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CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT

Dr Kevin Pelan
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25 September 2012

Dear *Kevin*

OCTOBER MONITORING ROUND

1. The Department's October 2012 monitoring return is due with Finance & Personnel on 3rd October and, as you know, an oral briefing on this has been scheduled for Thursday 27 September. With the usual caveat that the information provided may be subject to change, the following paragraphs outline our main proposals.
2. The key elements of our planned return are set out by Business Area in the table below, with explanatory narrative on each included in the subsequent paragraphs.

Table: Main Monitoring Round Proposals

| <u>Housing</u> | £m | Classification |
|---------------------------------------|-----------|-----------------------|
| Social Housing Development easement | 8.00 | Capital |
| NI Co-ownership bid | (8.00) | Capital |
| <u>Social Security Agency</u> | | |
| Reduced requirements | 3.00 | Resource |
| <u>Urban Group</u> | | |
| Resource easements | 2.00 | Resource |
| <u>Core Department</u> | | |
| Independent Living Fund easement | 0.90 | Resource |
| <u>Non-cash cost easements</u> | | |
| Social Security Agency | 2.00 | Resource non-cash |
| Child Maintenance & Enforcement | 0.20 | Resource non-cash |
| Core Department | 0.11 | Admin non-cash |

Housing – easement and bid £8m

- 2.1 It is proposed to bid for additional Co-ownership funding of £8m against an easement of £8m in the Social Housing Development Programme. The main reasons advanced for this easement are delays around the implementation of Bamford recommendations, where it is expected that less than 200 of the targeted 325 units will be delivered this year. Housing Associations are nervous about developing new supported housing schemes due to uncertainties around securing the ongoing revenue funding and getting adequate client referrals from DHSSPS. We are working closely with the Housing Executive and Housing Associations on these issues.
- 2.2 The Co-Ownership Scheme remains the Department’s main measure for supporting potential home buyers experiencing affordability problems who wish to purchase their own home but cannot afford to do so outright. For the

2011/12 year Co-ownership received in excess of 1600 applications and delivered 643 completions with a budget of £28.25m. For 2012/13 the Department will provide Co-ownership with funding of £25m per year and with Private finance it will provide 640 affordable homes. By the close of July 2012 the Scheme has received in excess of 750 applications and is on course to meet their target. A bid for additional funding of £8 million, if met, would fund approximately an additional 180 properties. This would help bolster effective demand by assisting deposit- constrained first time buyers and those returning to the market who are struggling to purchase a home and help the wider economy.

Social Security Agency Easements - £3.0m

- 2.3 The Agency has identified reduced resource requirements of £3m in this round. These stem primarily from easements in the Universal Credit Programme, the Scanning & Digital Storage and Digital Services projects and from the Medical Support Services contract.

Urban Group Easements - £2.0m

- 2.4 The Group's easements come from 3 main areas, namely: comprehensive development programme maintenance costs, Laganside costs and consultancy costs. The reduced maintenance costs are a direct result of the reduction in capital acquisitions, where site maintenance costs are not required. There are no major Laganside costs (such as river dredging and weir maintenance) to be brought forward this year and consultancy costs for projects such as the Colin town centre and Bangor Queen's Parade project have been delayed.

Independent living Fund - £0.9m reduced requirement

- 2.5 The reduced requirement here stems from claimant attrition rates being higher than anticipated – the Fund has been closed to new applicants since June 2011. It is also expected that user numbers will fall from around 750 to just

over 700 this year and the rise in funding packages has also been less than predicted.

Non – Cash Easements - £2.31m

- 2.6 The non-cash easements in the Social Security Agency, Child Maintenance & Enforcement Division and the Core Department stem from reduced requirements relating to depreciation & impairment issues. These non-cash amounts cannot be used for any other purpose and must be surrendered.

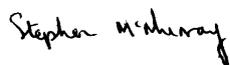
Other Committee Requests for Information

3. The Committee has also requested information on two separate but related financial matters, namely the impact of the outcome of the June monitoring round and Department's 2011-12 Resource Accounts. The responses on these will follow under separate cover.

Summary & Conclusion

4. The above paragraphs set out the main elements of the Department's October monitoring round proposals which I trust the Committee will find helpful. I should confirm that Heather Cousins and myself will be attending the oral briefing this week as usual.

Yours sincerely



STEPHEN MCMURRAY

cc: Stephen Brimstone
Alastair Newell
Lorraine Hillis
Debbie McKibben
Billy Crawford
Sheila Maguire