

HRA Outturn 2011/12 - Revenue Variances

Programme Repairs - £257,700 underspend (5.0%)

The material variations in the programme repairs budget were as follows:

External Decorations – under spend of £52,400 (4.9%)

The contract was terminated early at the end of the financial year due to quality and health & safety concerns. Therefore, full year spend to the original programme was not achieved. There are ongoing discussions with Capita regarding the fees claimed as they are currently based upon full expenditure of the budget.

Electrical Testing – under spend of £97,300 (29.0%)

The number of estimated repairs needed as a result of surveys was higher than those actually carried out, providing a saving. In addition, due to programming issues, the full testing programme was not completed and therefore 130 properties were not inspected / tested within the financial year but have been subsequently inspected in April 2012. **It is recommended that the budget to meet the cost for the 130 inspections (£39,000) is carried forward into the current year.**

Asbestos Works – over spend of £88,700 (22.2%)

Although an estimated budget of £400,000 was set, it is, in practice, impossible to forecast the expenditure on asbestos related work. SCC has a statutory duty to remove asbestos from its properties when found.

Various Servicing – under spend of £208,500 (17.7%), comprising the following material variances:

Capita fees - £25,300 under spend

A refund for incorrectly supplied lights of £19,000 was received late in the year and credited to this account as part of the fee recharge.

Smoke detector maintenance - £46,600 under spend

These works are part of the electrical testing programme and less repairs were needed than those estimated. In addition (as above) 130 properties were not completed in 2011/12 but have been completed in April 2012. **It is recommended that £18,000 is carried forward for the 130 properties inspected in 2012/13.**

Lift maintenance - £35,000 under spend

The estimated levels of repairs were higher than those actually required therefore producing a saving. However, late in the financial year it was noted that the lift shaft emergency lighting to a number of blocks was not sufficient and needed updating. Orders were raised for works to the value of £16,000, which would have reduced the actual saving to £19,000.

Legionella testing - £21,400 under spend

Some of the anticipated water quality works were removed from the schedule due to a capital scheme replacing the tank fed supplies.

TV aerial maintenance - £27,000 under spend

Due to the replacement of all aerial systems, as a result of the installation of the Digital TV systems, little programmed maintenance has been required in 2011/12.

Emergency lighting maintenance - £47,700 under spend

The estimated levels of repairs and replacement fittings were significantly higher than those actually needed.

Supervision and Management - £236,900 under spend (1.3%)

This heading covers the costs of all services provided to tenants other than repairs. The main variations were as follows:

- The Transformation Project has an overall favourable variance of £163,000. There is a £225,000 under spend due to the Mobile Working element of the project being put on hold whilst further implementation of the LEAN system improvements were undertaken. **This is the subject of a carry-forward recommendation.** There was an over spend of £87,000, due to additional staff time requirements on the project consultation process, and a £20,000 under spend on stores repositioning.
- There are savings on Sheltered Block utility costs of £90,900. This budget was set before the savings arising from the Audit Commission's review of where utility costs were reported.
- There is a £20,000 favourable variance from a decision to delay the production of the new tenants' handbook due to the national policy changes in Housing currently being implemented.
- There are staff savings of £60,200 relating to vacant posts waiting for the Warden review to complete, as well as a temporary staff budget not used in the Policy Team.
- There was an increase in the bad debts provision of £187,900 following a revised assessment of rent and maintenance recovery charges arrears.
- The final adjustment for past service pension costs was lower than the estimate by £21,300.

Capital Financing Charges – £103,000 under spend (3.4%)

The consolidated rate of interest used to calculate the capital financing for the year was lower than the figure used in the original estimate resulting in lower financing costs for the year.

Housing Subsidy paid to CLG - £25,700 under spend (0.3%)

There is a decrease to the subsidy payment to CLG of £25,700. This is a result of the credit received from the CLG relating to the increase in financing costs from borrowing approx £73m before the year end as part of self financing.

Dwelling Rents – £73,400 under recovery (0.1%)

This under achievement of income is due to a sharp increase in the number of voids in the final quarter of the year.

Other Rents - £33,900 over recovery (2.8%)

This is due to a higher than expected income in the last two invoicing periods for Ground Rents when compared to revised estimate forecasts.

Tenants Service Charge Income - £39,400 under recovery (3.0%)

This adverse variance is due to a delay in completing and charging for the Digital TV work in the year.

Interest Received - £21,000 over recovery (82.3%)

There is an increase in interest received of £21,000 against the revised budget of £25,500. This is partly due to lower than budgeted capital expenditure and partly due to higher than expected grant balances brought forward.