

REPORT TO: COMMUNITIES COMMITTEE ON 10 JUNE 2008

SUBJECT: HOUSING REVENUE ACCOUNT AND OTHER HOUSING BUDGET MONITORING 2007/08

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This report presents budget monitoring information for the period to 31 March 2008 in respect of the Housing Revenue Account (HRA) and Other Housing.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to housing budget management.

2. RECOMMENDATION

- 2.1 **It is recommended that the Communities Committee notes this report.**

3. BUDGET COMMENTARY

- 3.1 Housing budget reports are presented to each cycle of Committee meetings.

3.2 Housing Revenue Account (HRA)

- 3.2.1 **APPENDIX I** details near actual HRA budgetary performance to 31 March 2008.
- 3.2.2 The overall position at the end of March 2008 indicates a small surplus on the HRA for 2007/08.
- 3.2.3 In terms of expenditure, the main variances to note are –

Supervision and management – an underspend of £0.134m was achieved, which is slightly lower than the underspend previously projected. It results from a number of factors, including staffing underspends, savings on insurance, as previously reported and a range of smaller savings. It also reflects a projected underspend in the Common Housing Register budget which reflects the delays being experienced in the development of the agreed web-based solution previously described to the Committee. The Council agreed on 14 February 2008 that slippage could be carried forward (paragraph 3 of the Minute refers). This would therefore result in £0.020m of the carried forward surplus being utilised for this purpose.

Sheltered housing – the overspend relates to energy and repair expenditure.

Hostels – an overspend of £0.089m was incurred, which is slightly higher than the projected £0.058m. It is due to increased staffing costs necessary to avoid lone working at night and to provide staff cover due to illness. Running costs of hostels also exceed budgetary provision in 2007/08.

Other expenditure – the underspend on this budget has been previously reported to the Committee.

Repairs and Maintenance – the repairs and maintenance budget outturn was slightly underspent. However, slippage of £0.057m occurred. On 14 February 2008, the Council agreed that slippage could be funded in the following year (paragraph 3 of the Minute refers). This will be funded from the balance held on the HRA.

Financing costs – although an overspend on this budget was projected, an underspend has occurred due to a shift in interest rates and an increased use of Capital from Current Revenue (CFCR).

Capital from Current Revenue (CFCR) – as previously highlighted to Committee, in the light of the projected outturn, it was possible to increase the amount of CFCR for 2007/08. This has a positive effect in reducing the amount of prudential borrowing required to fund capital investment.

3.2.4 In relation to income, the outturn is higher than the budget agreed by the Committee, with an increase in income from rents reflecting the reducing number and timing of house sales. Additional income was received from the interest earned on revenue balances and other income.

3.3 Other Housing

3.3.1 **APPENDIX II** details budgetary performance to 31 March 2008.

3.3.2 Housing benefits are paid after financial assessment by Benefits Officers and the level of payment varies according to the needs of individual applicants. The Department of Works and Pensions refunds the Council according to set percentage rates. The overspend arises from a lower percentage of benefit being recovered than budgeted.

3.3.3 More detailed comment on Private Sector Housing Grant is provided within the Housing Investment Report elsewhere on the Committee's agenda.

3.3.4 The overspend on the Travelling Families budget is due to the costs incurred in the clearance of the Chanonry Site, carried out in conjunction with Grampian Police earlier this year.

3.3.5 In homelessness, the main pressure on the budget continues to be the provision of temporary accommodation. The Committee is reminded that dealing with homelessness is a statutory duty and the potential to achieve savings whilst meeting these duties is limited. The actual overspend at 31 March 2008 was less than that projected and primarily arises from the increased usage of bed and breakfast accommodation, particularly in the second half of the financial year.

- 3.3.6 An underspend of £0.016m was achieved on Supporting People, due to staffing vacancies within the Supporting People Team. All Supported People contracts outturned within budget.
- 3.3.7 The Affordable Housing budget relates to the use of Council Tax discount monies to assist affordable housing developments. During 2007/08, a total of £0.416m became available to use for affordable housing developments. The Council has already agreed a commitment to fund up to £0.210m for a housing development in Forres. Use of Council Tax discounts for affordable housing projects has to be agreed with the Scottish Government and further discussion will take place regarding the utilisation of this funding.
- 3.3.8 In Landlord Registration, a surplus of £0.036m was achieved in 2007/08. A grant from the Scottish Government met all costs incurred in the year in full. The surplus arises from grant payment relating to costs incurred in previous years.

3.4 Efficiency Savings

- 3.4.1 Progress in achieving efficiency savings towards the Council's efficiency savings target is reported quarterly to Committee and currently relates to the Other Housing Budget within the General Services Budget, for which the target is £0.011m for vacancy monitoring and procurement. The actual vacancy saving in Other Housing was £0.084m.
- 3.4.3 The potential for efficiency savings was identified for the Homelessness Budget as a result of changes to procurement processes. In 2006/07, savings were achieved through the use of the Ben Aigen, Rothes for homelessness purposes. These savings were reported to the Community Services Committee on 4 April 2007 (paragraph 16 of the Minute refers). Although the continued use of the Ben Aigen has resulted in savings, this has to be set within the context of increasing pressure on the temporary accommodation budget.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

The Community Plan and Service Improvement Plan identify that the quality of housing and quality of housing service provision are Council priorities.

(b) Policy and Legal

There are no policy or legal implications of this report.

(c) Resources (Financial, Risks, Staffing and Property)

The financial implications of this report are considered above.

(d) Consultations

This report has been prepared in close consultation with Finance staff. Consultation on the report has been carried out with the Director of Community Services, senior managers within Housing Services, and the Head of Financial Services. All agree the content of the report.

5. CONCLUSION

- 5.1 This report indicates that the HRA continues to project a surplus for 2007/08. As was the case in 2006/07, the main pressure within the Other Housing Budget relates to the Homelessness budget, largely arising from the statutory requirement to provide temporary accommodation.**

Author of Report: Jill Stewart, Chief Housing Officer
Background Papers: Held by CHO
Ref: CC/JS/TS – Housing Budgets – 10 June 2008

Housing Revenue Account

Appendix I

Service Description	Agreed Annual Budget Per Committee 14.2.07 2007-08	Amended Annual Budget 2007-08	Budget to 31st March 2008	Act to 31st March 2008	Variance
Expenditure	£,000	£,000	£,000	£,000	£,000
Supervision & Management	3,513	3,637	3,637	3,503	134
Sheltered Housing	20	19	19	36	(17)
Hostels	248	248	248	337	(89)
Other Expenditure	20	20	20	0	20
Flood	250	250	250	250	0
Repairs and Maintenance	4,734	4,909	4,909	4,885	24
Financing Costs	2,726	2,342	2,342	2,291	51
Bad & Doubtful Debts	66	66	66	119	(53)
CFCR	880	880	880	1,150	(270)
Transitional Relief	5	5	5	3	2
Service Developments	145	0	0	0	0
Total Gross Expenditure	12,607	12,376	12,376	12,574	(198)
Income	£,000	£,000	£,000	£,000	£,000
Hostel rents	83	83	83	90	7
Non-dwelling rents	125	125	125	135	10
House rents	11,750	11,750	11,750	11,778	28
HSG	190	190	190	176	(14)
IORB	145	145	145	176	31
Other income	224	224	224	371	147
Total Income	12,517	12,517	12,517	12,726	209
Net Expenditure/(Income)	90	(141)	(141)	(152)	11
Balance carried forward	(961)	(843)	(843)	(843)	
Estimated Balance at end of Period	(871)	(984)	(984)	(995)	

Service Description	Annual Budget 2007/08 £'000	Actual to 31 Mar 08 £'000	Variance at 31 Mar 08 £'000
Housing Benefit			
Cost			
Operating Costs	36	86	(50)
HB/CT Payments	10619	11593	(974)
Recharges to other heads	450	401	49
Finance Costs	1	1	0
Income			
Government Grants	(304)	(338)	34
HB Subsidy	(10460)	(11230)	770
Customer Client receipts	(185)	(237)	52
Overpayment Arrears	0	0	0
(Surplus)Deficit	157	276	(119)
Improvement Grants			
Employee Costs	91	87	4
Operating Costs	17	(10)	27
Care & Repair	103	130	(27)
Improvement Grants	1105	1152	(47)
Financing Costs	17	17	0
Government Grants & Income Received	(1262)	(1403)	141
(Surplus)Deficit	71	(27)	98
Supporting People			
Employee Costs	367	368	(1)
Operating Costs	108	130	(22)
Supporting People Payments	1407	1404	3
Government Grants	(5677)	(5677)	0
Income received	(110)	(146)	36
Transfer of Supporting People grants	4619	4619	0
(Surplus)Deficit	714	698	16
Travelling Families			
Employee Costs	23	20	3
Operating Costs	13	46	(33)
Financing Costs	0	0	0
Income received	(12)	(10)	(2)
(Surplus)Deficit	24	56	(32)
Homelessness			
Employee Costs	567	476	91
Operating Costs	122	81	41
Temporary Accommodation Costs	179	609	(430)
Payments to External Bodies	299	513	(214)
Housing/Council tax benefits	0	14	(14)
Other payments	0	0	0
Financing Costs	0	0	0
Government Grants	(425)	(437)	12
Income Received	(12)	(434)	422
Supporting People Grant	(319)	(319)	0
Control	0	0	0
(Surplus)Deficit	411	503	(92)

Service Description	Annual Budget 2007/08 £'000	Actual to 31 Mar 08 £'000	Variance at 31 Mar 08 £'000
Affordable Housing	350	416	(66)
Landlord Registration	0	(36)	36
House Loans	(18)	(10)	(8)
Misc General Sevices	0	0	0
Savings	0	0	0
(Surplus)Deficit	1709	1876	(167)