

# STROUD DISTRICT COUNCIL

## HOUSING COMMITTEE

14 SEPTEMBER 2021

<b>Report Title</b>	<b>BUDGET MONITORING REPORT 2021/22 QUARTER 1</b>
<b>Purpose of Report</b>	To present to the Committee a forecast of the outturn position against the revenue budget and Capital programme for the General Fund and HRA for 2021/22.
<b>Decision(s)</b>	<b>The Committee RESOLVES to note the outturn forecast for the General Fund and HRA Revenue budgets and Capital programmes for this Committee</b>
<b>Consultation and Feedback</b>	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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<b>Options</b>	None
<b>Background Papers</b>	None
<b>Appendices</b>	None

### 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 overspend of £11k above budget, as shown in Table 1. The General Fund capital forecast shows additional spend of £3k, on an externally funded project.
- 2.2 The HRA is currently expected to have a revenue overspend of £352k and a net capital programme overspend of £590k.

### 3. General Fund Revenue Budget Position

- 3.1 Council approved the original General Fund revenue budget for 2021/22 in February 2021. The latest budget for Housing Committee, following carry forwards from 2020/21, is £207k.
- 3.2 The budget monitoring position for the service at Quarter 1 shows an overspend of £11k, as summarised in Table 1.

Table 1: General Fund Revenue Budgets

	Para Refs	2021/22 Original Budget (£'000)	2021/22 Revised Budget (£'000)	2021/22 Forecast Outturn (£'000)	2021/22 Reserve Transfers (£'000)	2021/22 Outturn Variance (£'000)
<b>Housing Committee</b>						
Housing Advice		479	519	530	0	11
Housing Strategy		136	303	303	0	0
Private Sector Housing		157	157	158	0	1
<b>Housing General Fund Total</b>		<b>773</b>	<b>980</b>	<b>991</b>	<b>0</b>	<b>11</b>

#### 4. General Fund Capital Programme

- 4.1 The Housing General Fund Capital Programme was approved by Council in February 2021. This has subsequently been revised to £3,031k after slippage from 2020/21.
- 4.2 Spend is currently forecast at £3,034k, with a small overspend of £3k on Better Care Fund projects which will be funded in full by Gloucestershire County Council. Although currently forecast to spend on budget, it is likely that the other schemes will fluctuate throughout the year. The budget of £500k for Temporary Accommodation is in place, but will not necessarily be spent during 2021/22 with all options being considered to meet the need.
- 4.3 The following table gives a breakdown of the programme.

Table 2 – Housing Committee Capital Programme

Housing Capital Schemes	2021/22 Original Budget (£'000)	2021/22 Revised Budget (£'000)	2021/22 Forecast Outturn (£'000)	2021/22 Outturn Variance (£'000)
Affordable Housing-Support to Registered Providers	0	39	39	0
Better Care Fund Projects	0	0	3	3
Disabled Facilities Grant Scheme	330	330	330	0
Green Home LADS Park Homes	950	1,604	1,604	0
Health through Warmth Grants	200	200	200	0
Private Sector Housing Loans	15	15	15	0
Temporary Accommodation	500	500	500	0
Warm Homes	0	343	343	0
<b>Housing General Fund Capital Schemes TOTAL</b>	<b>1,995</b>	<b>3,031</b>	<b>3,034</b>	<b>3</b>

#### 5. Housing Revenue Account Budget Position

- 5.1 The original net Housing Revenue Account (HRA) budget for 2021/22 is a transfer to reserves of £281k, as approved by Council in February 2021.
- 5.2 The monitoring position for the service at Quarter 1 shows a projected net overspend of £352k (1.5% of gross spend) against the current budget, following a proposed net transfer from earmarked reserves of £542k, as shown in Table 3.

Table 3 – HRA Revenue Summary

	Para Refs	2021/22 Original Budget (£'000)	2021/22 Revised Budget (£'000)	2021/22 Forecast Outturn (£'000)	2021/22 Reserve Transfers (£'000)	2021/22 Outturn Variance (£'000)
<b>Housing Committee</b>						
Dwelling rents and service charges		(22,779)	(22,779)	(22,487)	0	292
Other charges and income		(629)	(629)	(661)	0	(32)
Provision for bad debt		200	200	200	0	0
<b>Total Income</b>	5.3	<b>(23,208)</b>	<b>(23,208)</b>	<b>(22,947)</b>	<b>0</b>	<b>260</b>
Supervision and management	5.4	4,196	4,196	3,966	0	(230)
Repairs and maintenance	5.5	4,482	4,503	4,688	0	185
Independent Living service		637	637	637	0	0
Other expenditure	5.6	540	540	591	0	52
Independent Living Modernisation	5.7	287	287	349	0	62
<b>Total Expenditure</b>		<b>10,142</b>	<b>10,163</b>	<b>10,231</b>	<b>0</b>	<b>69</b>
Support Service Charges from the GF		2,058	2,058	2,058	0	0
Interest payable/receivable	5.8	3,334	3,334	3,357	0	23
Provision for repaying debt		967	967	967	0	0
Revenue funding of capital programme (Depn & RCCO)		6,947	6,947	6,947	0	0
<b>Total Other Costs and Income</b>		<b>13,306</b>	<b>13,306</b>	<b>13,329</b>	<b>0</b>	<b>23</b>
<b>Total Net Expenditure</b>		<b>240</b>	<b>261</b>	<b>613</b>	<b>0</b>	<b>352</b>
Transfers to/(from) HRA earmarked reserves	5.9	(521)	(542)	(542)	0	0
Transfers to/(from) HRA general reserves		281	281	281	0	0
<b>Total Housing Revenue Account</b>		<b>0</b>	<b>0</b>	<b>352</b>	<b>0</b>	<b>352</b>

Note: table may contain rounding differences

### 5.3 Income – £260k loss of income

Dwelling rents are lower than budgeted due to the continued higher level of voids. Void properties are being let, but the backlog will take time to reduce.

Garage rents are expected to be higher than budgeted but will continue to reduce in line with the approval to review the use of all garage sites.

An allowance for this non-payment 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.

#### 5.4 Supervision and Management – (£230k) underspend

A number of posts are currently vacant and it is expected that the total staffing saving across the year will total £171k. This will fluctuate throughout the year as vacancies are filled.

There is also an underspend of £37k on IT software. This predominantly relates to budget available for a new housing system which is now due for implementation later in the year.

#### 5.5 Repairs and maintenance – £185k overspend

Void costs are expected to be higher than budget due to an increase in council tax of £100k because of the higher void rates.

There is also an overspend of £85k in Property Care. This predominantly relates to the use of subcontractors for specialist roles such as roofing and drainage.

#### 5.6 Other expenditure - £52k overspend

Flytipping and contaminated waste continues to be a costly problem within the estates. A cleaner estates action plan has recently been adopted by Housing Committee. This sets out the expectations, aspirations and methodology used in the delivery of the service and will be used to improve the service by looking at hot spots and the consideration of improved waste storage areas.

#### 5.7 Independent Living Modernisation - £62k overspend

Council tax is continued to be due at Cambridge House and Glebelands due to general delays caused by Covid-19 and statutory responses to planning applications.

#### 5.8 Interest payable/receivable – £23k pressure

It is expected that the investment income will be lower than budgeted this year as investment rates remain low.

#### 5.9 Transfers to/from Earmarked reserves

The earmarked reserve transfers included in the budget are shown in the table below. Further changes to this position are likely, particularly for the newly created Transformation and Retrofit reserves. This will be reported in later budget monitoring reports.

Table 4 – HRA Earmarked Reserves – budgeted transfers

<b>Earmarked Reserves</b>	<b>Opening Balance (£'000)</b>	<b>Transfer in (£'000)</b>	<b>Transfers out (£'000)</b>	<b>Closing Balance (£'000)</b>
Independent Living Modernisation	2,836	1,000	(1,524)	<b>2,312</b>
Estate Redevelopment	1,170	0	0	<b>1,170</b>
Staffing	250	0	0	<b>250</b>
HRA General Contingency	100	0	0	<b>100</b>
Provision for repayment of debt	918	967	0	<b>1,885</b>
Transformation	234	0	0	<b>234</b>
Retrofit	139	0	0	<b>139</b>
Carry forwards	21	0	(21)	<b>0</b>
	<b>5,668</b>	<b>1,967</b>	<b>(1,545)</b>	<b>6,090</b>

## 6. HRA Capital Programme

6.1 The HRA capital programme has been revised to £22,573k for 2021/22, including slippage from 2020/21 and after changes approved in the Outturn Report, including the inclusion of the Decarbonisation Demonstration Project at Hamfallow Court (Independent Living scheme), which is being part funded by government grant.

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

Table 5 – HRA Capital

Capital Summary	Para Refs	2021/22 Original Budget (£'000)	2021/22 Revised Budget (£'000)	2021/22 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Central Heating		855	416	416	0
Disabled Adaptations		150	150	150	0
Kitchens and Bathrooms		1,318	1,488	1,488	0
Major Works		450	450	450	0
Compliance		422	422	422	0
Doors and Windows		1,288	1,450	1,450	0
Electrical Works		150	150	150	0
Environmental Works		500	500	500	0
Door Entry		180	180	175	(5)
External Works		3,274	3,419	3,419	0
Lifts		80	80	80	0
Special Projects	6.5	500	500	1,100	600
Fire Risk Assessments		150	150	150	0
Decarbonisation Project		0	1,104	1,104	0
<b>Total Major Works</b>	6.3	<b>9,317</b>	<b>10,459</b>	<b>11,054</b>	<b>595</b>
IT Systems	6.6	435	435	435	0
<b>Total Other Capital Works</b>		<b>435</b>	<b>435</b>	<b>435</b>	<b>0</b>
New Homes Contingency		50	50	50	0
Canal side: Corner of A419/Downton Rd (Former Ship Inn site)		51	55	55	0
Glebelands		2,544	75	75	0
Cambridge House		1,395	78	78	0
Broadfield Road, Eastington		1,494	1,448	1,448	0
Orchard Road, Ebley		840	10	10	0
Queens Drive, Cashes Green		494	50	50	0
Ringfield Close, Nailsworth		3,302	3,014	3,014	0
Summersfield Road, Minchinhampton		1,024	950	950	0
Gloucester St and Bradley St, WuE		55	55	55	0
<b>Total New Build and Development</b>	6.7	<b>11,249</b>	<b>5,784</b>	<b>5,784</b>	<b>0</b>
Sheltered Housing Modernisation	6.8	358	403	398	(5)
<b>Total Sheltered Housing Modernisation</b>		<b>358</b>	<b>403</b>	<b>398</b>	<b>(5)</b>
Acquisitions		2,000	2,492	2,492	0
Opportunity Land Acquisition Pot		0	3,000	3,000	0
<b>Total Acquisitions</b>	6.9	<b>2,000</b>	<b>5,492</b>	<b>5,492</b>	<b>0</b>
<b>Total Capital Expenditure</b>		<b>23,359</b>	<b>22,573</b>	<b>23,164</b>	<b>590</b>

### 6.3 **Major Works – £595k overspend**

6.4 Major works programmes are all currently expected to deliver to budget.

6.5 The project at Park Road and Park Parade in Stonehouse have been brought forward and the full project is expected to be completed in 2021/22 (rather than being delivered over two years). This project is funded in full over the Medium Term Financial Plan (MTFP) and so there is no financial impact to the HRA of bringing the works forward.

### 6.6 **Other Capital Works – on target**

£435k is allocated for the implementation of a new Housing IT system.

### 6.7 **New Build and Regeneration – on target**

Work is progressing well at Broadfield Road, Ringfield Close and Summersfield Road; these sites will deliver a total of 36 affordable properties.

### 6.8 **Sheltered Modernisation – (£5k) underspend**

The Sheltered Modernisation Programme is on target for 2021/22.

Work commenced at Vizard Close in August and is due to complete in November, work will then commence at Jenner Court with completion expected in March 2022.

### 6.9 **Acquisitions – on target**

Three properties were purchased in quarter one. Two of these are houses for ex rough sleepers under the Next Steps Accommodation Programme. Further properties have been identified to add to the general needs housing stock and work will continue to find properties and/or land to increase housing offered by the council.

This budget is opportunity led, and may not be used in full in each financial year.

## 7. **IMPLICATIONS**

### 7.1 **Financial Implications**

There are no financial implications arising from this report as it reports on previous financial activities and expected forecasts.

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### 7.2 **Legal Implications**

There are no legal implications arising from this report and the recommendation

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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.