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CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT

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Dear *Kevin*

October 2013 Monitoring Round

1. The Department's October 2013 monitoring return is due with Finance & Personnel on 3rd October and, an oral briefing on this has been scheduled for Thursday 26th September. With the usual caveat that the information provided may be subject to change, the following table and subsequent paragraphs outline our main proposals.

Table: Main Monitoring Round Proposals

<u>Housing</u>	£m	Classification
Bid – NI Co-ownership Housing	10.00	Capital
Bid – Affordable Home Loans	5.00	Capital
Bid – Empty Homes Loans	3.65	Capital
Bid – Together Building A United Community	0.06	Resource
Transfer – from DETI for Boiler replacement Scheme	3.00	Resource
Reclassification from revenue to capital for NIHE buy back scheme	10.00	Reclassification
Easements – net of reclassification	(25.00)	Resource
Transfer – to DHSSPS (Supporting People funding)	(4.00)	Resource
<u>Social Security Agency</u>		
Reduced requirements	(6.00)	Resource
Reduced requirements (Still under review by SSA Finance)	(0.50)	Capital
<u>Child Maintenance Service</u>		
Reduced requirements	(0.80)	Resource
<u>Urban Group</u>	(0.50)	Resource

2. Supporting Information

The following paragraphs provide the background to the figures.

NI Co-ownership Housing Association - £10m bid

- 2.1 The Co-Ownership Scheme remains the Department's main measure for supporting potential first-time buyers and those returning to the market experiencing affordability problems who wish to purchase their own home but cannot afford to do so outright. For 2013-14 the Department will provide NICHA with funding of £35m and, with private finance, it will provide 900 affordable homes. By the end of August 2013 the Co-Ownership Scheme has received over 980 applications and is on course to exceed its target. A bid for additional funding of £10 million if met, would fund approximately 140 additional properties. This funding should not impact on the Get Britain Building schemes, as properties developed under these will not be available until 2014-15.

Formal Bids to DFP for funding / transfer.

- 2.2 As part of an earlier DFP capital funding exercise, an Affordable Home Loans scheme pilot (under the Get Britain Building initiative) and an Empty Home Loans scheme were identified as suitable for funding. The formal bids for £5m and £3.65m respectively will be included in the October monitoring round proposals. A bid is also being tabled for the staffing costs of establishing a team to take forward the work required for *"Together Building A United Community"*. In addition, a bid for transfer of £3m resource funding from DETI in respect of the Boiler Replacement Scheme will also be included. DFP have previously indicated that this level of funding would be available from European Regional Development Funds in 2013-14 and 2014-15.

Housing – NIHE Buy back £10m – Reclassification from Revenue to Capital

- 2.3 The Housing Executive has identified 600 former NIHE properties which were sold to tenants under the 'Right to Buy Scheme' and, which are now being offered for sale on the open market. Given the high demand for social housing, repurchasing suitable former properties in appropriate areas is seen as an attractive option which will deliver good value for money and assist in developing and maintaining the sustainability of communities living in Housing Executive estates. An economic appraisal has been prepared and is currently being evaluated. This is an opportune time to implement these proposals because of the availability of suitable properties at reasonable prices, the availability of funding, and the need to address high levels of demand for social housing as well as making a significant contribution to community development and sustainability. A reclassification of revenue funding to capital to cover the costs of the scheme is proposed.

Housing Resource Easements - £25m net of reclassification

- 2.4 The Housing Executive has identified substantial resource easements totalling £35m for this monitoring round as follows:

£24.5m - arising from slippage in procurement decisions on the main maintenance programmes and the award of contracts, including those for double glazing. In addition, one contractor has served an injunction on the Housing Executive over the double glazing contracts, which has further forestalled the award of contracts.

£8.5m – delays in Welfare Reform implementation has resulted in a forecast impairment on rental income of £5m not being required; slippage in the Social Enterprise Scheme has led to a £2.5m easement; and miscellaneous additional income of £1m has been declared.

£2m – arising from slippage in the go-live dates for prior year Supporting People schemes; the release of £1m from the Executive's contingency fund and reduced occupancy levels in a number of existing schemes. This easement is distinct from the £4m being transferred to DHSSPS under the Supporting People banner.

These will be reduced by the £10m proposed reclassification of revenue to capital funding for 2013/14 only, for the NIHE buy back scheme.

Social Security Agency

- 2.5 The Agency is considering a range of issues and options affecting funding requirements, including welfare reform changes and the impact of delays in the Bill, e.g. on staffing requirements, project teams etc. Final proposals on the scale of reduced requirements will be firmed up in the course of the next week or so, but at this stage £6.0m resource and £0.5m capital has been identified for surrender. However we are currently seeking to firm up funding requirements for the Financial Assistance Scheme (demand-led and funded based on DWP estimates), as well as making provision for potential additional O'Brien case pension commitments. It is expected that around £0.7m of the Agency's resource easement will be retained to cover these.

Child Maintenance Service

- 2.6 Child Maintenance Service colleagues have identified easements of around £0.8m in this round. These arise mainly from a reduction in overall headcount numbers, the successful re-negotiation of IT costs for the CMS 2012 system and reduced expenditure on a media campaign.

Urban Group

- 2.7 The group has declared a resource easement of approx. £0.5m at this juncture, arising mainly from reduced expenditure on the areas at risk programme.

3. Summary

- 3.1 The above paragraphs set out the main elements of the Department's October 2013 monitoring round proposals which I trust the Committee will find helpful. I should confirm that I will be attending the oral briefing along with Jim Wilkinson, Housing Director.

STEPHEN MCMURRAY

cc: Joyce Bill
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