

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 05 DECEMBER 2023

Report Title	Budget Monitoring Report 2023/24 Quarter 2			
Purpose of Report	To present the 2023/24 forecast outturn position against the General Fund and Housing Revenue Account (HRA) revenue budgets and Capital Programme that the Committee is responsible for, in order to give an expectation of possible variances against budget.			
Decision(s)	The Committee RESOLVES to note the outturn forecast for the General Fund and HRA revenue budgets and the Capital Programmes for this Committee.			
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. The feedback has been incorporated into the report to explain differences between budgets and actual income and expenditure.			
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Options	None			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	No	No	No

1. Introduction

- 1.1 The purpose of this report is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken if required.

2. Summary

- 2.1 The General Fund revenue position shows an expected underspend of (£87k) below budget, as shown in Table 1. The General Fund capital forecast shows an underspend of (£346k).
- 2.2 The HRA is currently expected to have a revenue overspend of (£344k) and a net capital programme underspend of (£0k).

3. General Fund Revenue Budget Position

- 3.1 Council approved the original General Fund revenue budget for 2023/24 in February 2023. The latest budget for Housing Committee, following carry forwards from 2022/23, is £1,354k.

- 3.2 The budget monitoring position for the service at Quarter 2 shows an underspend of (£87k), as summarised in Table 1.

Table 1: General Fund Revenue Budgets

	Para Refs	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Reserve Transfers (£'000)	2023/24 Outturn Variance (£'000)
Housing Committee						
Housing Advice	3.3	514	520	328	142	(50)
Housing Strategy	3.4	174	367	139	192	(36)
Private Sector Housing		191	467	467	0	0
Housing General Fund Total		879	1,354	934	333	(87)

3.3 Housing Advice and Homelessness – (£50k) underspend

Spend on Temporary Accommodation and Bed and Breakfast is eligible for Housing Benefit. The generally higher costs of temporary accommodation mean that the full cost cannot be recovered. Across the service the shortfall within the Temporary Accommodation income has been compensated by greater grant income than budgeted within Homelessness and Homelessness Prevention.

The forecast at quarter two however shows an increased variance in Housing Benefit and recovered costs of (£60k).

There has been additional grant funding received from the Department for Levelling up, Housing and Communities (DLUHC) within housing advice in respect of homelessness and Ukraine homelessness prevention. It is proposed that approximately £142k (dependent on the outturn position) is transferred to earmarked reserves to fund an additional post within the Housing Advice. There is also a £14K variance in salaries and contracted staff covering existing vacancies.

3.4 Housing Strategy – (£36k) underspend

Elements of works within Housing Strategy are grant funded by the DLUHC including using previously received grants. Where DLUHC grants are awarded at short notice they are utilised in the first instance and the budgeted funds are used elsewhere. Any unspent grant funds will look to be carried forward in order to fund housing-related services in the next financial year. This is regarded as good practice in allowing flexibility in the face of unanticipated increases in demand for services, or improvement to commissioned services, such as rough sleeper outreach or target hardening works to properties for households experiencing domestic abuse.

Additional grant funding received from the Department for Levelling up, Housing and Communities (DLUHC) within housing strategy in respect of New burdens domestic abuse and Asylum Dispersal as well as prior years brought forwards budgets, are forecast to be utilised with the forthcoming year. £192k has been transferred to earmarked reserves to fund future usage requirements, which will be dependent on the overall outturn position at year end. There is proposed grant funding being transferred from earmarked reserves of £43k 2024/25 and £32k in 2025/26 relating to a resettlement post.

4. General Fund Capital Programme

4.1 The Housing General Fund Capital Programme was approved by Council in February 2023. This has subsequently been revised to £3,190k after slippage from 2022/23.

4.2 Spend is currently forecast at £1,884k.

4.3 Disabled Facilities Grant Scheme – £390k overspend

The Disabled Facilities Grant scheme projected overspend is due to an increase in volume and value of discretionary grant payments. This has led to an increase in the number of referrals received and consequently more occupational therapists from the County Council dealing with the backlog. Any additional spend will be recovered from the Better Care Fund held by Gloucestershire County Council.

4.4 Sustainable Warmth - LADS 3 (£345k) underspend

This is funding provided by the department for business, energy and industrial strategy (BEIS) following a successful bid to the Green Homes Local Authority Delivery Scheme (LADS) 3 scheme. SDC are the lead partner in this Countywide bid to provide insulation to park homes.

Green Homes (LADS) 3 energy efficiency and heating improvements to homes on the gas network has an underspend of (£345k), having carried forward (£785k) from 2022/23 due to an extension to the project. The project is due to complete by December 2023 with anticipated unspent funding of £0.5m returned to BEIS.

4.5 Health through Warmth Grants - £100k pressure

This scheme is funded by the Clinical Commissioning Group (CCG) and like Warm Homes covers the whole county. The funding for the Health through Warmth is predominantly used for insulation and heating systems to increase thermal efficiency in homes of people with cold or damp related health issues. Where possible this used in conjunction with the Warm Homes funding. The £100k pressure is in respect of insulation grants.

4.6 Sustainable Warmth - Home Upgrade Grant (£506k) underspend

Home Upgrade Grant energy efficiency and heating improvements to homes not on the gas network is showing an underspend of (£972k,) having carried forward (£2,216k) from 2022/23 due to an extension to the project. The project is due to complete by November 2023 with anticipated unspent funding of £0.3m returned to BEIS.

An additional £466k is anticipated being spent in respect of HUG 2 insulation & renewable heating to off gas properties.

4.7 The following table gives a breakdown of the programme.

Table 2 – Housing Committee Capital Programme

	Para Refs	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Outturn Variance (£'000)
Housing Capital Schemes					
Disabled Facilities Grant Scheme	4.3	330	720	1,110	390
Green Homes LADS 3	4.4	0	440	95	(345)
Health through Warmth Grants	4.5	0	100	200	100
Home Upgrade Grant - Sustainable Warmth	4.6	0	1,710	1,204	(506)
Private Sector Housing Loans		15	30	45	15
Temporary Accommodation		0	190	190	0
Warm Homes-Low Carbon Initiatives		0	0	0	0
Housing General Fund Capital Schemes TOTAL		345	3,190	2,844	(346)

5. Housing Revenue Account Budget Position

- 5.1 The original net Housing Revenue Account (HRA) budget for 2023/24 is a transfer to reserves of £1,814k, as approved by Council in February 2023.
- 5.2 The Forecast Outturn position also includes an increase in respect of the pay award (which is determined nationally). This has been agreed with an additional £1,925, or 3.88% whichever is higher, applied to all grades and backdated to 01 April 2023.
- 5.3 The monitoring position for the service at Quarter 2 shows a projected net underspend of (£344k) (-1.2%) of gross spend against the current budget, following a proposed net transfer to earmarked reserves of (£426k), as shown in Table 3 (below).

Table 3 – HRA Revenue Summary

	Para Refs	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2023/24 Reserve Transfers (£'000)	2023/24 Outturn Variance (£'000)
Housing Committee						
Dwelling rents and service charges		(25,777)	(25,777)	(25,648)	0	128
Other charges and income		(654)	(654)	(668)	0	(14)
Provision for bad debt		200	200	200	0	0
Total Income	5.3	(26,230)	(26,230)	(26,116)	0	114
Supervision and management	5.4	4,915	4,936	4,686	(51)	(301)
Repairs and maintenance	5.5	5,452	5,709	6,236	(24)	503
Independent Living service	5.6	1,244	1,253	899	0	(353)
Other expenditure	5.7	789	789	682	0	(107)
Independent Living Modernisation		450	387	387	0	0
Total Expenditure		12,850	13,073	12,890	(75)	(258)
Support Service Charges from the GF		2,650	2,650	2,650	0	0
Interest payable/receivable		3,179	3,179	3,079	0	(100)
Provision for repaying debt		1,026	1,026	1,026	0	0
Revenue funding of capital programme (Depn & RCCO)		9,553	8,497	8,497	0	0
Total Other Costs and Income		16,408	15,352	15,252	0	(100)
Total Net Expenditure		3,027	2,195	2,026	(75)	(244)
Transfers to/(from) HRA earmarked reserves		(1,213)	(326)	(426)	0	(100)
Transfers to/(from) HRA general reserves		(1,814)	(1,869)	(1,869)	0	0
Total Housing Revenue Account		0	0	(269)	(75)	(344)

Note: table may contain rounding differences

5.4 Income – £114k loss of income

The hard work of the Property Care team and its contractors assisted through additional targeted resources has meant we are continuing to reduce the historical backlog of empty council house properties undergoing works to make them ready to be let. The current figure for such properties is 50-55. Material and labour supply chains still remain uncertain, and we will continue monitor how this may impact on workstreams.

As a result of the reduction in the voids there has been an increase in let properties and therefore rental income, however the small reduction in income variance is as a result of the timing of rent notifications. There is also an expected reduction against budget for district heating charges, as the charges to tenants have been reduced (as approved by Housing Committee in June 2023). This reduction is offset by the reduced utilities charges reported in Independent Living.

An allowance for nonpayment of rents is included in the Provision for Bad Debt line. The amount is not yet known, and it is hoped that this can be reduced during the year through proactive support for tenants including sustainable payment arrangements to maintain tenancies.

Income levels will continue to be monitored.

5.5 Supervision and Management – (£301k) underspend

During 2021/22 and early 2022/23 a number of posts became vacant and are actively being recruited for through the due process.

The bulk of the variance relate to role changes and vacancies within the Tenant Management team (£133K), Income management and systems team (£106k), Senior housing management officers (£68k), Support officers (£57k) and the Development team (£42k). There is vacancy saving of £140k assumed within the budget (ie a level of vacancies are expected each year due to turnover), which reduces the overall variance.

5.6 Repairs and Maintenance – £503k overspend

There were a number of posts that became vacant in 2022/23 within Property Care. Taking into account vacancy and recruitment across the year the underspend is estimated to be (£129k).

Where trade posts have remained, vacant additional costs are being recorded for sub-contractors in order to maintain work patterns. Further work is being undertaken by the property care team to establish the impact of inflation as well as the costs of labour and materials in respect of the overall service position. The estimated variance of for sub-contractors is £203k which is a combination of current working sub-contractor requirements and also cover for vacant trade posts.

Investment revenue has a £246k variance due to an overspend in the cyclical painting contract. This contract ended at the end of June 2023 with extra costs incurred as a result of additional properties being identified throughout the year, and the project taking a street-based approach. If the contract had not been due to end, this work would have been reprofiled into the following years programme.

There is an underspend within Radon works of (£150k) due to procurement timescales being exceeded and the need to prioritise properties with high levels accompanied with lower levels of remediation than was forecast.

Council tax voids are reporting a £188k variance and there is a £130k projected overspend across the property care service.

5.7 Independent Living Service – (£353k) underspend

(£166k) of the underspend is the projected reduction in the cost of gas and (£212K) projected reduction in electricity within the independent living properties as a consequence of the change in national utility costs.

5.8 Other Expenditure – (£107k) underspend

(£121k) of the underspend is due to the reduced projected costs of electric supply within the communal areas of flat blocks as a consequence of the change in national utility costs.

5.9 Transfers to/from Earmarked reserves

The earmarked reserve transfers included in the budget are shown in the table below.

The transfer from the Independent Living Modernisation is in line with the approved budget.

Further changes to this position are likely, including for the Transformation and Retrofit reserves. This will be reported in later budget monitoring reports.

Table 4 – HRA Earmarked Reserves – budgeted transfers

Earmarked Reserves	Opening Balance (£'000)	Transfers in (£'000)	Transfers out (£'000)	Closing Balance (£'000)
Independent Living Modernisation	3,193	1,000	(1,041)	3,152
HRA Underspend 2022/23	330	0	(330)	0
HRA General Contingency	100	0	0	100
HRA Carry Forwards	332	0	(332)	0
Provision for repayment of debt	2,897	1,026	0	3,923
Transformation	416	0	(53)	363
Retrofit	168	0	0	168
	7,436	2,026	(1,756)	7,706

6. HRA Capital Programme

6.1 The HRA capital programme has been revised to £21,620k for 2023/24. This includes revised capital budgets due to reprofiling of capital programmes over financial years as included in the Budget Setting report.

6.2 The following table gives a breakdown of the current capital programme.

Table 5 – HRA Capital

Capital Summary	Para Refs	2023/24 Original Budget (£'000)	2023/24 Revised Budget (£'000)	2023/24 Forecast Outturn (£'000)	2022/23 Outturn Variance (£'000)
Central Heating		2,136	1,000	1,000	0
Disabled Adaptations		155	155	155	(0)
Kitchens and Bathrooms		487	1,150	1,150	0
Major Works		879	879	879	0
Compliance		196	196	196	0
Doors and Windows		1,169	1,064	1,064	0
Electrical Works		668	668	668	0
Environmental Works		1,830	1,830	1,830	0
Door Entry		44	111	111	0
External Works		3,651	3,651	3,651	0
Fire Risk Works		122	612	612	0
Decarbonisation Projects		0	2,467	2,467	0
Total Major Works		11,337	13,783	13,783	(0)
Depot		0	0	0	0
Total Other Capital Works		0	0	0	0
New Homes Contingency		50	50	50	0
Glebelands		3,580	166	166	0
Cambridge House		3,201	181	189	8
Broadfield Road, Eastington		0	0	1	1
Orchard Road, Ebley		0	0	6	6
Queens Drive, Cashes Green		14	11	11	0
Ringfield Close, Nailsworth		0	0	4	4
Summersfield Road, Minchinhampton		0	0	0	0
Gloucester St and Bradley St, WuE		1,875	52	55	3
Completed Schemes		0	33	48	15
Total New Build and Development		8,720	493	530	37
Independent Living Modernisation		652	624	624	0
Total Independent Living Modernisation		652	624	624	0
Acquisitions		4,000	6,720	6,720	0
Opportunity Land Acquisition Pot		3,000	0	0	0
Total Acquisitions		7,000	6,720	6,720	0
Total Capital Expenditure		27,709	21,620	21,657	37

6.3 Major Works – no reported variance

Major works programmes are all currently expected to deliver to budget. following a reprofiling of the capital programme.

6.4 **New Build and Regeneration – on target**

The new build programme runs across several financial years which can result in under/overspends if the programme changes against original estimates. Construction is the next key milestone to be achieved at Gloucester Street/Bradley Street, Cambridge House and Glebelands and is due to take place within the financial year. These sites will deliver a total of 44 affordable properties (39 affordable rent and 5 shared ownership). Upon completion of the projects the final project costs and outturn position will be reported in the relevant budget monitoring report when the assessment of closure costs is complete.

6.5 **Independent Living Housing Modernisation – no variance reported**

The Independent living modernisation programme is on target for 2023/24.

Acquisitions – on target

The property acquisitions budget relates to the Local Authority Housing Fund (£4m), a fund which is part funded from Government grant to purchase properties for household resettling from Ukraine and Afghanistan. One property was purchased in quarter one and further properties have been identified and will be reported during the year.

There is also a £470k budget for the purchase of three Section 106 properties (developer obligations on new housing schemes) in Wotton-under-Edge,

The Opportunity Land Acquisition Pot budget has been reprofiled into 2024/25. It is opportunity led and may not be used in full in any financial year.

7. **Implications**

7.1 **Financial Implications**

This report is of a financial nature, reporting on previous financial activities and expected forecasts. Potential financial pressures are detailed in the report.

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7.2 **Legal Implications**

There are no specific legal implications arising from the recommendation of this report.

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7.3 **Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

7.4 **Environmental Implications**

There are no significant implications within this category.