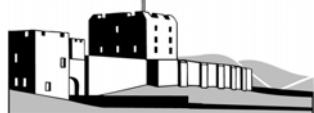


REPORT TO EXECUTIVE

CARLISLE
CITY COUNCIL



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PORTFOLIO AREA: POLICY, PERFORMANCE MANAGEMENT, FINANCE AND RESOURCES

Date of
Meeting:

7 JULY 2003

Public

Key
Decision:

Yes

Recorded in Forward
Plan:

Yes

Inside Policy Framework

Title: PUBLIC SECTOR HOUSING INVESTMENT
PROGRAMME 2002/03

Report of: HEAD OF FINANCE

**Report
reference:** FS21/03

Summary:

The attached report summarises the 2002/03 provisional out-turn for the Public Sector Housing Investment Programme.

Recommendations:

The Executive is asked to agree the 2002/03 out-turn and note that the figures are provisional and subject to audit.

Contact Officer: Alison Taylor

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CITY OF CARLISLE

To: The Executive FS21/03

7 July 2003

PUBLIC SECTOR HOUSING INVESTMENT PROGRAMME 2002/03

1. BACKGROUND INFORMATION AND OPTIONS

1.1 This report sets out the summarised provisional financial out-turn for the Public Sector Housing Investment Programme (HIP).

1.2 Please note that throughout this report a minus (-) figure represents a favourable variance, i.e. either an underspend or additional income received.

2. SUMMARY FINANCIAL OUTTURN 2002/03

2.1 Details of the provisional out-turn compared to the revised budget approved by Council in February 2003 are summarised in the table below:

	<u>2002/03</u> <u>Revised</u> <u>Budget</u> <u>£</u>	<u>2002/03</u> <u>Actual</u> <u>£</u>	<u>2002/03</u> <u>Underspend</u> <u>£</u>	<u>Slippage</u> <u>To</u> <u>2003/04</u> <u>£</u>	<u>2002/03</u> <u>Net</u> <u>Overspend</u> <u>£</u>
Public Sector	5,674,000	5,660,054	-13,946	*293,686	279,740

* this budget which relates to the Raffles Initiative will be carried forward as part of the GF capital programme and will be funded from HRA balances.

2.2 This report sets out below the financial implications arising from the provisional out-turn.

3. EXPLANATION OF MAJOR VARIANCES

1. The transfer of the City Council housing stock to Carlisle Housing Association (CHA) on 9 December 2002 effectively ends this authority's role as a social landlord. However the City Council has retained ownership of the land at Raffles that is to be developed as part of the Raffles Vision. A report was considered by the Executive in April (report ECD 14/03) detailing budgets required to complete the scheme as follows:

HIP Budget 2002/03 £979,270

HIP Expenditure 2002/03 £685,584

Budget to be carried forward £293,686

GF Capital Budget 2003/04 £407,100 (per report ECD 14/03)

Budget requirement 2003/04 £700,786

2. A final settlement with CHA in respect of transferring resources to fund outstanding capital commitments inherited by CHA on 9 December 2002 has still to be agreed.

4. FINANCING OF HIP 2002/03

4.1 Utilisation of resources to fund the HIP in the light of the out-turn is provisionally estimated as follows:

	<u>Revised</u> <u>Budget</u> £	<u>Provisional</u> <u>Out-turn</u> £
TOTAL EXPENDITURE	5,674,000	5,660,054
Add: Creditor Provisions 2001/02 (note 1)	0	45,000

Less: Creditor Provisions 2002/03 (note 2)	0	-35,444
Total Expenditure to be financed	5,674,000	5,669,610
Financed By:		
Basic Credit Approval	818,000	818,000
Major Repairs Allowance (note 3)	3,695,940	3,597,016
Capital Receipts (note 4)	875,000	1,254,594
Revenue Contributions (HRA) (note 5)	286,000	0
TOTAL FINANCING	5,674,000	5,669,610

Notes:

1. Public Sector HIP (Security/Environmental Improvement work). Works completed 2001/02 but not invoiced until 2002/03.

2. Raffles Area Strategy works completed in 2002/03 but not invoiced until 2003/04.

3. In considering the financing arrangements for the Public Sector HIP, it has been deemed prudent to use the MRA, which in this context includes the Major Repairs Reserve, to its fullest extent in preference to capital receipts or an HRA revenue contribution. The MRA is specifically earmarked for public sector improvement works and any outstanding balance on the MRA must be transferred across to Carlisle Housing Association. Any unused capital receipts will be retained by the City Council while the HRA balance at the date of transfer will be subsumed within the overall General Fund balance, and used in meeting the additional cost of housing benefits in the first three years following transfer.

3. Usable capital receipts carried forward from 2001/02 and those generated during 2002/03 amount to £2,027,030 compared to the revised estimate figure of £875,000, an increase of £1,142,030. Of this sum £1,254,594 has been used to fund the HIP in 2002/03 with the balance (£772,436) being carried forward to 2003/04.

4. Due to the utilisation of capital receipts to fund the 2002/03 programme the Revenue Contribution will not be required and this will increase the HRA balance as at 31 March 2003 although the commitment to make a revenue contribution to capital (Raffles Vision) will carry forward into 2003/04.

6. CONSULTATION

6.1 Consultation to Date.

CMT and the Strategic Financial Planning Group considered this report on 23 June 2003 and their comments have been incorporated into the report.

6.2 Consultation proposed.

Not applicable

7. RECOMMENDATIONS

The Executive is asked to agree the 2002/03 out-turn and note that the figures are provisional and subject to audit.

8. REASONS FOR RECOMMENDATIONS

As stated above.

9. IMPLICATIONS

- Staffing/Resources – Not applicable.
- Financial – Included within the main body of the report.
- Legal – Not applicable.
- Corporate – CMT and SFPG considered the report on 23 June 2003.
- Risk Management – Not applicable.
- Equality Issues – Not applicable.
- Environmental – Not applicable.
- Crime and Disorder – Not applicable.

ANGELA BROWN

Head of Finance

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Contact Officer: Alison Taylor Ext: 7280