

REPORT TO: COMMUNITIES COMMITTEE ON 6 OCTOBER 2009

SUBJECT: HOUSING BUDGET MONITORING – 2009/10

BY: DIRECTOR OF COMMUNITY SERVICES

1. REASON FOR REPORT

- 1.1 This report presents budget monitoring for the Housing Revenue Account (HRA) and General Services Other Housing Budget for the period to 31 August 2009.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the management of housing budgets.

2. RECOMMENDATION

2.1 It is recommended that the Communities Committee:-

- (i) considers the budget monitoring report for the period to 31 August 2009;**
- (ii) agrees the approach to consultation with tenants on any rental increase for 2010/11; and**
- (iii) agrees that this report is discussed by the Housing Sub Committee at its meeting on 16 October 2009.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2009/10 at its meeting on 12 February 2009 (paragraph 7 of the Minute refers). Housing budget monitoring reports will be presented to each cycle of meetings during the course of 2009/10.

4. HOUSING REVENUE ACCOUNT

- 4.1 **APPENDIX I** details the HRA budget position to 31 August 2009.
- 4.2 The main expenditure variances to note as at 31 August 2009 relate to –

Supervision and management – there are various underspends totalling £0.224m to date on a range of budgets within this heading, including vacancies and IT development budgets.

Repairs and maintenance – the budget monitoring report indicates a significant underspend of £0.803m at this stage of the year. A separate report on the Housing Investment Programme on the Committee's agenda provides details of commitments and expenditure to date.

- 4.3 The income to date currently exceeds the budget projection, primarily due to the higher than expected level of Hostel Support Grant. A total grant of £0.315m will be received in the current year, which is greater than the £0.190m envisaged in the original budget agreed in February 2009. The other minor variations largely reflect the budget projections.
- 4.4 Revised budget outturn projections will be presented to the Committee at its meeting on 1 December 2009, following meetings with individual budget managers in Housing Services.

5. BUDGET PROCESS 20010/11

- 5.1 The Council will be asked to consider the Housing Revenue Account proposals for 2010/11 and beyond at its budget meeting in February 2010. As part of the process of budget preparation, budget meetings will be held with each budget manager to identify savings, pressures etc. This will enable revised outturn projections to be presented to the Committee on 1 December 2009 as part of the Housing Budget monitoring report.
- 5.2 The Council is also required to consult on its proposed rent increases prior to agreeing any rental increase. This is normally carried out through an article in the Tenant Voice newsletter issued in December. In past years, the approach to rental increases has reflected the expectation in the Housing Business Plan that any increases reflect inflation plus 1%. The inflation figure has been set in line with the figure being used across all Council budgets which reflected wage increases in the public sector. For 2010/11, it is recognised that wage increases may be significantly less than the 2.5% in 2009/10. However, almost half of all expenditure within the HRA relates to repairs and improvement. Projected building cost inflation for the period between March 2010 and March 2011 is 2.4%.
- 5.3 The Committee therefore needs to consider the approach to the consultation on any rent increases considered for 2010/11. Council house rent levels in Moray are currently the lowest in Scotland and therefore the Committee may wish to consider consulting tenants on the basis that rents continue to increase by up to 3.5% in 2010/11. It is suggested that this approach is also discussed with the Housing Sub Committee at its meeting on 16 October 2009.
- 5.4 A review of the Council's Housing Business Plan has recently been carried out. As the draft report was received at the same time as the flooding in Moray, Officers have not yet had sufficient time to consider the report. It is anticipated

that further reference to the Business Plan can be made in the Budget Monitoring report to the Committee on 1 December 2009.

6. OTHER HOUSING BUDGET

- 6.1 **APPENDIX II** details the budget position to 31 August 2009.
- 6.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. This budget shows a current underspend of £0.091m, relating to the use of Private Sector Housing Improvement Grants, details of which are included in a separate report on Housing Investment on the Committee's agenda.
- 6.3 **Housing Management** relates to the Gypsy/Traveller Budget. This budget currently has an overspend of £0.010m. The variance on this budget relates to cleaning/waste disposal, barrier works at Kingston and the provision of chemical toilets.
- 6.4 **Homelessness/Allocations** comprises homelessness, NASSO (National Accommodation Strategy for Sex Offenders), Landlord Registration, housing support services and private sector leasing budgets. An net overspend of £0.039m existed at 31 August 2009. This budget has consistently been under pressure due to the costs of bed and breakfast and temporary accommodation which reflect homelessness pressures on the Council.
- 6.5 **Miscellaneous General Services** include house loans and the Grampian Housing Association Maintenance Bond for open space maintenance. There is a minor overspend on this budget resulting from a reduction in mortgage interest repayments.
- 6.6 **The Building Services Budget** is reported in detail separately on the Committee's agenda.

7. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

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

(b) Policy and Legal

There are no policy or legal implications arising from this report.

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

The financial implications of this report are considered in Sections 4, 5 and 6 of this report and detailed in **APPENDIX I** and **II**.

(d) Consultations

This report has been prepared in close consultation with Finance staff. Consultation on this report has been carried out with the Director of Community Services, Senior Managers within Housing and Deborah Bosworth, Principal Accountant, who all agree the content of the report.

8. CONCLUSION

8.1 This report sets out the budget monitoring position for the HRA and General Services Housing to 31 August 2009.

8.2 Within the General Services Housing budgets, the main area of budgetary pressure is homelessness.

Author of Report: Jill Stewart, Chief Housing Officer
Background Papers: held by CHO
Ref: CC/JS/TS – HRA Outturn – 6 October 2009