



To Executive Councillor for Housing: Councillor Catherine Smart
Report Director of Customer & Community Services, Director of
by Environment, Director of Resources
Relevant Scrutiny Community Services 26 June 2012
Committee

2011/12 Revenue and Capital Outturn, Carry Forwards and Significant Variances

Not a Key Decision

1. Executive Summary

1.1 This report presents a summary of the 2011/12 outturn position (actual income and expenditure) for services within the Housing portfolio, compared to the final budget for the year. The position for revenue and capital is reported and variances from budgets are highlighted, together with explanations. Requests to carry forward funding arising from certain budget underspends into 2012/13 are identified.

2. Recommendations

The Executive Councillor is recommended:

- a) To agree which of the carry forward requests, totalling £128,260 as detailed in Appendix C, are to be recommended to Council for approval.
- b) To seek approval from Council to rephase capital expenditure of £1,074,000 from 2011/12 into 2012/13, in respect of the balance of investment required to create the Assessment Centre on East Road, as detailed in Appendices D and E.
- c) To seek approval from Council to carry forward net capital resources to fund rephased capital spending of £5,372,000 between 2011/12 and 2012/13, in relation to investment in the Housing Revenue Account, as part of the Housing Capital Investment Plan, as detailed in Appendices D and E and the associated notes, with the resulting need to increase the use of revenue funding of capital expenditure by £1,149,000 in 2012/13.

- d) To seek approval from Council to rephase the use of £68,000 of developer contributions for affordable housing, from 2011/12 to 2012/13, to assist in funding the re-development of the Seymour Court / Street site to deliver 20 units of affordable housing.

3. Background

Revenue Outturn

- 3.1 The outturn position for the Housing portfolio, compared to final revenue budget, is presented in detail in Appendix A.
- 3.2 Appendix B to this report provides explanations of the main variances.
- 3.3 Appendix C sets out the final list of items, for this service portfolio, for which approval is sought to carry forward unspent budget from 2011/12 to the next financial year, 2012/13.
- 3.4 The overall revenue budget outturn position for the Housing portfolio is set out in the table below:

Housing Portfolio 2011/12 Revenue Summary	£
Final Budget	2,936,530
Outturn	2,826,942
Variation – (Under)/Overspend for the year	(109,588)
Carry Forward Requests:	128,260
Net Variance	18,672

The variance represents 0.64% of the overall portfolio budget for 2011/12.

Capital Outturn

- 3.5 Appendix D shows the outturn position for schemes and programmes within the Housing portfolio, with explanations of variances.

- 3.6 An overall underspend of £6,577,000 has arisen, all of which relates to spend on the capital schemes covered by the Housing Capital Investment Plan.
- 3.7 Appendix E provides more detail for the capital schemes covered by the Housing Capital Investment Plan (Housing Revenue Account and Housing General Fund schemes funded from HRA resources).
- 3.8 Appendix E summarises the outturn position for the Housing Capital Investment Plan and the associated notes give brief explanations of the variances. A net underspend of £6,577,000 is evident, combining overspending in areas such as kitchens, bathrooms, central heating and boiler installations, with the requirement to carry forward £6,471,000 of rephased expenditure in capital schemes between 2011/12 and 2012/13, predominantly in relation to investment in the creation of an assessment centre (£1,074,000), investment in decent homes in our own stock (£1,144,000), other investment in HRA stock (£1,980,000), new build affordable housing (£688,000), Cambridge Standard works (£306,000), the refurbishment of and other works to the authority's sheltered schemes (£1,226,000) and other HRA capital investment (£53,000). Net re-phasing from 2011/12 into 2012/13 will be marginally reduced, to £6,446,000, as a direct result of incurring £25,000 of expenditure in relation to the development of Latimer Close earlier than anticipated.
- 3.9 Permission is also sought to re-phase the use of both direct revenue funding of capital expenditure from the Housing Revenue Account and developers contributions for affordable housing, to finance the re-phased capital expenditure identified in paragraph 3.8.
- 3.10 Both right to buy and other land related receipts were greater than anticipated in 2011/12, with 12 dwellings sold during the year.

4. Implications

- 4.1 The net variance from final budget, after approvals to carry forward £128,260 budget from 2011/12 to the next financial year, 2012/13, would result in an increased use of General Fund reserves of £18,672.

4.2 In relation to anticipated requests to carry forward revenue budgets into 2012/13 the decisions made may have a number of implications. A decision not to approve a carry forward request will impact on officers' ability to deliver the service or scheme in question and this could have staffing, equal opportunities, environmental and/or community safety implications.

5. Background Papers

These background papers were used in the preparation of this report:

- Closedown Working Files 2011/12
- Directors Variance Explanations – March 2012
- Capital Monitoring Reports – March 2012
- Budgetary Control Reports to 31 March 2012

6. Appendices

- Appendix A - Revenue Budget 2011/12 - Outturn
- Appendix B - Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2011/12 - Carry Forward Requests
- Appendix D - Capital Budget 2011/12 - Outturn
- Appendix E – Housing Capital Investment Plan 2011/12 – Outturn
- Appendix E Notes – Notes to the Housing Capital Investment Plan

7. Inspection of Papers

To inspect the background papers or if you have a query on the report please contact:

Authors' Names: Julia Hovells; Karen Whyatt
Authors' Phone Numbers: Telephone: 01223 – 457822; 01223 - 458145;
Authors' Email: julia.hovells@cambridge.gov.uk
karen.whyatt@cambridge.gov.uk

Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget - 2011/12 Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn	Variation Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
Housing General Fund						
Housing Strategy, Development, Housing Aid/ Needs						
Strategic Housing Overheads	0	965,980	1,012,137	46,157	0	46,157
Homelessness Costs	155,060	155,060	178,998	23,938	0	23,938
Housing Aid	445,810	324,120	316,545	(7,575)	0	(7,575)
Choice Based Lettings	76,150	(29,780)	(33,874)	(4,094)	0	(4,094)
Choice Based Lettings (Scheme Costs)	42,980	42,980	42,717	(263)	0	(263)
RSL Partnership Project	0	13,270	10,132	(3,138)	0	(3,138)
125 Newmarket Road - Revenue costs	(3,910)	5,300	16,979	11,679	0	11,679
Single Homeless / Rough Sleepers	138,320	128,110	128,863	753	0	753
Anti Social Behaviour	66,140	70,650	69,463	(1,188)	0	(1,188)
Housing Strategy	126,440	68,000	70,377	2,377	0	2,377
Growth - Community Services	91,180	46,290	39,097	(7,193)	0	(7,193)
Travellers	0			0	0	0
Rough Sleepers Strategy	0	94,100	(6,347)	(100,447)	100,440	(7)
Development	132,520	88,770	104,039	15,269		15,269
	1,270,690	1,972,850	1,949,126	(23,724)	100,440	76,716
Private Sector Housing Renewal/ Voluntary Sector						
Home Aid	151,940	84,450	16,554	(67,896)	20,000	(47,896)
Grants to Housing Agencies	167,380	165,380	163,840	(1,540)	0	(1,540)
	319,320	249,830	180,394	(69,436)	20,000	(49,436)
Miscellaneous Housing						
Bermuda Road Garages	(7,620)	(7,620)	(7,150)	470	0	470
Racial Harassment	48,200	28,020	28,418	398	0	398
Supporting People	4,720	4,720	0	(4,720)	0	(4,720)
Contribution to / from HRA	350,940	323,940	329,965	6,025	0	6,025
	396,240	349,060	351,233	2,173	0	2,173
Total Housing General Fund	1,986,250	2,571,740	2,480,753	(90,987)	120,440	29,453
Environment - Refuse and Environment						
Housing Standards	510,670	272,050	268,587	(3,463)	7,820	4,357
Property Accreditation	42,690	44,010	42,632	(1,378)	0	(1,378)
Energy Officer	50,390	63,440	49,756	(13,684)	0	(13,684)
Miscellaneous Licensing - Housing	22,470	(14,710)	(14,786)	(76)	0	(76)
Total Environment	626,220	364,790	346,189	(18,601)	7,820	(10,781)
Total Net Budget	2,612,470	2,936,530	2,826,942	(109,588)	128,260	18,672

Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget 2011/12 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Customer & Community Services - Housing Strategy, Development, Housing Aid / Needs, Private Sector Housing and Miscellaneous Housing			
CLG Homelessness Grant	Underspending in DCLG Homelessness Grant for 2011/12, with some further expenditure committed, but not realised in respect of meeting identified priorities in homelessness prevention and support. The DCLG grant totalled £575,470 for 2011/12 and is part of a 4 year settlement for the spending review period. Local authorities are free to carry over underspent sums between financial years. A carry forward of this external grant balance is requested to allow use of the monies in line with DCLG expectations and existing commitments in respect of homelessness prevention work and support activity to be fully met.	(100,447)	D Greening
Home Aid	Underspending in 2011/12 was predominantly associated with the creation of a Shared HIA Service with South Cambridgeshire and Huntingdonshire District Councils. Fee income was over-achieved as fees were claimed on all work in progress by each authority before transfer of services. Not all of the costs of restructure have been fully met, with the need to carry forward £20,000, identified to meet redundancy costs, into 2012/13 when the cost will be incurred.	(67,896)	D Irving
Strategic Housing Overheads	Overhead costs were greater than anticipated as the charges for Legal Services have been changed from a historic Service Level Agreement to an actual time-recording basis for 2011/12 so, although these charges have been met from Council budgets overall, there may be variances within individual services and in this case the charges appear as a budget variance of £51,670. This is partially offset by underspending in other general overheads.	46,157	A Carter
Homelessness Costs	Spending on bed and breakfast provision was higher than anticipated in 2011/12, despite the introduction of alternative provision using our own housing stock. Spending at the higher level was due to a marked increase in people presenting as homeless.	23,938	D Greening
Minor Variations		7,261	
Total		(90,987)	
Environment - Refuse and Environment			
Minor Variations		(18,601)	
Total		(18,601)	
Total for Housing Portfolio / Community Services Scrutiny Committee		(109,588)	

Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget 2011/12 - Carry Forward Requests

Request to Carry Forward Budgets from 2011/12 into 2012/13 and future years

Item		Request £	Contact
	Director of Customer & Community Services		
1	CLG Homelessness Grant - A carry forward of this external grant balance is requested to allow existing commitments in respect of homelessness prevention work and support activity to be fully met. This grant is no longer ring-fenced, but local authorities are strongly encouraged to utilise the resource for the purpose it was awarded.	100,440	D Greening
2	Following the creation of a new Shared HIA Service with South Cambridgeshire and Huntingdonshire District Councils, a resulting restructure will incur redundancy costs, which will not now be realised until early in 2012/13.	20,000	A Carter
	Director of Environment		
3	A carry forward of the underspend of the Housing Management Orders budget to 2011/12 is requested in order to carry out CPO work, if necessary, next year.	7,820	R Lord
	Total Carry Forward Requests for Housing Portfolio / Community Services Scrutiny Committee	128,260	

Housing Portfolio / Community Services Scrutiny Committee

Capital Budget 2011/12 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC163	Compulsory Purchase Orders (CPOs)	R Lord	400	0	0	0	0	0	Currently no properties are prioritised for CPO action. Revising policy and reviewing long term vacants.
SC386	HMOs - Management Orders	R Lord	50	0	0	0	0	0	No properties are currently identified for action. Basis of protocol agreed with City Homes who will manage properties where action is taken
SC414	Property Accreditation Scheme	J Dicks	65	72	72	0	0	0	
Total Projects			515	72	72	0	0	0	
PR001	Housing Capital Investment Programme	J Hovells	13,930	19,321	12,744	(6,577)	6,446	(131)	See Appendix E and associated notes in respect of the Housing Capital Investment Plan
Total Programmes			13,930	19,321	12,744	(6,577)	6,446	(131)	
Total for Housing			14,445	19,393	12,816	(6,577)	6,446	(131)	

Changes between original and final budgets may be made to reflect:

- rephased capital spend from the previous financial year
- rephased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Strategy (MTS))
- in the January committee cycle (as part of the budget setting report)

2011/12 Housing Capital Investment Plan - HRA & GF

	Original Budget £000's	Current Budget £000's	Outturn £000's	Variance £000's	Re-phase Spend £000's	Notes	2012/13 £000's
General Fund Housing Capital Spend							
Investment in Affordable Housing	0	0	0	0	0		0
Other General Fund Housing	2,977	3,557	2,397	(1,160)	1,074	1	1,876
Total General Fund Housing Capital Spend	2,977	3,557	2,397	(1,160)	1,074		1,876
HRA Capital Spend							
Decent Homes Programme	4,907	5,806	4,337	(1,469)	1,144	2	10,198
Other Spend on HRA Stock	3,029	3,550	2,003	(1,547)	1,980	3	5,190
HRA New Build	1,047	1,771	1,103	(668)	663	4	5,751
Cambridge Standard Works	200	455	140	(315)	306	5	506
Sheltered Housing Capital Investment	1,440	3,780	2,557	(1,223)	1,226	6	4,450
Other HRA Capital Spend	330	402	207	(195)	53	7	952
Total HRA Capital Spend	10,953	15,764	10,347	(5,417)	5,372		27,047
Total Housing Capital Spend	13,930	19,321	12,744	(6,577)	6,446		28,923
Housing Capital Resources							
Right to Buy Receipts	(327)	(344)	(488)	(144)	0	8	0
Other Capital Receipts (Land and Dwellings)	0	0	(37)	(37)	0	8	0
MRA / MRR	(5,119)	(5,119)	(5,119)	0	0		(7,673)
Client Contributions	0	0	(63)	(63)	0	9	0
Direct Revenue Financing of Capital	(2,021)	(2,972)	(1,823)	1,149	(1,149)	10	(10,482)
Other Capital Resources (Grants / Shared Ownership / Loan Repayments)	(562)	(611)	(437)	174	0	11	(3,769)
Section 106 (Affordable Housing)	(331)	(331)	(158)	173	(68)	12	(68)
Prudential Borrowing	0	(283)	(283)	0	0		0
Total Housing Capital Resources	(8,360)	(9,660)	(8,408)	1,252	(1,217)		(21,992)
Net (Surplus) / Deficit of Resources	5,570	9,661	4,336	(5,325)			6,931
Capital Balances b/f	(13,794)	(13,794)	(13,794)				(9,877)
Use of / (Contribution to) Balances in Year	5,570	9,661	4,336	(5,325)			6,931
Ear-Marked for Future Investment in HRA stock	0	0	0	0			0
Ear-Marked for Future Investment in Affordable Housing	(903)	(903)	(419)	484		13	(484)
Capital resources remaining to fund future Housing Investment Programme	(9,127)	(5,036)	(9,877)	(4,841)			(3,430)

Appendix E Notes

Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	<p>The underspending of £1,160,000 is a combination of lower demand than anticipated in respect of Disabled Facilities Grants and Private Sector Housing Grants and Loans (£66,000), no requirement for use of the funding to tackle unfit housing in the private sector and underspending against the profile to date for the creation of the Assessment Centre on East Road (£1,074,000)</p> <p>Work to create the Assessment Centre is now nearing completion, with a request to rephase £1,074,000 of resource into 2012/13, to meet a revised anticipated practical completion date of June 2012.</p>
2	<p>Overspending predominantly in kitchens, bathrooms and heating installations due to the work package given to the new planned maintenance contractor for the first year of the contract from July 2011. Overspending was more than offset by underspending in other areas of the decent homes programme, where re-phasing of resources is required to allow completion the annual programme to July 2012, which currently spans two financial years. This includes re-phasing in respect of PVCU (£33,000), re-wiring (£47,000), re-roofing works (£144,000), roof structures (£80,000), door (£163,000) wall finishes (£447,000), energy works (£8,000), damp works (£4,000), sulphate works (£102,000) and health and safety standard works (£116,000).</p>
3	<p>Re-phasing is requested in relation to garage improvement works (£16,000), tenants incentive schemes (£7,000), hard surfacing works on HRA land (£62,000), hard surfacing works for recycling areas (£198,000), works to communal flooring (£176,000), works to balconies (£460,000), works to the laundry at Hanover Court (£3,000), asbestos removal (£60,000), lifts (£13,000) and disabled adaptations (£46,000), where works had begun but not been completed by 31st March 2012 due to implementation of a new contractor and a change in contract year. Resources of £939,000 are also required to be re-phased in respect of fire safety works, where a large proportion of the works will be carried out by the secondary planned maintenance contractor.</p>
4	<p>Resources of £554,000 are requested to be re-phased into 2012/13 in respect of the project to re-develop the Seymour Court site, where work was delayed while vacant possession of the site was achieved. Resources of £114,000 are requested to be carried forward in respect of the redevelopment of the Roman Court site, where preliminary works and discussions with a registered provider are progressing well. Re-phasing of the final fees and retention sums due in respect of the new build dwellings in Church End and Teversham Drift is also required, with £16,000 and £4,000 required respectively. The above is partially offset by the authority incurring up front costs in respect of Latimer Close, where £25,000 of resource was required earlier than profiled, with less now needed in 2012/13.</p>
5	<p>Approval was given for the 2010/11 and 2011/12 Cambridge Standard allocations to be spent on a variety of environmental and parking projects across the city. Some of these projects are yet to be completed and resources of £306,000 are requested to be carried forward into 2012/13 to allow this to take place.</p>

6	<p>Re-phasing of £508,000 in respect of the refurbishment of Brandon Court is requested to allow completion of the scheme in early 2012/13. The remaining allocation for upgrading the emergency alarm systems in sheltered schemes (£96,000) and the final sum for residual works to Talbot House (£4,000) are also requested to be carried forward into 2012/13. Initial funding in respect of the refurbishment of Ditchburn Place, profiled to be spent in 2011/12, is now required to be re-phased in part (£618,000) into 2012/13. This will allow an appropriate decision to be made in respect of the refurbishment of the scheme following a period of planning and option appraisal, taking into consideration any potential alternative use for the site if required.</p>
7	<p>Capital resources of £38,000, identified to meet the costs of upgrading the hardware and software that deploys the Orchard Housing Management Information System to pc's and the server associated with the reporting software that operates alongside, were not fully spent in 2011/12, with a requirement to re-phase £21,000 into 2012/13 to complete both projects.</p> <p>Resources of £32,000 are also requested to be rephased to complete the work to convert ECCHO House, an ex-estate office which has been let for many years generating minimal return, into a dwelling that can be let within the HRA as an affordable housing unit.</p>
8	<p>Capital receipts from right to buy sales were higher than anticipated, with 12 properties sold during 2011/12. Unanticipated receipts of £37,000 were also received, in respect of the granting of an easement over housing land.</p>
9	<p>Income was due from leaseholders in 2011/12 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£28,000) and was also received from private residents in relation to contributions towards, or repayments of, private sector housing repair grants (£33,000). Other small sums of unanticipated income totalling £2,000 were also received in year.</p>
10	<p>Due to slippage in the housing capital plan in 2011/12, the use of revenue funding for capital purposes was significantly less than anticipated. A request to increase the use of revenue funding of capital expenditure in 2012/13 by the £1,149,000 not required in 2011/12, will ensure that there is sufficient funding to meet the rephased expenditure requested above.</p>
11	<p>The authority was able to retain less resource in respect of shared ownership sales than anticipated in 2011/12, with both staircasing payments (sales of additional property shares) and the outright sale of the balance of any share owned by the Council to the resident, being required to be paid to CLG as part of the capital receipts pooling arrangements.</p>
12	<p>Due to the need to repay an element of the interest relating to a developer contribution during 2011/12, funding available to be re-phased into 2012/13 will be less than anticipated, with £68,000 anticipated to be used towards the cost of the Seymour Court development, where the scheme has been delayed while vacant possession of the site was achieved.</p>
13	<p>The reduced level of resource ear-marked for future investment in affordable housing remains committed to meet the cost of the redevelopment of the Seymour Court / Street site to deliver 20 units of additional affordable housing. The current resource is anticipated to be fully utilised by the completion of this project.</p>