

REPORT TO: POLICY COMMITTEE ON 5 MARCH 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 December 2008 in respect of the Housing Revenue Account (HRA) and Other Housing.
- 1.2 This report is submitted to Committee in terms of Section A (63) of the Council's Administrative Scheme relating to housing budget management.

2. RECOMMENDATION

- 2.1 **It is recommended that the Policy 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 HRA budgetary performance to 31 December 2007.
- 3.2.2 The projected outturn figures detailed have been revised following detailed examination of the various budgets within the HRA with the budget managers and Finance staff.
- 3.2.3 In terms of expenditure, the main variances to note are –

Supervision and management – is currently showing an underspend of £0.177m which is projected to decrease to £0.173m by the year end. This 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.

Hostels – as previously reported to the Committee on 19 December 2007 (paragraph 17 of the Minute refers) an overspend of £0.049m is projected this year for the year end, due to increased staffing costs necessary to avoid lone working at night and to provide staff cover due to illness.

Other expenditure – as reported to the Committee on 19 December 2007, following the meetings to examine projected outturns, this budget will not be utilised this year, resulting in a projected underspend of £0.020m.

Repairs and Maintenance – is currently showing an underspend of £1.078m. which is projected to decrease to zero by the year end. A separate report on the Committee's agenda indicates that the commitment levels across all areas of repairs and maintenance investment are satisfactory for this stage of the financial year.

Financing costs – Members will recall that this budget was amended at an early point of the financial year. The earlier projected underspend of £0.058m reported to the Committee on 19 December 2007 has been now been revised to an overspend of £0.019m.

Capital from Current Revenue – in the light of the projected outturn, it has been possible to increase the amount of CFCR for the current year. 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 projected outturn is higher than the budget agreed by the Committee, with an increase of £0.114m in other income projected due to a small increase in the projected surplus for the Building Services DLO and a projected increase in house rental income, reflecting the reducing profile of council house sales.
- 3.2.5 The revised projected outturns for 2007/08 detailed in this report have been reflected in the HRA Budget 2008/09 presented to the Council on 14 February 2008.

3.3 Other Housing

- 3.3.1 **APPENDIX II** details budgetary performance to 31 December 2007.
- 3.3.2 The variances noted in Housing Benefits and Improvement Grants are due to the phasing of grant payments. The projected variances as at 31 December 2007 are currently within expectations and in line with previous years. With the exception of the Care and Repair scheme which is currently part funded from Quality of Life monies, all Housing Improvement Grants and overheads are met from Private Sector Housing Grant, a ringfenced grant from the Scottish Government.
- 3.3.3 In homelessness, the main pressure on the budget continues to be the provision of temporary accommodation. For the period to 31 December 2007, expenditure on temporary accommodation is more than double the budgetary provision for the period although it is expected that increases in temporary accommodation expenditure would be largely offset by increases in income for temporary accommodation charges. Housing and Finance staff are carrying out further examination of this budget as, due to the various sources of income, it is difficult to project. The Committee is reminded that dealing with homelessness is a statutory duty and the potential to achieve savings whilst meeting these duties is limited.

- 3.3.4 Supporting People is projected to underspend by £0.026m, due to staffing vacancies within the Supporting People Team. All Supported People contracts are currently projected to spend up to the budget level.
- 3.3.5 The Affordable Housing budget line relates to the use of Council Tax discount monies to assist affordable housing developments. The Council has already agreed a commitment to fund up to £0.210m for a housing development in Forres. The use of Council Tax discounts for affordable housing projects has to be agreed with Communities Scotland. There are no other projects currently being considered for funding under this budget. The Council can carry forward income to a future year. Further discussions will take place with Communities Scotland regarding the potential usage of this funding.
- 3.3.6 The Landlord Registration Budget is funded by a Scottish Government grant and income from fees levied for registration. Approval to carry forward any unspent grant income in 2007/08 will be sought from the Scottish Government.

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. Actual savings are recorded against budget heads as they are made and are anticipated to exceed the target.
- 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, and Deborah Brands, Principal Accountant. 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:	CSC/JS/TS – Housing Budgets – 5 March 2008/403047

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 December 2007	Act & Committed to 31st December 2007	Variance	Projected Outturn to 31st March 2008	Projected Variance at 31st March 2008
Expenditure	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Supervision & Management	3,513	3,637	2,200	2,023	177	3,464	173
Sheltered Housing	20	19	14	11	3	20	(1)
Hostels	248	248	186	223	(37)	297	(49)
Other Expenditure	20	20	0	0	0	0	20
Flood	250	250	0	0	0	250	0
Repairs and Maintenance	4,734	4,909	3,678	2,600	1,078	4,909	0
Financing Costs	2,726	2,342	0	0	0	2,361	(19)
Bad & Doubtful Debts	66	66	0	0	0	66	0
CFCR	880	880	0	0	0	1,150	(270)
Transitional Relief	5	5	4	2	2	4	1
Service Developments	145	0	0	0	0	0	0
Total Gross Expenditure	12,607	12,376	6,082	4,859	1,223	12,521	(145)
Income	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Hostel rents	83	83	62	65	(3)	82	(1)
Non-dwelling rents	125	125	97	105	(8)	125	0
House rents	11,750	11,750	8,812	9,104	(292)	11,818	68
HSG	190	190	142	144	(2)	190	0
IORB	145	145	0	0	0	145	0
Other income	224	224	18	19	(1)	271	47
Total Income	12,517	12,517	9,131	9,437	(306)	12,631	114
Net Expenditure/(Income)	90	(141)	(3,049)	(4,578)	1,529	(110)	(31)
Balance carried forward	(961)	(843)	(843)	(843)		(843)	
Estimated Balance at end of Period	(871)	(984)	(3,892)	(5,421)		(953)	

**General Services Housing
Monitoring to 31st December 2007**

APPENDIX II

Service Description	Annual Budget 2007-08 £000	Budget to 31st Dec 2007 £000	Actual and Committed to 31st Dec 2007 £000	Variance at 31st Dec 2007 £000	Projected Outturn to 31st March 2008 £000	Projected Variance 2007-08 £000
Housing Benefit						
Cost						
Operating Costs	36	0	5	(5)	36	0
HB/CT Payments	10619	7833	8707	(874)	10619	0
Recharges to other heads	450	0	0	0	450	0
Finance Costs	1	0	0	0	1	0
Income						
Government Grants	(304)	(228)	(243)	15	(304)	0
HB Subsidy	(10460)	(7845)	(8727)	882	(10460)	0
Customer Client receipts	(185)	(129)	(158)	29	(185)	0
Overpayment Arrears	0	0	253	(253)	0	0
(Surplus)Deficit	157	(369)	(163)	(206)	157	0
Improvement Grants						
Employee Costs	91	68	66	2	91	0
Operating Costs	17	7	(16)	23	17	0
Care & Repair	103	87	36	51	103	0
Improvement Grants	1105	648	683	(35)	1105	0
Financing Costs	0	0	0	0	0	0
Government Grants & Income Received	(1262)	(305)	(399)	94	(1262)	0
(Surplus)Deficit	54	505	370	135	54	0
Supporting People						
Employee Costs	367	275	276	(1)	372	(5)
Operating Costs	106	63	43	20	93	13
Supporting People Payments	1337	906	916	(10)	1337	0
Government Grants	(5677)	(4258)	(4258)	0	(5677)	0
Income received	(110)	(83)	(96)	13	(128)	18
Transfer of Supporting People grants	4619	0	20	(20)	4619	0
(Surplus)Deficit	642	(3097)	(3099)	2	616	26
Travelling Families						
Employee Costs	23	17	14	3	12	11
Operating Costs	13	2	9	(7)	11	2
Financing Costs	0	0	0	0	0	0
Income received	(12)	0	0	0	0	(12)
(Surplus)Deficit	24	19	23	(4)	23	1
Homelessness						
Employee Costs	494	369	349	20	470	24
Operating Costs	158	106	52	54	138	20
Temporary Accommodation Costs	179	134	359	(224)	458	(279)
Payments to External Bodies	299	246	251	(5)	538	(239)
Housing/Council tax benefits	0	0	8	(8)	0	0
Other payments	0	0	0	0	0	0
Financing Costs	0	0	0	0	0	0
Government Grants	(425)	(316)	(423)	107	(402)	(23)
Income Received	(12)	(9)	(322)	313	(433)	421
Supporting People Grant	(319)	0	0	0	(319)	0
Control	0	0	40	(40)	0	0
(Surplus)Deficit	374	530	314	216	450	(76)
Affordable Housing	350	0	(23)	23	350	0
Landlord Registration	0	0	(82)	82	0	0
House Loans	(18)	(13)	(9)	(4)	(14)	(4)
Misc General Sevices	0	0	(134)	134	0	0
Savings	0	0	0	0	0	0
(Surplus)Deficit	1583	(2425)	(2803)	378	1636	(53)