



Housing Overview & Scrutiny Committee 22 January 2013

Council Fund Revenue Budget Proposals
Housing Revenue Account (HRA) Budget
Proposals for Revenue & Capital

TO BE COVERED TODAY

- National and Local Context
- Council Fund Budget Strategy
- Budget Process
- Ongoing Work
- Housing Budget
 - Council Fund
 - HRA Revenue and Capital Budget
 - Key service issues
- Next Steps



COUNCIL FUND BUDGET STRATEGY & FINANCIAL OVERVIEW

National Context

- Funding for UK public sector contracting in real terms and this will continue in the medium term
- For Wales this position reinforced by:
 - Welsh Government Budget & Policy
 - Wales Audit Office reports
 - Institute of Fiscal Studies report (commissioned by WLGA)
- 2013/14 – final year of three year indicative WG budgets for local authorities
- 2014/15 settlement could see a decrease in proportion of WG budget for local government

Local Context

- Successful track record of setting balanced budgets within this national context while also:
 - Investing in key priorities
 - Meeting growths in service demands
 - Absorbing cost in implications of inflation
- Approach
 - Developing internal programmes of change and reform
 - Collaboration and cost sharing with partners
 - Service review and change
- Scope for efficiency 'quick wins' reduces each year – the challenge becomes greater

2013/14 Budget Strategy

- Draft proposals aim to:
 - Protect front line public services
 - Invest in and Protect Schools and Social Care budgets – exceeding national expectations
 - Protect core services where national grant is reducing
 - Prepare communities for Welfare Reform
 - Invest in change to achieve future efficiencies
 - Prepare for implementation of Single Status in-year
 - Absorb inflationary costs without reducing service standards
 - Set Council Tax at affordable level

THE BUDGET PROCESS – How have we got here...

Budget gap of £11m in July – strategy followed...

1. Challenge and compress identified pressures
2. Review previous years pressures and efficiencies
3. Manage Inflation – targeted approach
4. Review in year financial position
5. Review Reserves and Balances
6. Progress Flintshire Futures workstreams
 - Increase income from Fees and Charges
 - Progress Organisation Design
 - Implement Service Change
 - Identify opportunities for Procurement Savings

FINANCIAL OVERVIEW – Position at December

- Budget gap at 18th December was £1.480m (based on draft settlement)
 - One off or time limited items £0.417m
 - Ongoing base budget £1.063m
- Final Local Government Finance Settlement announced on 11th December – briefing note distributed to all Members
- Final Settlement for Flintshire is an increase of 1.2% (after transfers excluding Council Tax Support) in revenue grant funding

FINANCIAL OVERVIEW – Assumptions and Principles (MTFS) (1 of 2)

- Transfers into settlement passported to service area (if required)
- New responsibilities in settlement passported to service area
- Base Level of Reserves maintained at 2% of turnover
- Distinction between resources for ongoing expenditure and expenditure that is one-off or time limited
- Fair and affordable Council Tax – proposed annual Band D increase of 3% - in line with previous Council Tax Strategy commitments

FINANCIAL OVERVIEW – Assumptions and Principles (MTFS) (2 of 2)

- Inflation assumptions:
 - Pay
 - 1% for Non-Teachers (from April) and Teachers (from September)
 - Price
 - Targeted 2% inflation - e.g. Schools, elements of Social Care and Fleet Maintenance
 - Non-Standard Inflation - Energy, Fuel, Food and NDR
 - Income
 - Assumption of 3% unless included under specific Fees and Charges Proposals

Work Ongoing to Balance the Budget

Four Point Plan:

1. Review of Flintshire Futures Workstream Targets - especially Procurement
2. Review of pressures/investments to ensure that all one-off items are identified
3. Re-examination of previous years' items
4. Directorates and Corporate Services to:
 - Identify further efficiencies achievable in 2013/14
 - Reduce costs / curtail expenditure for remainder of 2012/13



Housing – Council Fund

**BUDGET PROPOSALS
& KEY SERVICE ISSUES**

BUDGET PROPOSALS – Efficiencies

	2013/14 £m	2014/15 £m	2015/16 £m
Efficiencies - Service Change			
Housing efficiency savings	0.028	0.028	0.028
Homelessness - timing of presentations	0.106	0.000	0.000
	<u>0.134</u>	<u>0.028</u>	<u>0.028</u>
Efficiencies - Procurement			
Housing Services - Supplies and	0.003	0.003	0.003
	<u>0.003</u>	<u>0.003</u>	<u>0.003</u>
Efficiencies - Organisational Design			
Service Review of Warden Service	0.018	0.018	0.018
	<u>0.018</u>	<u>0.018</u>	<u>0.018</u>



For Housing – Council Fund this budget invests in...

- Further Development of the Warden Service
- Responding to Welfare Reform, especially Homelessness issues
- Ensuring Supporting People service effectively responds to vulnerable people
- Achieving efficiency in every part of the service
- Effective use of grants to improve sustainability of housing
- Robust Housing Strategy, as framework for developments



Key Service Issues for Housing – Council Fund in Medium Term ...

- Providing first rate Housing Services
- Welfare Reform – impact on all aspects of the service
- Continuing to fund the Capital Programme in the context of reductions
- Monitoring quality services whilst achieving efficiencies in Supporting People
- Improving quality whilst contributing to the efficiency agenda



NEXT STEPS

Next Steps – Medium Term Outlook

- MTFP in December indicated an annual budget shortfall of £30m by 2017/18
- This does not account for:
 - Single Status Agreement
 - Equal Pay Agreement
 - Any possible future reductions in funding from Welsh Government
- Need to develop and accelerate FCC corporate change programme if we are to meet the financial challenges ahead

Next Steps – 2013/14 Budget

- Ongoing work to continue to refine details
- Corporate Resources Scrutiny
 - 31 January
 - All members
 - Round up meeting following service scrutiny meetings
- Cabinet 19 February
 - Final budget proposals
- Council 1 March
 - Budget & Council Tax Setting



Housing Revenue Account Budget 2013/14

Housing Revenue Account (HRA)

- » **Legal requirement to budget to avoid an end of year deficit**
- » **Ring-fenced account - no funding can be transferred between Council Fund and HRA and vice versa (other than in prescribed circumstances)**
- » **Good practice to budget for a minimum closing balance of 3% of total expenditure**

Welsh Government - Financial Determinations (1)

Consultation version received 20th December 2012. Final determinations expected end of January 2013.

Proposed Guideline Rent Increase

- » All Wales average increase 4.6 %
- » Based on the Minister for Housing Regeneration and Heritage's decision to apply the standard uplift policies:
 - Using the previous September RPI inflation figure of 2.6%; and
 - To apply a 2% real increase to the average local authority guideline rent for 2013-14.
- » Flintshire increase of £3.43 per week (52 week collection basis)
- » Equates to Flintshire increase of 5.0 % on all weekly dwelling rents
- » Management and Maintenance Allowance of £2,610 an increase of £162 (6.6%) per dwelling on 2012/13

Welsh Assembly Government - Financial Determinations (2)

- » Concerns at proposed increase expressed to WG
 - » Almost 67 % of tenants are currently on housing benefit - no additional hardship as a result of proposed rent increase (if circumstances remain the same)

- » Despite reservations..
- » **Recommend that the guideline increase of 5.0% is applied to all council tenancies.**

- » Proposed that garage rents are increased to bring them into line with local Council rents at a level of £5.50 per week.

Communal Heating 2013/14

It is proposed that the communal heating charge increase to tenants is deferred until the 1st July 2013. This will enable the full year heating bills for 2012/13 to be assessed before charges are set

- » Communal heating does not need to be increased at the same time as the rent from a legal perspective and nor is a 4 week notice period required.

HRA - 2012 the year that was!

- » **No Vote in ballot**
- » **Continued to improve performance across core PI's**
 - » Voids from 2.4% to 1.9%
 - » All repair categories meeting targets
 - » Arrears control
- » **Planning for Welfare reform**
- » **Further Lean reviews and process improvement**
- » **More opportunities for customer involvement**
- » **Manager and team leader development**
- » **More agile working/hot desking**
- » **Flintshire Connects**
- » **Flint maisonettes**
- » **Strong financial performance in HRA**
- » **Excellent progress with planned WHQS work**
- » **Work to develop regional housing register**
- » **Garden maintenance service**

HRA 2013 – What Next?

- » **Get to top quartile performance**
- » **Implement staff restructures in asset management**
- » **Deliver planned efficiencies to maximise WHQS work**
- » **Robust business plan to achieve WHQS as early as possible**
- » **Improve ASB service**
- » **Get more young people involved**
- » **Play a significant role in Flintshire Connects**
- » **Flint regeneration- agreed plans for new housing**
- » **Continue to build a positive reputation for the service**
- » **Independent satisfaction survey**

HRA BUDGET PRESSURES & SAVINGS OPTIONS- Appendix 2

ADDITIONAL CAPITAL INVESTMENT	2013/14
CERA	758,000
Increase in Rents	2013/14
5% Rental Increase as per Welsh Government Guidance	-953,839
EFFICIENCY SAVING OPTIONS	2013/14
Increased Garage Rents to £5.50 per week	-124,779
HRA Savings Target - 2.5%	-33,254
Flintshire Connects Savings - Kings Head Building	-34,452
Neighbourhood Housing Manager Connahs Quay - post deletion	-53,542
Early Bird Discount on Water charges	-23,000
Income	-64,500
Further housing Asset restructure savings	-60,133
Temp loans	-12,568
Reception Savings	-30,366
Support Recharges	-187,869
Other General Savings	-10,599
Increase in Right to Buy Income	-4,000
	-639,061

HRA BUDGET PRESSURES & SAVINGS OPTIONS- Appendix 2

Budget Realignment/One off pressures reversed	2013/14
Review of Utility Costs	-74,863
Hard to Let Voids - Subcontractor spend	-128,080
Mobile working loan repayment	-48,544
Voids backlog team	-127,260
ASB Equipment	-3,000
Transfer post to Council Fund	-30,909
Pension/Redundancy	-120,000
	-532,656
BUDGET PRESSURES/SERVICE IMPROVEMENTS	2013/14
Welfare Reform Costs	255,350
Court costs and Giro Charges	11,208
Phones	9,570
Tenants Incentive	10,000
Estate Management service improvements / ASB	51,459
Subscriptions	6,313
Quality Assurance and Gas Certificates	12,276
STAR Survey	13,000
Software for Repairs and Maintenance	101,942
Flintshire Connects Contribution	100,000
Increase in Garage Voids	31,023
Inflation	161,597
	763,737

Budget Proposals

- » Better performance and stronger financial control means:-
 - » Reduce budgeted balances nearer to recommended minimum of 3.0%
 - » Confidently maximise Capital Expenditure from the Revenue Account

- » Closing HRA Balances 2013/14
 - » 3.20 % of Total Expenditure

HRA Capital Programme 2013/14

Funding for HRA Capital Programme 2013/14

- » Total Proposed Capital Funding 2013/14 - £10.395m

- » Including:-
 - » Major Repairs Allowance - **£5.2m**
 - » Revenue Contribution to Capital Expenditure (CERA) - **£5.195m**
 - » Proposed 2013/14 CERA allocation is an increase of £0.758m on 2012/13 budget provision
 - » No capital receipts assumed at present but plan for additional works in place if they become available.

HRA Capital programme 2012/13 the year that was!

- » Heating upgrades- 600 homes planned- 1100 delivered
- » Kitchen replacements- 922 planned-1100 delivered
- » Smoke detectors- 884 planned- 2400 delivered
- » Bathroom replacements- 56 planned- 62 delivered
 - » Essential repairs
 - » DDA and Fire Safety Works
 - » £1m on disabled adaptations

HRA Capital Programme 2013/14 – What Next?

- » **6 year capital programme in place. At the end of the programme all council homes will have:-**
 - » A WHQS standard kitchen
 - » A WHQS heating system
 - » Smoke detectors
 - » 1300 homes will have WHQS standard bathrooms
- » **The 2013/14 budget proposes sufficient resource to meet the year 2 capital programme commitments.**
- » **In addition Flint maisonettes decanting programme can continue**

HRA Capital programme 2013/14 the year ahead!

- » Focus on:-
 - » Heating upgrades- 600 homes promised- 1100 in programme
 - » Kitchen replacements – 922 promised- 1100 in programme
 - » Smoke detectors- 884 promised- 1000 in programme
 - » Bathrooms - 56
 - » Fire risk assessments
 - » Asbestos removal
 - » Electrical rewires
 - » Disabled adaptations

DOES THE BUDGET MEET OUR AIMS?

- » **Resources targeted to achieve priorities & improvement objectives**
- » **Public services protected**
- » **Balanced budget**
- » **Sustainable**
- » **Risk based approach**
- » **Equality impact assessments identified**



REVIEW & NEXT STEPS
