

REPORT TO: POLICY COMMITTEE ON 30 APRIL 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 29 February 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 29 February 2008.
- 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 £0.197m 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 – the projected overspend is now estimated at £0.058m 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 – the projected underspend on this budget has been previously reported to the Committee.

Repairs and Maintenance – is currently showing an underspend of £0.657m. 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 – the projected overspend on this budget has been previously reported to the Committee.

Capital from Current Revenue – as previously highlighted to Committee, 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 £0.124m 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.

3.3 Other Housing

3.3.1 **APPENDIX II** details budgetary performance to 29 February 2008.

3.3.2 The variance noted in Housing Benefits is due to the phasing of grant payments.

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 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 projected overspend of £0.100m arises from the increased usage of temporary accommodation, particularly in the second half of the financial year.

3.3.5 Supporting People is projected to underspend by £0.027m, due to staffing vacancies within the Supporting People Team. All Supporting People contracts are currently projected to spend up to the budget level.

3.3.6 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 the Scottish Government regarding the potential usage of this funding.

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 – 30 April 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 29th February 2008	Act & Committed to 29th February 2008	Variance	Projected Outturn to 31st March 2008	Projected Variance at 31st March 2008
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Expenditure							
Supervision & Management	3,513	3,637	2,689	2,492	197	3,464	173
Sheltered Housing	20	19	17	20	(3)	20	(1)
Hostels	248	248	227	306	(79)	306	(58)
Other Expenditure	20	20	0	0	0	0	20
Flood	250	250	0	0	0	250	0
Repairs and Maintenance	4,734	4,909	4,495	3,838	657	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	5	3	2	4	1
Service Developments	145	0	0	0	0	0	0
Total Gross Expenditure	12,607	12,376	7,433	6,659	774	12,530	(154)
Income	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Hostel rents	83	83	76	81	(5)	82	(1)
Non-dwelling rents	125	125	116	135	(19)	135	10
House rents	11,750	11,750	10,770	11,050	(280)	11,818	68
HSG	190	190	174	176	(2)	190	0
IORB	145	145	0	0	0	145	0
Other income	224	224	22	23	(1)	271	47
Total Income	12,517	12,517	11,158	11,465	(307)	12,641	124
Net Expenditure/(Income)	90	(141)	(3,725)	(4,806)	1,081	(111)	(30)
Balance carried forward	(961)	(843)	(843)	(843)		(843)	
Estimated Balance at end of Period	(871)	(984)	(4,568)	(5,649)		(954)	

General Services Housing
Monitoring to 29th February 2008

APPENDIX II

Service Description	Annual	Budget to 29th Feb 2008 £	Actual and Committed to 29th Feb 2008 £	Variance at 29th Feb 2008 £	Projected Outturn to 31st March 2007 £	Projected Variance 2007-08 £
Housing Benefit						
<u>Cost</u>						
Operating Costs	36	0	6	(6)	36	0
HB/CT Payments	10619	9416	10985	(1569)	10619	0
Recharges to other heads	450	0	0	0	450	0
Finance Costs	1	0	0	0	1	0
<u>Income</u>						
Government Grants	(304)	(279)	(310)	31	(304)	0
HB Subsidy	(10460)	(9588)	(10702)	1114	(10460)	0
Customer Client receipts	(185)	(166)	(221)	55	(185)	0
Overpayment Arrears	0	0	262	(262)	0	0
(Surplus)Deficit	157	(617)	20	(637)	157	0
Improvement Grants						
Employee Costs	91	83	83	0	91	0
Operating Costs	17	8	(17)	25	17	0
Care & Repair	103	94	130	(36)	103	0
Improvement Grants	1105	625	772	(147)	1051	54
Financing Costs	0	0	0	0	0	0
Government Grants & Income Received	(1262)	(304)	(737)	433	(1262)	0
(Surplus)Deficit	54	506	231	275	0	54
Supporting People						
Employee Costs	367	336	340	(4)	373	(6)
Operating Costs	106	77	57	20	94	12
Supporting People Payments	1407	972	1046	(74)	1407	0
Government Grants	(5677)	(5204)	(5204)	0	(5677)	0
Income received	(110)	(101)	(120)	19	(131)	21
Transfer of Supporting People grants	4619	0	0	0	4619	0
(Surplus)Deficit	712	(3920)	(3881)	(39)	685	27
Travelling Families						
Employee Costs	23	21	18	3	20	3
Operating Costs	13	2	10	(8)	11	2
Financing Costs	0	0	0	0	0	0
Income received	(12)	0	0	0	0	(12)
(Surplus)Deficit	24	23	28	(5)	31	(7)

Homelessness						
Employee Costs	530	485	436	49	477	53
Operating Costs	122	96	79	17	44	78
Temporary Accommodation Costs	179	164	504	(340)	567	(388)
Payments to External Bodies	299	294	376	(82)	538	(239)
Housing/Council tax benefits	0	0	11	(11)	0	0
Other payments	0	0	0	0	0	0
Financing Costs	0	0	0	0	0	0
Government Grants	(425)	(389)	(488)	99	(402)	(23)
Income Received	(12)	(11)	(393)	382	(431)	419
Supporting People Grant Control	(319)	0	0	0	(319)	0
	0	0	46	(46)	0	0
(Surplus)Deficit	374	639	571	68	474	(100)
Affordable Housing	350	0	(23)	23	350	0
Landlord Registration	0	0	(108)	108	0	0
House Loans	(17)	(16)	(10)	(6)	(14)	(3)
Misc General Sevices	0	0	(130)	130	(0)	0
Savings	0	0	0	0	0	0
(Surplus)Deficit	1654	(3385)	(3302)	(83)	1683	(29)