



PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 5 NOVEMBER 2001

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: HOUSING GENERAL FUND REVENUE ESTIMATES 2002/03
Report of: THE CITY TREASURER
Report reference: FINANCIAL MEMO 2001/02 NO 102

Summary:

This report considers the revised revenue estimates for 2001/02 together with the estimates for 2002/03 in respect of Housing General Fund services. The report is compiled in the light of the City Council's agreed budget strategy for 2002/03.

Recommendations:

The Executive is requested to approve the estimates for the purposes of formulating a recommended budget to Council.

Contact Officer: Phil Halliwell

Ext: 7283

To: The Chairman and Members of
The Executive
5 November 2001

Financial Memo
2001/02 No 102

HOUSING GENERAL FUND REVENUE ESTIMATES 2002/03

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 The net requirement for Housing General Fund services is outlined below. A summary of the General Fund revenue estimates for Housing is attached at Appendix "A" and a detailed analysis of the changes between the Original and Revised estimates for 2001/02 and the base estimate for 2002/03 can be found at Appendix "A1".

Whilst these estimates include provision to achieve the transfer, they do not reflect any ongoing impact arising from the proposed transfer of the Council's housing stock to the Riverside Group in December 2002, subject to tenants' approval by ballot. This issue is dealt with in a separate report.

<u>2000/01</u> <u>Actual</u> <u>£</u>		<u>2001/02</u> <u>Original</u> <u>£</u>	<u>2001/02</u> <u>Revised</u> <u>£</u>	<u>2002/03</u> <u>Estimate</u> <u>£</u>
2,599,370	Ongoing Budget	2,512,230	2,558,650	2,668,780
0	Housing Stock Transfer	0	1,241,000	3,280,000
2,599,370	Net Requirement	2,512,230	3,799,650	5,948,780

- 1.2 These estimates have been compiled in accordance with the City Council's agreed budget strategy for 2002/03. They have been prepared on an outturn basis with assumptions built in regarding price changes for all goods and services; in particular the pay award due in April 2002 has been assumed at 3%. The estimates are cash

limited at these amounts which means that, once approved, Budget Holders must operate within this budget.

- 1.3 Where estimates have not been contained within agreed cash limits then this is indicated in the relevant section of this report.

1.4 The estimates are presented to the Executive in a summarised format. A set of papers containing all the detailed estimate provisions is available from the City Treasurer's department on request.

1.5 Members should note that while these estimates have generally been finalised, some budgets might be subject to change before the estimate cycle is completed. This principally relates to the 'Central Administration' recharges, which still have to be finally agreed between service departments.

2. SERVICE PROVISION AND MAJOR VARIATIONS

2.1 Housing General Fund services fall under the responsibility of two separate portfolios:

a) Health and Well Being - responsible for Hostels; Housing Associations; Homelessness; General Properties; General Housing Services and Private Sector Renewal.

b) Finance and Resources - responsible for Housing and Council Tax Benefit Payments and Administration and Housing Act Advances.

2.2 The main variation between the original and revised budget for 2001/02 relates to the LSVT budget of £1,206,000 and £35,000 transferring from Policy & Resources to Housing General Fund. This transfer was necessary to comply with the Best Value Accounting Code of Practice (BVACOP). A further variation relates to a reduction in Capital Charges for Renovation Grants of £113,000. Under the Capital Accounting rules all expenditure must be charged to a service account in the year and then reversed out "below the line" to the Asset Management Revenue account. The revised budget therefore equates to 100% of the total Private Sector HIP after adjusting for the grant receivable in relation to Disabled Facilities.

2.3 The LSVT budget transfer from Policy & Resources again explains the principal increase in budget requirement for Housing General Fund in 2002/03. The total budget amounts to £3,280,000 an increase of £2,074,000 over 2001/02, but which will be recovered on successful completion of the stock transfer. The changes detailed in paragraphs 2.2 and above, do not have an impact on the Council's overall bottom line expenditure requirements; they are explained by 'internal transfers' necessitated by accounting requirements.

2.4 The Council at its meeting on 17 July 2001 approved supplementary estimates of £1,023,000 as a result of carry forwards relating to the General Fund 2000/01 outturn, of which £90,320 related to the Benefits Section. These budgets are reflected in the revised estimates as now presented and explain the increased cost in Housing Benefit Administration (£87,070 net).

3. CONSULTATION

This report will be referred to the relevant Overview and Scrutiny Committee to give them the opportunity to comment on any aspect of the estimates presented within this report, as part of the budget process.

4. STAFFING/RESOURCES COMMENTS

Not applicable.

5. FINANCIAL COMMENTS

Included within the main body of the report.

6. LEGAL COMMENTS

Not applicable.

7. CORPORATE COMMENTS

The Director of Housing and relevant Heads of Service within Housing and the Department of Environment and Development have been fully involved in the compilation of these estimates and in the preparation of this report.

8. ENVIRONMENTAL IMPLICATIONS

Not applicable.

9. RECOMMENDATIONS

The Executive is requested to approve the estimates for the purposes of formulating a recommended budget to Council.

D. THOMAS
City Treasurer

Contact Officer: Phil Halliwell

Ext: 7283

HOUSING GENERAL FUND SERVICES ESTIMATES 2002/03**APPENDIX A**

OUTTURN 2000/01 £		ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
	<u>PORTFOLIO: HEALTH AND WELL BEING</u>			
75,698	HOSTELS	109,810	67,180	41,040
49,236	HOUSING ASSOCIATIONS	56,040	59,830	131,030
44,220	HOMELESSNESS	43,750	44,380	45,620
670	GENERAL PROPERTIES	760	760	690
239,924	GENERAL HOUSING SERVICES	76,450	193,760	189,240
0	HOUSING STOCK TRANSFER	0	1,241,000	3,280,000
1,015,661	PRIVATE SECTOR RENEWAL	1,018,020	905,840	911,360
<u>1,425,409</u>		<u>1,304,830</u>	<u>2,512,750</u>	<u>4,598,980</u>
	<u>PORTFOLIO: FINANCE AND RESOURCES</u>			
1,172,457	HOUSING / COUNCIL TAX BENEFIT	1,206,030	1,285,530	1,347,680
1,504	HOUSING ACT ADVANCES	1,370	1,370	2,120
<u>1,173,961</u>		<u>1,207,400</u>	<u>1,286,900</u>	<u>1,349,800</u>
<u>2,599,370</u>	NET REQUIREMENT	<u>2,512,230</u>	<u>3,799,650</u>	<u>5,948,780</u>

HOUSING GENERAL FUND SERVICESANALYSIS OF CHANGES FROM BASE ESTIMATE

	£	£
ORIGINAL BASE ESTIMATE 2001/02		<u>2,512,230</u>
1. Adjustments Approved by Committee/Officers To Date		
Salary Savings budgets vired to Central Overheads		4,710
2. Expenditure Adjustments		
Allowed Changes		
- Capital charges	(92,150)	
- Housing Benefit Payments (net)	(7,570)	
- Housing Benefit Administration (net)	87,070	
- Other	<u>(550)</u>	(13,200)
3. Internal Recharge Adjustments		
Increase /(decrease) in Central Administration charges		28,990
ADJUSTED BASE ESTIMATE 2001/02		2,532,730
4. Non Recurring Items		
Budgets b/fwd from 2000/01 (per Council 17 July 2001)	21,920	
Review of LSVT transferred from P&R in accordance with BVACOP	35,000	
LSVT budgets transferred from P & R in accordance with BVACOP	1,206,000	
Non Recurring Supplementary estimates (Housing 21 Contribution)	4,000	1,266,920
REVISED ESTIMATE 2001/02		<u>3,799,650</u>
ADJUSTED BASE ESTIMATE 2001/02		2,532,730
5. Adjustments approved by Committee/Officers To Date		
LSVT budgets transferred	3,280,000	
Non Recurring Municipal Repair & Maintenance (Hostels)	(20,000)	
Non Recurring New Policy Initiatives (Mediation Service)	<u>(2,000)</u>	3,258,000
6. Expenditure Adjustments		
Allowed Changes		
- Capital Charges	860	
- Housing Benefit Administration (net)	40,430	
- Salary related changes	7,000	
Inflation Provision		
- General	25,720	
- Salary related	<u>6,150</u>	80,160
7. Internal Recharge Adjustments		
Increase in Central Administration charges		89,790
8. Income Adjustments		
Corporate Charging Target		(10,500)
9. Savings Incorporated into Estimates		
Savings identified as a result of 2000/01 outturn		(1,400)
BASE ESTIMATE 2002/03		<u>5,948,780</u>