
Report to Housing, Health and Care Committee

Date: 23 August 2012

Subject: Housing Quarter 1 Financial Performance

Report by: Director of Finance & Corporate Services

1.0 Purpose

- 1.1. The purpose of this report is to provide the financial performance position to date on the delivery of the approved budget for Housing during the first quarter of this financial year.

2.0 Recommendations

- 2.1. The Committee is asked to note the report, commenting and challenging on the current financial position as appropriate.

3.0 Background

- 3.1 Following the recent changes to the political decision making structures, it has been agreed that Service Committees will receive a budget monitoring report at each meeting. In some instances this will require a re-alignment of service budgets to appropriate committees, but in the instance of Housing all the activities of the service are covered by this Committee.
- 3.2 Budget monitoring reports to Committees are provided in more detail than the overall Council position that will be reported to the Resources and Audit Committee which will complement those reporting arrangements. Members should gain a greater understanding and awareness of Service activities, which in turn will facilitate more effective scrutiny and the maximisation of the use of resources.
- 3.3. The activities of the Housing service are categorised under the following main headings.

General fund Housing	Description: This includes all direct non-HRA housing service costs.
Strategic Housing costs	A staffing budget including managers, strategy team, advice and support teams. Excludes staff employed in homeless service delivery.
Homeless and Specialised Accommodation	All costs relating to the homeless service, including, staffing, premises, supplies & services and income from rents.
Homeless Strategy	Budget is used for payments to voluntary sector.
Private Sector Housing Grant	Budget to provided private sector adaptations, Care and Repair & enforcement in line with Section 72 Scheme of Assistance. Can also fund town centre improvements.
Home Energy	Majority of funding can come from utility companies & central government.
Housing Loans	Assessed by Finance each year, no loans have been allocated by housing in recent years
Housing Benefits	The net cost to the council of housing benefit awarded to council and private tenants are reflected here.
Anti Social Behaviour Measures	Deals with all elements of anti social behaviour.
Community Safety	Working with other agencies including, Police, Fire & Health, to meet strategic objectives of Single Outcome Agreement dealing with Alcohol & Drugs, Anti Social Behaviour, Domestic Abuse, Public Protection (internet) and violence.
Housing Revenue Account	The Council is required by statute to record separately in the, HRA, income and expenditure relating to the provision, improvement and management of Council housing.
Repairs and Maintenance	This includes general response repairs, repairs to empty properties, cyclical maintenance, gas servicing and work carried out by private contractors or land services.
Supervision and Management	Housing employee costs, central support costs, supplies, premises costs, third party payments and IT.
Capital Financing costs	This is the cumulative interest costs of borrowing to fund the capital programme.
Other Expenses	Rent loss due to empty properties, insurance garden aid, special uplifts and contributions to bad debts.
Income	The bulk of income to the HRA is derived from rents and this must be sufficient to cover the expenditure on the HRA.

HRA Capital	
Scottish Housing Quality Standard	The SHQS is a mandatory standard for all social rented housing stock, which must be attained prior to 2015. The Council has recorded 84% for 2011/12 which is among the highest in Scotland. The SHQS is divided between primary and secondary building elements, with specific targets for home energy, facilities and safety and security. In addition to the SHQS the Council funds adaptations for older and disabled households and a standard centred upon new kitchens and bathrooms. Capital investment is programmed work related to contract awards and project management and all variance is addressed on a project by project basis.
Sale of Council property	Much reduced since the economic downturn and changes in legislation the Council does however attract an income from Council house sales and receipts are used to fund the capital programme. The Council sold 26 properties in 2011/12

4.0 Budget Position

4.1 The undernoted table outlines the financial position as at end of June comparing the actual expenditure for this period with the profiled budgeted expenditure.

	Annual Budget	Budget to 30/06/2012	Actual to 30/06/2012	Variance
	£000	£000	£000	£000
General Fund Housing	2,697	740	550	(190)
Anti Social Behaviour Measures	313	74	70	(4)
Community Safety	204	51	1	(50)
Housing Revenue Account	(2,565)	(2,432)	(2,869)	(437)
HRA Capital				
Scottish Housing Quality Standard	5,819	0	195	(5,624)
Non SHS Elements	2,880	0	275	(2,605)
Sale of Council property	(814)		(136)	(136)

- 4.2 The variance to date can generally be attributed to vacancy management due to ongoing restructure and alignment of the budget to be completed by service accountants in conjunction with the service. A detailed analysis of variances in respect of each service area is attached in the appendix to the report.
- 4.3 This monitoring report only focuses on budgeted expenditure against actual expenditure to date, but it is the intention that once all financial reporting parameters are aligned for all services, outturn reporting will be incorporated into these monitoring reports.

5.0 Progress in Delivering Planned Budget Savings in 2012/13

- 5.1 The 2012/13 budget incorporated savings of £118k for Housing through a combination of budget challenge savings, management actions and specific Council decisions. At the first quarter of the year we are able to report that 71% of these savings have been secured totalling £84k. The table below summarises the position.

Description of Saving	Saving 12-13 £	Progress £	Comment
Restructure Housing	(25,290)	(0)	Will be achieved by year end
Reduction in grants to voluntary organisations - Community and Regulatory	(13,008)	(3,408)	Being actioned through SLA with the organisation
Broad Street Contract renegotiated	(35,250)	(35,250)	Actioned - contract renegotiated
Private Sector Housing Contract Renegotiate	(35,000)	(35,250)	Service provided by Ochil View Housing Association has been replaced by interim service arrangements. A full comprehensive review will deliver a more cost effective alternative.
Housing special up lifts	(10,000)	(10,000)	Greater income received than was budgeted.
	(118,548)	(83,908)	

6.0 Planned Developments

- 6.1 The Budget Strategy report considered by the Council on 16 August outlined the progress made and associated timelines for business case development and consultation through the use of a standard template. Housing are currently working on business cases, which will take forward the outputs suggested at the budget challenge session. At future meetings, it is the intention that this Committee will be provided with updates on progress on these developments and highlighting any significant issues or considerations.
- 6.2 It is recognised that across all Council Services there has been significant changes in budget holders following the restructuring activity. This is an opportune time to provide specific training on financial management and budget holder responsibilities.

- 6.3 In many cases the restructuring activity is ongoing, and this will necessitate continual re-alignment of budgets to match budget holder responsibilities.
- 6.4 A review of the HRA Financial Business Plan 2008- 2013 is currently underway. Initial consultation has taken place, a Board of Management has been formed, including tenant representatives, and an option appraisal is close to completion. The Scottish Social Housing Charter and Regulatory Framework will require transparency and delivery of value for money services.

7.0 Conclusions

- 7.1 This is the first financial monitoring report under the new Committee reporting arrangements. The process, together with style and content, will need time to develop, and will evolve in response to perceived needs. The important factor is that these reports are seen as a positive development in aiding effective scrutiny of Service budgetary performance.
- 7.2 The budget monitoring approach is being designed to link with other reporting arrangements. In other words, the Service Committee financial reports will feed into the corporate financial reporting through the Resources and Audit Committee, and Council Budget Strategy updates.

8.0 Sustainability Implications

- 8.1 N/A.

9.0 Resource Implications

- 9.1 The financial implication are outlined within the report.

10.0 Exempt Reports

- 10.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

11.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities 2008 - 2011** (Please tick)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing

The environment is protected and enhanced for all
The Council is effective, efficient and recognised for excellence

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(2) **Council Policies** (Please detail)

12.0 Equalities Impact

12.1. Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

13.0 Legality

13.1. In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes √

14.0 Appendices

14.1. Budget v Actual detailed variances.

15.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes √ (please list the documents below) No


Clackmannanshire Council General Services Revenue and Capital Budget
2012/13

Clackmannanshire Council: Budget Strategy Update 16 August 2012

Author(s)

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Housing Budget to Date v's Actual to Date Variance's

COST CENTRE SUMMARY	Annual Budget 2012/13 £'000	Budget To 30/06/12 £'000	Actual To 30/06/12 £'000	Variance Actual To Date v Bud To Date £'000	Narrative
GENERAL FUND HOUSING					
STRATEGIC HOUSING COSTS	1,047	265	173	(91)	Any variance in this budget will be attributed to vacancy management.
HOMELESS & SPECIALISED ACCOMM	425	202	30	(172)	This is a large budget and variance can be attributed to seasonal fluctuations in demand for premises, supplies or services as well as vacancy management.
HOMELESS STRATEGY	429	75	87	12	
PSHG	507	127	135	8	
HOME ENERGY	4	1	(141)	(142)	Carry forward of grant income spending plan to be agreed and phasing to be revised.
HOUSING LOANS	0	0	(1)	(1)	
HOUSING BENEFITS	284	71	266	195	Adjustments are made at year end in line with DWP guidance. Budget to be aligned to reflect this.
HOUSING GRANTS	0	0	0	0	
GENERAL FUND HOUSING	2,697	740	550	(190)	
ANTI SOCIAL BEHAVIOUR MEASURES	313	74	70	(4)	
COMMUNITY SAFETY PARTNERSHIP	204	51	1	(50)	Budget to be aligned once partnership has agreed on funding for the year.
HOUSING REVENUE ACCOUNT					
REPAIRS & MAINTENANCE	4,582	1,143	508	(635)	Actuals do not reflect the time lag in charges from PCU to Housing.
SUPERVISION & MANAGEMENT	4,057	610	487	(123)	As a staffing budget the principle variances are vacancies and end of year central support reconciliations.
CAPITAL FINANCING COSTS	3,488	0	0	0	

Housing Budget to Date v's Actual to Date Variance's

COST CENTRE SUMMARY	Annual Budget 2012/13	Budget To 30/06/12	Actual To 30/06/12	Variance Actual To Date v Bud To Date	Narrative
OTHER EXPENSES	1,034	145	362	217	Any variance is related principally to insurance phasing.
INCOME	(15,725)	(4,330)	(4,226)	104	
HOUSING REVENUE ACCOUNT	(2,565)	(2,432)	(2,869)	(437)	
HRA CAPITAL					
SCOTTISH HOUSING QUALITY STANDARD					
PRIMARY BUILDING ELEMENTS	50		47	(3)	Work has commenced but charges not yet levied.
SECONDARY BUILDING ELEMENTS	660		0	(660)	
ENERGY EFFICIENCY	1,876		64	(1,812)	
MODERN FACILITIES & SERVICES	2,671		80	(2,591)	
HEALTHY, SAFE & SECURE	562		4	(558)	
	5,819	0	195	(5,624)	
NON-SHS ELEMENTS					
PARTICULAR NEEDS HOUSING (CITC)	2,880		275	(2,605)	
SALE OF COUNCIL PROPERTY	(814)		(136)	678	
	7,885	0	334	(7,551)	