

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 7 DECEMBER 2021

Report Title	BUDGET MONITORING REPORT 2021/22 QUARTER 2			
Purpose of Report	To present the 2021/22 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.			
Report Author	Jon Coldridge, Principal Accountant Tel: 01453 754030 Email: jon.coldridge@stroud.gov.uk			
Options	None			
Background Papers	None			
Appendices	None			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	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 £10k above budget, as shown in Table 1. The General Fund capital forecast shows an underspend of £(681)k.
- 2.2 The HRA is currently expected to have a revenue overspend of £519k and a net capital programme variance of £0k.

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 £980k.
- 3.2 The budget monitoring position for the service at Quarter 1 shows an overspend of £10k, as summarised in Table 1.

Table 1: General Fund Revenue Budgets

Housing Committee	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)
Housing Advice		479	519	530	0	11
Housing Strategy		136	303	304	0	1
Private Sector Housing		157	157	156	0	(1)
Housing General Fund Total		773	980	990	0	10

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 £2,350k, with a small overspend of £3k on Better Care Fund projects which will be funded in full by Gloucestershire County Council. The additional grant funding of £11k to Registered Housing Providers will be funded from Section 106 monies from developers.
- 4.3 The Green Homes LADS scheme for park homes has been aligned to the current position of the grant. The change relates to the carry forward amount from 2020/21 with the total amount spent of £984k against an initial allocation £1,084k (of which £654k carried forward to 2021/22). There is also an allocation of £950k for 2021/22, which is being used to continue the work.
- 4.4 The Temporary Accommodation budget of £500k has been taken out of the capital programme as reported in the Budget Setting papers also at this committee. This is due to the project now due to be delivered in a different way, but with the same outcome of having additional temporary accommodation in the district.
- 4.5 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	50	11
Better Care Fund Projects	0	0	3	3
Disabled Facilities Grant Scheme	330	330	330	0
Green Home LADS Park Homes	950	1,604	1,409	(195)
Health through Warmth Grants	200	200	200	0
Private Sector Housing Loans	15	15	15	0
Temporary Accommodation	500	0	0	0
Warm Homes	0	343	343	0
Housing General Fund Capital Schemes TOTAL	1,995	3,031	2,350	(681)

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 £519k (2.3% of gross spend) against the current budget, following a proposed net transfer to earmarked reserves of £94k, as shown in Table 3.
- 5.3 The Independent Living Modernisation programme budget has been amended as set out in the Budget Setting papers, as reported to this committee. Although a change in the 2021/22 budget this does not affect the overall programme, or the bottom line position of the HRA.

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)
Housing Committee						
Dwelling rents and service charges		(22,779)	(22,779)	(22,387)	0	393
Other charges and income		(629)	(629)	(686)	0	(57)
Provision for bad debt		200	200	200	0	0
Total Income	5.4	(23,208)	(23,208)	(22,872)	0	336
Supervision and management	5.5	4,196	4,196	3,825	0	(372)
Repairs and maintenance	5.6	4,482	4,503	4,983	0	480
Independent Living service		637	637	637	0	0
Other expenditure	5.7	540	540	591	0	52
Independent Living Modernisation		287	381	381	0	0
Total Expenditure		10,142	10,257	10,417	0	160
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	6,217	6,217	0	0
Total Other Costs and Income		13,306	12,576	12,599	0	23
Total Net Expenditure		240	(375)	144	0	519
Transfers to/(from) HRA earmarked reserves		(521)	94	94	0	0
Transfers to/(from) HRA general reserves		281	281	281	0	0
Total Housing Revenue Account		0	0	519	0	519

Note: table may contain rounding differences

5.4 Income – £336k loss of income

The number of empty (void) properties which are made available for rent and subsequently let to those on our waiting list each week is 31% higher than in the comparable pre Covid period in 2019/2020 (33 properties per month). This significantly improved performance reflects the hard work of the Property Care team. The number of tenants leaving council dwellings has however increased over the last 18 months. This, alongside the residual impact of restricted works during lockdown, and ongoing material and labour market pressures, has resulted in higher number of voids than projected. As a consequence, rental income is under budget. Additional resource is being allocated to reduce the backlog, as included in paragraph 5.6.

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.

5.5 Supervision and Management – (£372k) underspend

A number of posts are currently vacant and it is expected that the total staffing saving across the year will total £226k. This will fluctuate throughout the year as vacancies are filled. It may be necessary to use some of these savings to provide additional support across the service.

There is also an underspend of £107k on IT software. This predominantly relates to budget available for a new housing system which is now due for implementation later in the year.

5.6 Repairs and maintenance – £480k 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.

An additional £250k has been allocated to make good void properties and bring back to habitable use. This will allow the contractors to put additional resource into our properties and help reduce the backlog of void properties more quickly.

There is also an overspend of £167k in Property Care. This predominantly relates to the use of subcontractors for specialist roles such as roofing and drainage.

5.7 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.

5.8 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.

The transfer from the Independent Living Modernisation reserve has been amended in line with the revised revenue and capital budgets. This is only a change in timing and does not change the overall Independent Living Modernisation programme.

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

Earmarked Reserves	Opening Balance (£'000)	Transfer in (£'000)	Transfers out (£'000)	Closing Balance (£'000)
Independent Living Modernisation	2,836	1,000	(885)	2,951
Estate Redevelopment	1,170	0	0	1,170
Staffing	250	0	0	250
HRA General Contingency	100	0	0	100
Provision for repayment of debt	918	967	0	1,885
Transformation	234	0	0	234
Retrofit	139	0	0	139
Carry forwards	21	0	(21)	0
	5,668	1,967	(906)	6,729

6. HRA Capital Programme

- 6.1 The HRA capital programme has been revised to £21,790k for 2021/22. This includes slippage from 2020/21 and the inclusion of the decarbonisation Demonstrator Project at Hamfallow Court (Independent Living Scheme), as detailed in the Outturn Report 2020/21. It also 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	2021/22 Original Budget (£'000)	2021/22 Revised Budget (£'000)	2021/22 Forecast Outturn (£'000)	2021/22 Outturn Variance (£'000)
Central Heating		855	416	416	0
Disabled Adaptations		150	150	150	0
Kitchens and Bathrooms		1,318	425	425	0
Major Works		450	450	450	0
Compliance		422	422	422	0
Doors and Windows		1,288	1,396	1,396	0
Electrical Works		150	150	150	0
Environmental Works		500	450	450	0
Door Entry		180	180	180	0
External Works		3,274	3,419	3,419	0
Lifts		80	0	0	0
Special Projects		500	1,200	1,200	0
Fire Risk Assessments		150	150	150	0
Decarbonisation Project		0	1,104	1,104	0
Minor External Works		0	0	0	0
Total Major Works	6.3	9,317	9,912	9,912	0
Depot		0	0	0	0
IT Systems		435	435	435	0
Total Other Capital Works	6.6	435	435	435	0
Southbank, Woodchester		0	0	0	0
New Homes Contingency		50	11	11	0
Canal side: Corner of A419/Downton Rd (Former Ship Inn site)		51	27	27	0
Glebelands		2,544	48	48	0
Cambridge House		1,395	32	32	0
Broadfield Road, Eastington		1,494	1,455	1,455	0
Orchard Road, Ebley		840	108	108	0
Queens Drive, Cashes Green		494	10	10	0
Ringfield Close, Nailsworth		3,302	3,004	3,004	0
Summersfield Road, Minchinhampton		1,024	955	955	0
Gloucester St and Bradley St, WuE		55	149	149	0
Completed Schemes		0	0	0	0
Total New Build and Development	6.7	11,249	5,799	5,799	0
Independent Living Housing Modernisation	6.8	358	359	359	0
Total Independent Living Modernisation		358	359	359	0
Acquisitions	6.9	2,000	2,285	2,285	0
Opportunity Land Acquisition Pot		0	3,000	3,000	0
Total Acquisitions		2,000	5,285	5,285	0
Total Capital Expenditure		23,359	21,790	21,790	0

6.3 Major Works – no reported variance

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

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).

6.6 Other Capital Works – no reported variance

£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 (31 affordable rent, 3 shared ownership and 2 Older person's shared ownership).

6.8 Independent Living Housing Modernisation – no variance reported

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 and three properties in quarter two. 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.

Lucy Clothier, Accountancy Manager

Tel: 01453 754343 Email: lucy.clothier@stroud.gov.uk

7.2 Legal Implications

There are no legal implications arising from this report.

One Legal

Tel: 01684 272203 Email: legalservices@onelegal.org.uk

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.