



To Executive Councillor for Housing
Report Director of Customer & Community Services, Director of
by Environment, Director of Resources
Relevant Scrutiny Community Services 25 June 2013
Committee

2012/13 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 2012/13 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 2013/14 are identified.
- 1.2 It should be noted that outturn reports being presented in this Committee cycle reflect the reporting structures in place prior to the recent changes in Executive portfolios. In light of those changes (together with the requirement to report outturn on the basis of portfolios in place during 2012/13) members of this committee are asked to consider the proposals to carry forward budgets and make their views known to The Leader, for consideration at Strategy & Resources Scrutiny Committee prior to his recommendations to Council.

2. Recommendations

Members of the Scrutiny Committee are asked to consider and make known their views on the following proposals:

- a) To agree which of the carry forward requests, totalling £241,330 as detailed in Appendix C, are to be recommended to Council for approval.
- b) To seek approval from Council to rephase spending of £48,000 in respect of energy efficiency improvements in the private sector

into 2013/14, and to recognise the re-phasing required to finance £16,000 of expenditure in respect of the property accreditation scheme earlier than anticipated in 2012/13, therefore reducing the resource available in 2013/14, as detailed in Appendix D.

- c) To seek approval from Council to rephase general fund housing capital expenditure of £151,000 from 2012/13 into 2013/14, in respect of the balance of investment required to create the Assessment Centre on East Road, as detailed in Appendices D and E.
- d) To seek approval from Council to carry forward net capital resources to fund rephased capital spending of £9,586,000 from 2012/13, deferring £8,165,000 into 2013/14, £700,000 into 2014/15, £517,000 into 2015/16 and £204,000 into 2028/29, 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. As part of this, also recognising a delay to 2013/14, of the anticipated £1,500,000 capital receipt for the land on which the market housing is being delivered on the Seymour Court site.
- e) To note the resulting need to defer the use of £3,085,000 of revenue funding of capital expenditure into 2013/14, as considered at Housing Management Board.

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 2012/13 to the next financial year, 2013/14.
- 3.4 The overall revenue budget outturn position for the Housing portfolio is set out in the table below:

Housing Portfolio 2012/13 Revenue Summary	£
Final Budget	2,890,510
Outturn	2,746,137
Variation – (Under)/Overspend for the year	(144,373)
Carry Forward Requests:	241,330
Net Variance	96,957

The net variance represents 3.35% of the overall portfolio budget for 2012/13.

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 £10,644,000 has arisen, £10,614,000 of which relates to spend on the capital schemes covered by the Housing Capital Investment Plan. The remaining variance of £30,000 is a combination of variances in three capital schemes. Underspending in respect of energy efficiency improvements in the private sector of £48,000 has resulted in a request to re-phase this resource into 2013/14. The underspending of £48,000 was partially offset by overspending in the costs of building works in Hobson House (£2,000), and spending ahead of profile in respect of the Landlord Accreditation Scheme, where £16,000 of resource anticipated to be spent in 2013/14 has been utilised at an earlier stage.
- 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 £10,614,000 is evident, combining overspending in areas such as fencing and asbestos removal, with underspending in health and safety works (HHSRS) works and internal technical and external professional fees. There is a requirement to carry forward £9,737,000 of rephased expenditure

in other capital schemes between 2012/13 and 2013/14 and future years, predominantly in relation to residual investment in the assessment centre on East Road (£151,000), investment in decent homes in our own stock (£3,415,000), other investment in HRA stock (£2,216,000), new build affordable housing (net of £3,173,000), Cambridge Standard works (£172,000), the refurbishment of and other works to the authority's sheltered schemes (£27,000) and other HRA capital investment (£583,000).

- 3.9 The two key contributory factors in the level of slippage that is evident are the timing of the existing planned maintenance contract, where the contract start was delayed until July 2011 and the phasing of resource for the new build programme, where it is difficult to predict at the outset in which months we will hit the trigger points for contract payments. This is dependent upon the time taken to obtain the relevant approvals, gain planning permission, find existing residents new accommodation and build out the site to the stage where the Council becomes liable to meet the build costs. This varies hugely from scheme to scheme.
- 3.10 Permission is also sought to re-phase the use of direct revenue funding of capital expenditure from the Housing Revenue Account, to finance the re-phased capital expenditure identified in paragraph 3.8.
- 3.11 Right to buy receipts were significantly higher in 2012/13 than anticipated, with 41 dwellings sold during the year. This increase coincides with the government's legislative changes intended to re-invigorate the right to buy scheme, increasing discounts to a maximum of £75,000 and introducing a mechanism for re-supply of lost units which requires local authorities to contribute 70% of the cost of new dwellings.

4. Implications

- 4.1 The net variance from final budget, after approvals to carry forward £241,330 budget from 2012/13 to the next financial year, 2013/14, would result in an increased use of General Fund reserves of £96,957.
- 4.2 In relation to anticipated requests to carry forward revenue budgets into 2013/14 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 2012/13
- Directors Variance Explanations – March 2013
- Capital Monitoring Reports – March 2013
- Budgetary Control Reports to 31 March 2013

6. Appendices

- Appendix A - Revenue Budget 2012/13 - Outturn
- Appendix B - Revenue Budget 2012/13 - Major Variances from Final Revenue Budgets
- Appendix C - Revenue Budget 2012/13 - Carry Forward Requests
- Appendix D - Capital Budget 2012/13 - Outturn
- Appendix E – Housing Capital Investment Plan 2012/13 – 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:

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Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget - 2012/13 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	878,870	850,030	848,067	(1,963)	0	(1,963)
Homelessness Costs	159,370	198,430	280,639	82,209	0	82,209
Housing Advice Service	410,940	441,890	449,189	7,299	0	7,299
Choice Based Lettings (Scheme Costs)	44,240	44,240	38,599	(5,641)	0	(5,641)
125 Newmarket Road - Revenue costs	5,270	5,480	12,310	6,830	0	6,830
Anti Social Behaviour	66,650	66,650	66,650	0	0	0
Housing Strategy	73,060	30,070	34,761	4,691	0	4,691
Growth - Community Services	48,060	37,610	39,265	1,655	0	1,655
CLG Homelessness Grant	0	100,440	(93,420)	(193,860)	193,860	0
CLG Specialist Housing Advisor	0	0	(39,657)	(39,657)	39,650	(7)
Development	93,020	90,920	99,411	8,491		8,491
	1,779,480	1,865,760	1,735,814	(129,946)	233,510	103,564
Private Sector Housing Renewal/ Voluntary Sector						
Home Aid / Home Improvement Grants	55,500	74,500	64,930	(9,570)	0	(9,570)
Grants to Housing Agencies	169,520	156,020	158,294	2,274	0	2,274
	225,020	230,520	223,224	(7,296)	0	(7,296)
Miscellaneous Housing						
Bermuda Road Garages	(7,770)	(7,770)	(6,521)	1,249	0	1,249
Racial Harassment	27,890	27,890	28,779	889	0	889
Supporting People	25,290	13,230	(5,035)	(18,265)	0	(18,265)
City Homes General Fund Overheads	0	55,720	55,720	0	0	0
Contribution to / from HRA	321,320	321,320	335,071	13,751	0	13,751
	366,730	410,390	408,014	(2,376)	0	(2,376)
Total Housing General Fund	2,371,230	2,506,670	2,367,052	(139,618)	233,510	93,892
Environment - Refuse and Environment						
Housing Standards	263,090	300,140	292,850	(7,290)	7,820	530
Property Accreditation	44,530	45,130	42,635	(2,495)	0	(2,495)
Energy Officer	59,000	59,180	55,388	(3,792)	0	(3,792)
Miscellaneous Licensing - Housing	(21,090)	(20,610)	(11,788)	8,822	0	8,822
Total Environment	345,530	383,840	379,085	(4,755)	7,820	3,065
Total Net Budget	2,716,760	2,890,510	2,746,137	(144,373)	241,330	96,957

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

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted for

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)
- and via technical adjustments/virements throughout the year

Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget 2012/13 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Customer & Community Services - Housing Strategy, Development, Housing Advice, Private Sector Housing and Miscellaneous Housing			
CLG Homelessness Grant	Underspending in CLG Homelessness Grant for 2012/13. The CLG grant totalled £575,470 for 2012/13 and was 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, in line with delegations given to the Head of Strategic Housing, to allow use of the monies in line with CLG expectations and existing commitments in respect of homelessness prevention work and homeless support activity.	(193,860)	D Greening
Homelessness Costs	Spending on bed and breakfast provision was higher than anticipated, particularly in the latter part of 2012/13, despite the introduction of alternative provision using our own housing stock. Additional alternative sources of emergency accommodation are being actively pursued.	82,209	D Greening
CLG Specialist Housing Advisor	Cambridge City Council agreed to host a Specialist Housing Advisor post, seconded from CLG for a year from July 2012, with a commitment until July 2013. The post is fully funded by the CLG and the balance of funding will be requested as a carry forward to honour the agreement.	(39,657)	D Greening
Supporting People	Costs of the Community Support Worker in 2012/13 were less than anticipated, as the post was not occupied from the start of the year. The transition to fixed price Supporting People contracts resulted in an underspend in 2012/13, but it should be noted that the future risk now resides with the City Council, as this is dependent upon housing benefit eligibility as the criteria for a fully funded service.	(18,265)	J Hovells
Contribution to the HRA for Shared Amenities	The contribution to the HRA for shared amenities was 4% higher than budgeted, due predominantly to increased incidence of bulky refuse removal on estates.	13,751	J Hovells
Home Aid / Home Improvement Grants	Additional income was received in 2012/13, with £25k of small value grant and loan repayments being repaid to the authority by the clients. This was partially offset by an increased contribution to the operational costs of Year 1 of the Shared Home Improvement Agency, where set up and hand over costs and the lead in to being fully operational required Cambridge City to contribute £20k more than originally anticipated.	(9,570)	H Reed

Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget 2012/13 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Development	Employee costs overspent due to cover for extended staff illness. Internal fee cross charge less than budgeted as new build schemes had not progressed as quickly as anticipated.	8,491	A Carter
Housing Advice Service	Employee costs overspent due to the need to employ additional temporary staff to accommodate the increased workload associated with the review of the Housing Register.	7,299	D Greening
125 Newmarket Road	Rental income for 2012/13 was lower than anticipated due to the lease arrangements for the premises, where not all space was occupied, and therefore sub-let during the year.	6,830	D Greening
Minor Variations		3,154	
Total		(139,618)	
Environment - Refuse and Environment			
Minor Variations		(4,755)	
Total		(4,755)	
Total for Housing Portfolio / Community Services Scrutiny Committee		(144,373)	

Housing Portfolio / Community Services Scrutiny Committee

Revenue Budget 2012/13 - Carry Forward Requests

Request to Carry Forward Budgets from 2012/13 into 2013/14 and future years

Item		Request £	Contact
	Director of Customer & Community Services		
1	CLG Homelessness Grants - Carry forward of these external grant balances are 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, with the Head of Strategic Housing having delegated authority to approve spending across the spending review period.	193,860	D Greening
2	The authority committed to hosting a secondment from CLG for the period from July 2012 for one year, employing a Specialist Housing Advisor. The balance of funding is requested as a carry forward to allow the authority to fulfil their obligations under the agreement.	39,650	D Greening
	Director of Environment		
3	A carry forward of the underspend of the Compulsory Purchase Order revenue budget to 2013/14 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	241,330	

Housing Portfolio / Community Services Scrutiny Committee

Capital Budget 2012/13 - 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
SC414	Property Accreditation Scheme	R Lord	0	25	41	16	(16)	0	This grant funding is dependant on applications made by landlords who wish to join the property accreditation scheme and improve the energy efficiency of their houses. The final spend was greater than anticipated in January when the budget was rephased. It is requested that some of the rephased budget in 2013-14 be brought back to fund the spend in 2012-13.
SC527	Energy efficiency Improvements to private sector housing	J Dicks	0	150	102	(48)	48	0	Some of the remaining fund was not spent by original target completion date because of the premature withdrawal of the Govt. CERT Scheme. It is requested that the unspent budget is rephased in order that it is spent in the first quarter of 2013/14. Officers will work with qualifying contractors to progress agreed work during the early part of the new financial year.
SC529	Changes to office layout for Housing Options / Choice Based Lettings	D Greening	29	29	31	2	0	2	Building work to accommodate the restructured Housing Advice Service on the ground floor of Hobson House was carried out during 2012/13, with the total cost being approximately £2,000 more than originally anticipated.
Total Projects			29	204	174	(30)	32	2	

Housing Portfolio / Community Services Scrutiny Committee

Capital Budget 2012/13 - 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
PV163	Compulsory Purchase Orders (CPOs)	R Lord	0	0	0	0	0	0	Currently no properties are prioritised for CPO action. Revising policy and reviewing long term vacants.
PV386	HMOs - Management Orders	R Lord	0	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
Total Provisions									
PR001	Housing Capital Investment Programme	J Hovells	22,465	23,584	12,970	(10,614)	9,737	(877)	See Appendix E and associated notes in respect of the Housing Capital Investment Plan
Total Programmes			22,465	23,584	12,970	(10,614)	9,737	(877)	
Total for Housing			22,494	23,788	13,144	(10,644)	9,769	(875)	

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)

Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	<p>The underspending of £285,000 is a combination of the following - a) an underspend on the Assessment Centre on East Road (£331,000) where final invoices and retention sums are still outstanding, b) no demand for the use of the budget to tackle unfit housing in the private sector (£20,000) and c) an apparent overspend in respect of Disabled Facilities Grants and Private Sector Housing Grants and Loans of £49,000, which relates to monies spent where the costs were recovered from clients and accounted for elsewhere in the accounts (see note 10). £151,000 of the resource in respect of the Assessment Centre requires re-phasing into 2013/14, with the balance being a saving in the revised costs of delivering the scheme.</p>
2	<p>A net underspend of £3,769,000 in decent homes expenditure during 2013/14 relates predominantly to delivery of year 2 of the Planned Maintenance Contract, which was due to run until July 2013, as the original start date was delayed in 2011. Overspending in health and safety works (£184,000) and damp works (£27,000) were more than offset by underspending in other areas of the decent homes programme, where re-phasing of resources is required to allow completion the anticipated programme to July 2013. This includes re-phasing into 2013/14 in respect of wall insulation (£100,000), PVCU (£34,000), re-wiring (£100,000), re-roofing works (£540,000), boilers (£800,000) chimneys (£51,000), energy works (£59,000), smoke detectors (£3,000), backlog works (£650,000), contractor overheads (£242,000), PTR works (£200,000) and major void works (£45,000). Re-phasing into 2015/16 is requested in respect of delayed roof structure works (£387,000) and to the end of the existing funding, 2028/29, in respect of sulphate works (£204,000).</p> <p>Residual underspending of £132,000 in capital PTR work is evident in 2012/13 due to the cost of work being charged to the revenue element of the contract in error. Underspending in respect of HHSRS, internal technical and external professional fees also contributed to the underspend for the year.</p>
3	<p>A net underspend of £2,114,000 was evident in 2012/13, combining underspending in a number of areas where work is still required and funds will need to be re-phased, including; garage improvement works (£46,000 + £4,000 for East Road), hard surfacing works on HRA land (£130,000 into 2015/16), hard-surfacing recycling works (£147,000), works to communal flooring (£70,000 into 2013/14 and £200,000 into 2014/15), works to communal areas (£500,000 into 2014/15), works to the laundry at Hanover Court (£2,000), lifts (£16,000) and disabled adaptations (£136,000). Resources of £760,000 are also required to be re-phased in respect of fire safety works, where a proportion of the works are yet to be carried out by the secondary planned maintenance contractor, £49,000 for works to Cemetery Lodge and £156,000 in respect of contractor overheads. In addition to re-phasing, underspending in respect of internal technical fees, recycling area works and tenants incentive schemes broadly offset significant overspending in fencing works and asbestos removal.</p>
4	<p>This relates to the timing of the spend in respect of the 146 new and re-development programme. A net resource of £3,173,000 is required to be re-phased into 2013/14 and beyond to ensure that contractual commitments can be met. Payments are made under the development contract once the developer has spent more on building out the Affordable Housing element of the site than the notional value of the land that the market housing will occupy. The timing of this is difficult to predict at project outset, as the length of time taken to get on site in each case varies, dependent upon the number of existing residents that requires re-housing and any planning constraints on the site. The net re-phasing combines slippage of resource for Roman Court, Latimer Close, Barnwell Road, Campkin Road, Colville Road, Aylesborough Close and Water Lane, partially offset by use of resource for Stanesfield Road, Seymour Court and Atkins Close earlier than it was profiled to be used in the latest capital plan.</p>
5	<p>Approval was given for the 2012/13 Cambridge Standard allocation to be spent on a variety of environmental projects across the city. Some of these projects are yet to be completed and resources of £172,000 are requested to be carried forward into 2013/14 to allow these, and other projects to take place.</p>

6	Re-phasing of £12,000 in respect of the feasibility works for re-development of Ditchburn Place is requested to allow this scheme to be moved forward in 2013/14 and £15,000 in relation to emergency alarm upgrades to allow completion of the current programme of sheltered scheme replacements .
7	Underspending of £874,000 combines the need to rephase resource into 2013/14 in respect of the costs of upgrading the hardware and software that allow reporting of the Orchard Housing Management Information System (£33,000) the IT development planned as part of the Repairs Improvement Plan (£131,000) and new IT to record Anti-Social Behaviour case work (£27,000), where work has started, but is not yet complete. Resources of £202,000 are also requested to be rephased to complete the work to convert ECCHO House to a residential dwelling and to undertake roofing works to commercial premises in Campkin Road. The remaining allocation from 2012/13 for buying back ex-Council dwellings of £190,000 is also requested as a carry forward, to allow the authority to proceed with acquisitions to ensure appropriate utilisation of retained right to buy receipts, which need 70% match funding.
8	41 properties were sold in total during 2012/13. £401,000 of the capital receipt is available for general use, while £997,000 of the overall capital receipt is identified under new right to buy legislation as needing to be set-aside to offset the debt associated with the unit no longer owned. A further £2,071,000 of right to buy receipts have been retained by the local authority in 2012/13, but must be re-invested in financing up to 30% of additional social housing units, provided this is done within a 3 year time frame.
9	The £1,500,000 in respect of the land transfer for the market housing at Seymour Court (Jane's Court) will now take place early in 2013/14. A receipt of £12,500 was realised in respect of a small land transaction in Scotsdowne Road in 2012/13. Capital receipts such as these can't be budgeted for as they are dependent upon specific in-year requests, and the resulting decisions made under delegated powers.
10	Income was due from leaseholders in 2012/13 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£25,000) and was also received from private residents in relation to contributions towards, or repayments of, private sector housing repair grants (£95,000).
11	Due to slippage in the housing capital plan in 2012/13, 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 2013/14 by the £3,085,000 not utilised in 2012/13, will ensure that there is sufficient funding to meet the rephased expenditure requested above.