

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 19 MARCH 2024

Report Title	BUDGET MONITORING REPORT 2023/24 QUARTER 3			
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 overspend of £54k below budget, as shown in Table 1. The General Fund capital forecast shows an underspend of (£453k).
- 2.2 The HRA is currently expected to have a revenue underspend of (£942k) and a net capital programme underspend of (£3,285k).

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 3 shows an overspend of £54k, as summarised in Table 1.

Table 1: General Fund Revenue Budgets

		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	Para Refs					
Housing Advice	3.3	514	520	420	136	36
Housing Strategy	3.4	174	367	183	167	(17)
Private Sector Housing	3.5	191	467	489	12	35
Housing General Fund Total		879	1,354	1,093	315	54

3.3 Housing Advice and Homelessness – £36k pressure

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.

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 £136k (dependent on the outturn position) is transferred to earmarked reserves to fund an additional post within the Housing Advice. There is also a £24K variance in salaries and contracted staff covering existing vacancies.

3.4 Housing Strategy – (£17k) saving

Elements of works within Housing Strategy are grant funded by the Department for Levelling up, Housing and Communities (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 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. £167k 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.

3.5 Private Sector Housing - £35K overspend

The £35k overspend relates to emergency works in default where private contractors have installed scaffolding because of the partial collapse of a private residence. The council will be seeking to place a charge on the property to recoup the costs to date as well as any future costs arising.

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 £2,736k.

4.3 Sustainable Warmth - LADS 3 (£80k) underspend

This is funding provided by the department for energy, supply, and net zero (DESNEZ) 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 (£80k), having carried forward (£785k) from 2022/23 due to an extension to the project. The project is due to complete by March 2024 with anticipated unspent funding of £0.4m returned to DESNEZ.

4.4 Sustainable Warmth - Home Upgrade Grant (£358k) underspend

Home Upgrade Grant energy efficiency and heating improvements to homes not on the gas network is showing an underspend of (£392k,) having carried forward (£2,216k) from 2022/23 due to an extension to the project. The project is due to complete by March 2024 with anticipated unspent funding of £0.2m returned to DESNEZ.

An additional £34k is anticipated being spent in respect of HUG 2 insulation & renewable heating to off gas properties.

4.5 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		330	720	720	0
Green Homes LADS 3	4.3	0	440	360	(80)
Health through Warmth Grants		0	100	100	0
Home Upgrade Grant - Sustainable Warmth	4.4	0	1,710	1,351	(358)
Private Sector Housing Loans		15	30	15	(15)
Temporary Accommodation		0	190	190	0
Housing General Fund Capital Schemes TOTAL		345	3,190	2,736	(453)

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 3 shows a projected net underspend of (£942k) (-3.3%) of gross spend against the current budget, following a proposed net transfer to earmarked reserves of (£372k), as shown in Table 3 (below).

Table 3 – HRA Revenue Summary

Housing Committee	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)
Dwelling rents and service charges		(25,777)	(25,777)	(25,654)	0	122
Other charges and income		(654)	(654)	(675)	0	(22)
Provision for bad debt		200	200	200	0	0
Total Income	5.4	(26,230)	(26,230)	(26,129)	0	101
Supervision and management	5.5	4,925	4,946	4,461	(51)	(536)
Repairs and maintenance	5.6	5,452	5,709	5,866	(24)	134
Independent Living service	5.7	1,244	1,253	987	0	(266)
Other expenditure	5.8	789	789	850	0	61
Independent Living Modernisation	5.9	440	377	323	0	(54)
Total Expenditure		12,850	13,073	12,487	(75)	(662)
Support Service Charges from the GF		2,650	2,650	2,608	0	(42)
Interest payable/receivable		3,179	3,179	2,779	0	(400)
Provision for repaying debt		1,026	1,026	1,026	0	0
Revenue funding of capital programme (Depn & RCCO)	5.6	9,553	8,497	8,604	0	107
Total Other Costs and Income		16,408	15,352	15,017	0	(335)
Total Net Expenditure		3,027	2,195	1,374	(75)	(896)
Transfers to/(from) HRA earmarked reserves		(1,213)	(326)	(372)	0	(46)
Transfers to/(from) HRA general reserves		(1,814)	(1,869)	(1,869)	0	0
Total Housing Revenue Account		0	0	(867)	(75)	(942)

Note: table may contain rounding differences

5.4 Income – £101k 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 77. Material and labour supply chains still remain uncertain, and we will continue monitor how this may impact on workstreams.

There is a small variance against HRA income budgets of £101k (0.4% of income budget). This includes 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 – (£536k) underspend

During 2021/22 and early 2022/23 a number of posts became vacant. Several of these roles were actively being recruited for through the due process, however, there have been difficulties recruiting to these roles for a combination of reasons, including a lack of skilled professionals in the industry.

A service review took place during 2023/24 to review the tenancy management team to ensure that we strengthen our resources, resilience, and our offer to our tenants. Subsequently a number of the vacant posts leading to the variances below have been advertised recently and this process is ongoing.

The bulk of the variance relate to role changes and vacancies within the Tenant Management team (£152K), Income management and systems team (£214k), Contract services (£93k), Senior housing management officers (£89k), Support officers (£63k) and the Development team (£59k). There is vacancy saving of £140k assumed within the budget (i.e. a level of vacancies are expected each year due to turnover), which reduces the overall variance.

5.6 Repairs and Maintenance – £134k overspend

There were a number of posts that became vacant in 2022/24 within Property Care. Where trade posts have remained vacant, additional costs are being recorded for sub-contractors to maintain work patterns. These sub-contractors' costs are a combination of current working sub-contractor requirements and also cover for vacant trade posts.

Across property care there is additional spend of £180k and council tax voids are also reporting a £201k variance.

Investment revenue has a £286k 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 slippage 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. The works are scheduled to be completed next year and therefore a request for budget slippage may be made.

Fire risk assessment remedials are also forecasting slippage of (£197K). This is the result of delays to the work programme as the procurement of the assessments took longer than expected and consequently a request for budget slippage may be made.

An underspend of (£107k) is forecast within the minor voids main contract where projected spend on those voids has been reallocated to major voids spend and this is shown in the Revenue funding of capital programme line Table 3, 5.6.

5.7 Independent Living Service – (£266k) underspend

(£169k) of the underspend is the projected reduction in the cost of gas and (£119K) projected reduction in electricity within the independent living properties as a consequence of the change in national utility costs.

5.8 Other Expenditure – £61k overspend

Within Skip and contaminated rubbish there is a £99k overspend forecast where UBICO have been called in to collect contaminated waste coupled with the rising costs of collection.

(£61k) underspend is also reported 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 Independent Living Modernisation – (£54k) underspend

The underspend relates to Council Tax rebates in respect of buildings at Glebelands (£36k) and Cambridge House (£19k) both of which have now been demolished.

5.10 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	Transfers in	Transfers out	Closing Balance
	(£'000)	(£'000)	(£'000)	(£'000)
Independent Living Modernisation	3,193	1,000	(987)	3,206
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	(1,702)	7,760

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	6.4	2,136	1,000	537	(463)
Disabled Adaptations		155	155	155	0
Kitchens and Bathrooms	6.5	487	1,150	851	(299)
Major Works	6.6	879	879	992	113
Compliance	6.7	196	196	146	(50)
Doors and Windows	6.8	1,169	1,064	857	(207)
Electrical Works	6.9	668	668	330	(338)
Environmental Works	6.10	1,830	1,898	525	(1,373)
Door Entry	6.11	44	111	218	107
External Works		3,651	3,651	3,651	0
Fire Risk Works	6.12	122	612	150	(462)
Decarbonisation Projects		0	2,399	2,399	0
Total Major Works	6.3	11,337	13,783	10,811	(2,972)
Depot		0	0	0	0
Total Other Capital Works		0	0	0	0
New Homes Contingency		50	50	43	(8)
Glebelands		3,580	166	166	(0)
Cambridge House		3,201	181	169	(12)
Orchard Road, Ebley		0	0	6	6
Queens Drive, Cashes Green		14	11	12	1
Gloucester St and Bradley St, WuE		1,875	52	57	5
May Lane, Dursley		0	33	33	0
Completed Schemes		0	0	7	7
Total New Build and Development	6.13	8,720	493	493	(0)
Independent Living Modernisation		652	624	624	0
Total Independent Living Modernisation	6.14	652	624	624	0
Acquisitions		4,000	6,720	5,910	(810)
Opportunity Land Acquisition Pot		3,000	0	497	497
Total Acquisitions	6.15	7,000	6,720	6,407	(313)
Total Capital Expenditure		27,709	21,620	18,335	(3,285)

6.3 Major Works – (£2,972k) underspend

Major works programmes were reprofiled as part of the budget setting for 2024/25.

6.4 Central Heating – (£463k) slippage

An exercise is currently in place to procure a new contractor to deliver the central heating work stream. The budget forecast variance of (£463k) has therefore been reported to reflect a revised anticipated start date in the 4th quarter 2023/24. The service will continue to carry out critical failure requirements and replacements in the interim on a service-based approach.

6.5 Kitchens and Bathrooms – (£299k) slippage

Due to a late start in the Kitchens and Bathrooms programme there is a (£299k) underspend. As a result, the full programme of works for bathrooms (£232K) will not be delivered in year and will look to be moved into next year whilst the smaller kitchens (£67k) target will be met.

6.6 Major Works – 113K overspend

An overspend of £113k is forecast within the major voids contract where projected spend on minor voids main contract has been reallocated to these voids.

6.7 Compliance – (£50k) underspend

Asbestos removal continues across all work streams as and when required. The current projection is forecasting the budget will be (£50k) underspent, however this could change depending on the planned work programmes.

6.8 Doors and Windows – (£207k) slippage

The £40k overspend in the doors programme is due to a number of referrals from repairs, coupled with recent increase in material costs.

Windows report an underspend of (£247k) relating to the Wave 2 decarbonisation project where the full budget being spent, is dependent on the outcome of the retrofit surveys.

6.9 Electrical Works – (£338k) slippage

Within electrical works the process has been slow in carrying out rewires and consumer unit replacements. This is due to a survey being required followed by installation of an isolation switch, which is delivered by a 3rd party. There is no control over this in terms of dates, and this has delayed the programme.

The contractor has also struggled with resource, and they have been asked to prioritise electrical installation condition reports (EICR's) due to the resource shortages within property care.

6.10 Environmental Works – (£1,373k) slippage

The (£1,373k) relates to the decarbonisation Wave 2 retrofit works. This work is pending the retrofit assessments and designs being completed before work can begin on the properties. Any budget not spent in this financial year will be carried forward to 2024/25 in line with the two year agreement with DESNEZ.

6.11 Door Entry - £107K overspend

The current programme is nearing completion however there have been additional works finalised that were due to be conducted within future programmes. Ageing condition and disrepair to the properties has meant that these works have had to be brought forward in order to secure the relevant blocks.

6.12 Fire Risk Works – (£462k) slippage

The fire risk assessment (FRA's) works are due to be transferred to a planned programme.

Following two procurements there has been a delay in completing the fire compartmentalisation works due to time constraints and surveys taking longer than expected. The quantity of FRA remedial works delivered within the financial year reduced and any outstanding at the year-end will be carried forward to 2024/25

6.13 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.

6.14 Independent Living Housing Modernisation – no variance reported

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

6.15 Acquisitions – (£313k) underspend

The property acquisitions budget relates to the Local Authority Housing Fund (LAHF) (£6.25m), a fund which is part funded from Government grant to purchase properties for household resettling from Ukraine and Afghanistan. All 20 properties are expected to complete by the end of the year, including the one property for which an additional LAHF bid was submitted, as endorsed by Housing Committee in February 2024.

There is an expected £810k underspend against budget on the purchase of LAHF properties. The final figure will depend on works undertaken on the properties to bring them in line with the lettable standard.

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

There is forecast spend of £497k in the Opportunity Land Acquisition Pot, subject to completion of the purchase. This will provide a future development site for new housing within the HRA.

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.