

## HRA outturn 2010/11 - Revenue Variances

### Repairs

Repairs spending covers responsive and programme repairs.

#### Responsive Repairs

There was an underspend on responsive repairs of £206,800 (1.9%). However, £250,000 of the budget was set aside to support the mobile working project which now needs to be carried forward to 2011/12. This means there was an overspend on responsive repairs of £43,200 (0.4%).

#### Programme Repairs

There was an overspend on programme repairs of £68,600 (1.3%). The material variations in the programme repairs budget were as follows:

1. **External Decorations - overspend of £100,900 (8.2%)**  
The budget was reduced by £100,000 at revised estimates. However, after this was done it became necessary to charge £73,400 of the external decorations at Thornhill to this budget rather than the capital works budget.
2. **Electrical testing – underspend of £44,500 (25.4%)**  
It has been possible to make savings by changing working practices (the job could be done by a single tradesman, rather than requiring two), and fewer tests being required than budgeted.
3. **Structural Work – overspend of £16,700 (14.3%)**  
Unbudgeted costs incurred following the balcony collapse at Somborne House in March 2010
4. **Health & Safety works – overspend of £63,700 (37.8%)**  
Unbudgeted works to lifts, not covered by the Capita contract (£29,700), extra costs for emergency aircraft lighting (£20,500), various works at Shirley Towers following the fire (£11,300)
5. **Various Servicing – underspend of £60,000 (5.1%) of which the material variance is lift servicing, which underspent by £84,500 (30.2%).**  
At revised estimates, the budget for lift servicing was increased by £80,000 to cover a forecast overspend. Further investigation showed that this was not the case and the budget need not have been increased.

### **Rents Payable**

It has now been established that Estate Regeneration properties that have been vacant for more than 6 months are not subject to council tax. This has reduced the expected council tax charge for void dwellings by £13,200 (25.1%).

### **Supervision and Management**

This heading covers the costs of all services provided to tenants other than repairs. There is an under spend of £287,700 (1.7%) with the main variances being:

- There are savings on utility costs of £344,800. This is a combination of savings arising from the Audit Commissions review of where utility costs are accounted for and a reassessment of the budgets required for utility costs in tower blocks and sheltered housing.
- Increased income of £18,000 from the marketing of more Community Alarm pendants
- Following a number of re-structure staff movements and accommodation moves, there is an overall increase in costs of £21,000.
- There was an increase of £162,500 in the bad debts provision for maintenance recovery charges. The level of outstanding arrears on MRC's is increasing and it is prudent to make provision for the non-collection of the outstanding sums. Recovery action will still continue to try and collect the sums due.

### **Capital Financing Charges**

The interest rate charged to the HRA is lower than budgeted which has resulted in reduced financing costs. Further savings have been achieved by Treasury Management measures which reviewed all outstanding HRA loans. Together this has resulted in a total favourable variance of £220,900 (9.66%).

### **Dwelling Rents**

There is a shortfall in net dwelling rent income of £119,700 (0.21%). This is a result of the estate regeneration programme progressing quicker than expected as well as a longer void periods for dwellings at Shirley Towers.

### **Leaseholder Service Charge Income**

Due to lower than expected revenue major works, charges to leaseholders were therefore lower to cover their element of these works. This reduction is £25,400 (3.85%)

### **Interest Received**

There is an increase in interest received of £12,200 against the revised budget of £27,400. This is partly due to a lower than budgeted capital spend and partly due to some grants being received earlier than expected.

### **Housing Subsidy paid to CLG**

There is an increase to the subsidy payment to CLG of £101,000 (1.18%). This is a result of the lower interest rates referred to above, which reduces the financing costs in the subsidy calculation. Consequently this results in a higher subsidy payment to CLG.