Count	Arrears Amount £000
<£100	2,434	66
>£100 <£250	435	70
>£250 < £500	256	90
>£500 < £750	67	41
>£750 < £1,000	72	62
>£1,000	74	100
Former Tenants	637	315
Total	3,975	744

#### Rent Arrears by length of time monies owed

By Period	Count	Arrears Amount £000
0 - 4 weeks	2,693	117
5 - 13 weeks	500	136
14 - 26 weeks	146	118
27 - 39 weeks	30	43
40 - 52 weeks	5	12
52 +	1	3
Former Tenants	652	315
Total	4,027	744

Rent Arrears actions (between 31<sup>st</sup> January 2005 and 28<sup>th</sup> February 2005)

Notices of activity inclusive of the agreed methodology of debt recovery, reminder letters etc. In 2005/06 this will be on a monthly cumulative basis. Within each heading various actions of debt recovery have been grouped together to give the indication of relative levels of the activity.

Reminder Letters	562
Notice Seeking Possession actions	301
Possession Orders actions	125
General Correspondence	114
Visits	242
Garage Notice actions	<u>42</u>
	1,386

Conclusion

Expenditure up until the end of period eleven remains within the profiled budgets to that time and at this stage there is no cause for concern. The rent arrears position has increased compared with the same period in 2003/04 whilst the voids position has improved. Rent loss from empty homes has remained at 3% from October to December within 2004/05.

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## HRA Revenue Monitoring - December 2004/05 End of period eleven

	<b>Budget to date</b>	<b>Actual to date</b>	<b>Difference</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	
<b>General Management</b>					
E020	Council House Sales	9	6	-3	33%
J009	Allocations	270	209	-61	23%
J015	Rents	192	219	27	-14%
J023	Contact Centre	363	295	-68	19%
J200	Housing Policy Management	73	69	-4	5%
J220	Systems	80	81	1	-1%
L020	Housing Management	351	381	30	-9%
		<b>1,338</b>	<b>1,260</b>	<b>-78</b>	<b>6%</b>
<b>Special Management</b>					
J012	Hostel	21	21	0	0%
J030	Wardens	395	410	15	-4%
J040	Communal Facilities	98	93	-5	5%
J060	Special Expenses	105	83	-22	21%
J080	Grounds Maintenance	155	130	-25	16%
J105	Central Control	177	190	13	-7%
	<b>Total</b>	<b>951</b>	<b>927</b>	<b>-24</b>	<b>3%</b>
J005	Management of Repairs and Maintenance	342	308	-34	10%
J001	Repairs and Maintenance	3,607	3,407	-200	6%
	<b>Total</b>	<b>6,238</b>	<b>5,902</b>	<b>-336</b>	<b>5%</b>