

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder

3rd March 2009

AUTHOR/S: Chief Executive / Principal Accountant (Housing)

HOUSING FINANCIAL UPDATE FIRST TEN MONTHS OF 2008-09

Purpose

1. To support the finance reports attached to this document:
 - (a) The Housing Capital Programme (**Appendix A**)
 - (b) Housing General Fund (**Appendix B**)
 - (c) The Housing Revenue Account (HRA) (**Appendix C**)

Background

2. The appendices attached to this report are presented to the Portfolio Holder to provide information on the financial position for the housing accounts.

Considerations

3. All of the information in the appendices is based on net payments made at the end of January 2009 in relation to the 2008-09 financial year, compared to the latest budget exclusive of any recharges. In this context, the Portfolio Holder should note that there may still be outstanding expenditure and/or income that has not been taken into account.

Housing Capital Programme

4. **Appendix A** provides a capital position statement for the first ten months of this financial year and shows the payments made, net of recharges, together with any firm commitments. In this context, a firm commitment would arise where, for example, a contract has been signed for work that is expected to be completed during this financial year.
5. Overall, a smaller portion of the programme is committed than would be expected at this point in the year. The potential under-spend has mainly arisen in relation to the acquisition of existing dwellings because, as there were no repurchases at all in January, it is now likely that significantly fewer equity share properties will have to be repurchased than was anticipated when the revised budget was proposed.

Housing General Fund

6. **Appendix B** gives the General Fund position and compares expenditure to the latest budget excluding recharges.
7. There is an under-spend on homelessness and this seems to confirm that the various preventative strategies that officers have put in place are continuing to be extremely successful. However, there may be an upsurge in homelessness as a consequence of the current economic climate which may lead to the Council having to resort to the use of Bed and Breakfast accommodation, which is both expensive and unsatisfactory.
8. In view of the substantial increase in homeless applications, the opportunity has been taken to vire some money from the homelessness budget mainly to enable additional

temporary staff to be employed in the homeless team to cover sickness and to deal with the increase in demand.

9. The under-spend showing in relation to Choice Based Letting & Advisory Service is largely owing to the fact that, so far, the Council has only been asked to pay its share of the Sub-Regional Homelink Service for the early part of the year.
10. The over-spend on the Sub-Regional Homelink Service has arisen because contributions have not yet been claimed from the various organisations who have agreed to pay towards the costs of this Council hosting the service.
11. The Housing General Fund financial position at the end of January appears satisfactory, however, if expenditure on accommodation for homeless applicants continues at the present level there will be an under-spend. In view of the economic situation, this possibility should be viewed with caution.

Housing Revenue Account

12. **Appendix C** shows the latest estimate of the HRA position net of recharges. The statement shows an overall under-spend.
13. There have been some vacancies (one of which has just been filled) in the sheltered housing service. Planned cyclical and internal decoration work on several of the communal rooms included in the revised estimate has not yet been started. This work is, however, expected to be completed before the end of March.
14. The under-spend on administration is mainly owing to a lack of progress on several IT projects included in the revised estimate.
15. The HRA financial position at the end of January appears to be healthy with a net under-spend, which may reduce the call on reserves for 2008-09

Implications

16. Financial	Contained with in the body of the report
Legal	None
Staffing	None
Risk Management	None
Equal Opportunities	None

Consultations

17. The cost centre managers have been consulted on the production of this report.

Effect on Corporate Objectives and Service Priorities

18.	<p>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</p> <p>Deliver high quality services that represent best value and are accessible to all our community</p> <p>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</p>	<p>The effect of any under or overspending on the achievement of corporate objectives, service priorities and performance indicators and the linking of budgets with service performance is an outstanding issue which needs to be addressed.</p>
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Conclusions/Summary

19. When recharges are excluded, the comparison of the first ten months position to the profiled revised estimates for 2008-09 shows under-spends on Housing Capital Programme, Housing General Fund and Housing Revenue Account.
 - (a) Capital – apart from the expenditure against the provision for the repurchase of equity share properties, the Housing Capital Programme is on target to be fully spent.
 - (b) Housing General Fund - the under-spend is largely owing to the success of preventative measures in relation to homelessness.
 - (c) Housing Revenue Account – the under-spend is mainly a result of staff vacancies in sheltered housing and lack of progress with IT projects.
20. In relation to the HRA, whilst there may be an in year under-spend when the position is compared to the revised estimate, the Portfolio Holder should note that the revised estimate is for a deficit requiring the use of reserves. Any “under-spend” could, therefore, be seen as a reduction in the estimated 2008-09 overspend.
21. The figures should be viewed with caution, as there are several budgets where events outside the Council’s control, such as a spell of bad weather or a further downturn in the economic climate, could have an adverse impact. However, the situation will continue to be monitored and consideration given to taking any available opportunities to progress projects and/or reallocate funding to other areas.

Recommendations

22. The Portfolio Holder is requested to note this report.

Background Papers: the following background papers were used in the preparation of this report:

Estimate Book – recommended to Council on 12 February 2009

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