

# STROUD DISTRICT COUNCIL

## HOUSING COMMITTEE

6 AUGUST 2020

<b>Report Title</b>	<b>HOUSING REVENUE ACCOUNT OUTTURN 2019/20</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 Housing Revenue Account for 2019/20.			
<b>Decision(s)</b>	<b>The Committee RESOLVES to</b> note the Housing Revenue Account revenue and capital outturn position for 2019/20.			
<b>Consultation and Feedback</b>	Budget holders have been consulted about the outturn position 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			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

### 1. Introduction

- 1.1 This report sets out the final outturn position for the Housing Revenue Account (HRA) for the 2019/20 financial year.
- 1.2 The purpose of this report is to inform members of the variances to budget and the level of balances held by the HRA as a result of closing the accounts for the year.

### 2. HRA Outturn Position Summary

- 2.1 The HRA is a self financing account for the Council's landlord function, which must be budgeted to break even (net of transfers to/from HRA reserves).

#### Revenue

- 2.2 The revenue outturn position of the HRA shows a transfer to HRA General Reserves of £1.044m. This represents a net underspend of -£0.994m (4.4% of gross expenditure budget). A summary of this variation can be found in Table 1 (following paragraph **Error! Reference source not found.2**).
- 2.3 The transfer of £1.044m increases the HRA general reserves balance to £4.430m.

2.4 2019/20 includes the first annual payment towards the repayment of self financing debt. A provision of £0.9m has been made, with this figure increasing in line with inflation over the Medium Term Financial Plan.

### Capital

2.5 The capital outturn position shows total expenditure of £8,169k, a variance of -£1,841k against the revised budget of £10,110k. A summary of this variance can be found in Table 5 (following paragraph 6.3).

2.6 Tanners Piece, a new build Independent Living scheme was completed during the year, providing 11 new flats that are now tenanted. These are the first Independent Living units which form part of the delivery of the Older Persons Strategy.

### 3. Housing Revenue Account Revenue Outturn Position

3.1 The outturn position for the HRA shows a net underspend of -£994k (4.4% of gross expenditure). A breakdown of this variance is included in Table 1 below. This is a change of -£285k (-1.3%) from the Quarter 3 forecast.

3.2 This underspend will transfer to HRA General Reserves. A summary of the position of HRA General Reserves can be found in Section **Error! Reference source not found.**

Table 1 – HRA Revenue Summary

	Para Ref	2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Amount (£'000)	2019/20 Reserve Transfer (£'000)	2019/20 Outturn Variance (£'000)
<b>Housing Committee</b>						
Dwelling Rents and service charges	3.4	(21,855)	(21,855)	(22,493)	0	(638)
Other charges and income	3.4	(551)	(551)	(768)	0	(217)
Provision for Bad Debt	3.5	80	80	149	0	69
<b>Total Income</b>		<b>(22,325)</b>	<b>(22,325)</b>	<b>(23,111)</b>	<b>0</b>	<b>(786)</b>
Supervision and Management	3.6	4,203	4,256	4,004	0	(251)
Repairs and Maintenance	3.7	3,733	3,793	3,975	0	182
Sheltered Housing Service	3.8	1,083	1,083	987	0	(96)
Other Expenditure	3.9	460	460	561	0	102
Sheltered Housing Modernisation	3.10	470	470	522	(52)	0
<b>Total Expenditure</b>		<b>9,948</b>	<b>10,061</b>	<b>10,049</b>	<b>(52)</b>	<b>(63)</b>
Support Service Charges from the GF		1,560	1,560	1,567	0	7
Revenue Funding of Capital Programme (Depn & RCCO)		6,687	6,687	6,519	168	0
Provision for repaying debt		900	900	900	0	0
Interest Payable/Receivable	3.11	3,354	3,354	3,202	0	(152)
<b>Total Other Costs and Income</b>		<b>12,501</b>	<b>12,501</b>	<b>12,188</b>	<b>168</b>	<b>(145)</b>
<b>Total Housing Revenue Account</b>		<b>123</b>	<b>236</b>	<b>(874)</b>	<b>116</b>	<b>(994)</b>
Transfers to/from HRA Earmarked reserves	4	(226)	(286)	(170)	(116)	0
Transfers to/from General Reserves	5	103	50	50	0	0
<b>Total Transfers to/from reserves</b>		<b>(123)</b>	<b>(236)</b>	<b>(120)</b>	<b>(116)</b>	<b>0</b>

Note: table may contain rounding differences

3.3 Detail of the variances follow.

3.4 **Income – (£855k) additional income**

As previously reported additional rental income has been received when compared to budget, in part because of prudent budgeting of dwelling numbers included in the new build programme and sheltered modernisation programme.

There is also an increased level of lease income representing the work by Tenant Services of providing some housing for temporary accommodation in the district.

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.

Leaseholder charges are also higher, with a number of major works being completed in blocks containing leaseholders. Leaseholders are charged a share of the cost of works, based on the provision in their lease. For example, if a leaseholder is in a block of four flats, they would usually be expected to pay one quarter of the total cost for the block. Leaseholders are consulted under Section 20 of the Landlord and Tenant Act. This income will offset the cost of the works which was largely completed in 2018/19.

### **3.5 Provision for Bad Debt – £69k overspend**

A provision is put aside in order to reflect the likelihood that some outstanding debts across rents and other charges will not be received. A provision of £149k has been made in 2019/20. This is higher than was forecast at Quarter 3 budget monitoring due to the expected impact of the Coronavirus pandemic.

### **3.6 Supervision and Management – (£251k) underspend**

Significant salary savings have been made, predominantly in Contract Services (£209k). This is largely due to posts being held vacant pending the implantation of the in house repairs and maintenance service from April 2020.

The Development Team has also seen salary savings (£37k) due to vacant posts.

This area also includes the set up costs for the in house service starting April 2020. Further detail on these costs are included in Section 6.

### **3.7 Repairs and maintenance - £182k overspend**

Maintenance spend is £182k overspent overall, but this does include some large variances within the service.

An overspend in general maintenance of £436k relates to responsive repairs. This area will be transferred to the in house repairs and maintenance service from April 2020. This is a demand led service and as in previous years this area of work has had both positive and negative variances. Additional spend was incurred for the installation of heat detectors following a change in legislation, £100k of electrical of associated remedial works, and £100k for structural works to balconies.

Void works are £194k overspent. £50k of this relates to Council Tax on void properties. This demand led service, and again as in previous years variances have been both positive and negative. The condition of some properties has necessitated additional spend due to the condition they have been return in.

Planned maintenance spend is £329k less than budget largely due to a lower than anticipated cost for asbestos works, and uncompleted works on the North contract (Mi-Space).

Gas in house provider is £118k underspent. This is due to a small underspend in salaries due to a vacant apprentice post, as well as slippage in a contractor delivering (non urgent) servicing to renewable heating systems.

### **3.8 Sheltered Housing Service – (£96k) underspend**

As previously reported, there is a reduced staffing cost compared to the budget (-£74k), and significant savings made on services (-£45k). This has however been partially offset by additional costs relating to works and equipment needed to implement the changes to call monitoring as approved by Housing Committee in September 2019.

### **3.9 Other expenditure - £102k overspend**

As previously reported, the cost of grounds maintenance, including fly tipping, is higher than anticipated (£69k overspend). This will continue to be monitored, and the budget has been increased in 2020/21.

Some additional works have undertaken on some trees on HRA land, along with other expenses including a 'dowry' payment made with the transfer of playing fields, have further increased the pressure. This is part of the Council's ongoing Community Asset transfer programme and will generate future savings as the HRA will no longer be paying for the maintenance of the areas.

### **3.10 Sheltered Housing Modernisation – funded from earmarked reserve**

The Sheltered Modernisation Programme includes modernisation works to green and amber schemes, as well as the decanting costs and void costs e.g. council tax for the red schemes. It consists of works to schemes that are part revenue and part capital and the budget is split based on estimates.

This is fully funded from the Sheltered modernisation earmarked reserve, along with a contribution towards the lost service charges that formed part of the original business case.

The expenditure in 2019/20 relates in part to decanting and holding void Glebelands, Cambridge House, and Ringfield Close all 'red' schemes, and to modernisation works at Concord and George Pearce House, both amber schemes.

Overall, across revenue and capital, there is an underspend of £116k. The majority of the underspend is due to savings on the contract value against the original estimates, and also additional savings against the contract value as the projects were subsequently delivered under-budget. This resulted in an overall saving against estimated budgets of 7% for Concord and an anticipated saving of over 10% for George Pearce House. These savings are at least partly due to the relationship that has been established with our partner contractor due to the Dynamic Purchasing System utilised when procuring these services. The works at George Pearce House were all due to be completed in 2019/20 but works had to be suspended due to Covid-19 and were completed in June and hence some spend has fallen into 2020/21.

There is an increase in the decant costs as residents from Glebelands have been rehoused quicker than anticipated and so more of the costs have fallen into 2019/20. There will therefore be less spend in 2020/21 in this area.

As this spend is fully funded from the earmarked reserve, the variance won't affect the bottom line of the HRA revenue position, but instead means that the earmarked reserve will close £116k higher than budgeted.

This will be used for future modernisation costs including the slippage on George Pearce House. Further information on the Sheltered Modernisation earmarked reserve can be found in Section 4.

A full breakdown of the Sheltered Modernisation budget (including the financing of the capital expenditure through Revenue Contribution to Capital Outlay (RCCO) is contained within the below table.

Table 2 – Sheltered Modernisation Summary

	Budget £k	Outturn £k	Variance £k
Project costs eg newsletter	5	2	(3)
Decanting and empty property costs in red schemes	202	223	21
Contribution towards lost service charges (part of business case)	141	141	0
Modernisation works:			
Revenue	263	297	34
Capital (included in Revenue Funding of Capital Programme as RCCO)	614	446	(168)
<b>Total – Transfer from EMR</b>	<b>1,225</b>	<b>1,109</b>	<b>(116)</b>

### 3.11 Interest payable/receivable – (£152k) additional income

Investment income has been much higher than budget in this financial year. This is unlikely to continue into 2020/21 as interest rates are again much lower.

## 4. HRA Earmarked Reserves

4.1 The transfers to/from earmarked reserves are summarised in the table below.

Table 3 – Earmarked Reserve Transfers

<b>Earmarked Reserve</b>	Opening balance £k	Transfers in £k	Transfers out £k	<b>Closing balance £k</b>	Net transfers £k
Sheltered Modernisation	2,514	1,000	(1,109)	<b>2,405</b>	(109)
Estate Redevelopment	1,170			<b>1,170</b>	0
Staffing	250			<b>250</b>	0
HRA General Contingency	100			<b>100</b>	0
Carry forwards – Fire Risk Assessments	60		(60)	<b>0</b>	(60)
	<b>4,094</b>	<b>1,000</b>	<b>(1,169)</b>	<b>3,925</b>	<b>(169)</b>

4.2 The transfer from the Sheltered Modernisation reserve was £116k lower than budgeted as reported in paragraph 3.10. This will remain in the earmarked reserve and be used for future modernisation works.

## 5. HRA General Reserves

- 5.1 The opening balance of HRA general reserves at 1 April 2019 was £3,386k. The base budget included a transfer of £103k to reserves, but this was reduced to £50k in April 2019.
- 5.2 The revenue underspend of £994k increases the total transfer to HRA general reserves to £1,044k, giving a balance of £4,430k at 31 March 2020.

Table 4 – HRA General Reserves

	2019/20 £k	2020/21 £k
Opening balance	3,386	4,430
Budgeted transfer to/(from) general reserves – Council Feb 2020	50	181
Revenue underspend 2019/20	994	
<b>Closing balance</b>	<b>4,430</b>	<b>4,611</b>

- 5.3 It should be noted that the budgeted transfer to HRA general reserves in 2020/21 will be revised during the year as budgets will need to be realigned in light of the Covid-19 pandemic.
- 5.4 Members could choose to recommend to Strategy and Resources Committee and Council that some of these reserves are allocated to specific projects in 2020/21. However, this should be considered against the medium and long term pressures faced by the HRA.

## 6. HRA Capital Programme

- 6.1 The HRA has a budgeted capital programme of £10,010k for 2019/20, of which £8,169k has been spent.
- 6.2 The below table give a breakdown of the capital programme, with further details of variances following.

Table 5 – HRA Capital Outturn

		2019/20 Original Budget (£'000)	2019/20 Revised Budget (£'000)	2019/20 Amount (£'000)	2019/20 Outturn Variance (£'000)
<b>Capital Summary</b>	Para Refs				
Central Heating	6.7	1,021	849	557	(292)
Disabled Adaptations		200	200	178	(22)
Kitchens and Bathrooms	6.8	1,389	1,400	1,235	(165)
Major Works	6.9	464	464	373	(90)
Compliance	6.1	422	422	259	(163)
Doors and Windows	6.11	1,022	702	392	(310)
Electrical Works		218	218	213	(5)
Environmental Works	6.12	0	150	89	(61)
Door Entry		218	313	305	(8)
Suited Locks		76	150	115	(35)
External Works	6.13	3,519	2,713	2,568	(144)
<b>Total Major Works</b>	6.3	<b>8,549</b>	<b>7,581</b>	<b>6,284</b>	<b>(1,297)</b>
Depot	6.14	0	0	219	219
IT Systems	6.14	0	175	0	(175)
<b>Total Other Capital Works</b>		<b>0</b>	<b>175</b>	<b>219</b>	<b>44</b>
Southbank, Woodchester	6.17	902	707	517	(190)
Purchase of Properties/Miscellaneous	6.18	0	0	142	142
New Homes Contingency		50	50	0	(50)
Former Ship Inn Site, Bridgend		1,000	0	3	3
Tanners Piece	6.16	449	705	481	(224)
Glebelands		0	0	0	0
Cambridge House		0	0	2	2
Broadfield Road, Eastington		31	31	20	(11)
Orchard Road, Ebley		20	20	13	(7)
Queens Drive, Cashes Green		27	16	10	(6)
Ringfield Close, Nailsworth		55	55	49	(6)
Summersfield Road, Minchinhampton		28	28	7	(21)
Gloucester St and Bradley St, WuE		28	28	11	(17)
Opportunity Land Aquisition Pot	6.19	3,000	0	0	0
Completed Schemes		0	0	(36)	(36)
<b>Total New Build and Development</b>		<b>5,590</b>	<b>1,640</b>	<b>1,219</b>	<b>(421)</b>
Sheltered Housing Modernisation	6.20	614	614	446	(168)
<b>Total Sheltered Housing Modernisation</b>		<b>614</b>	<b>614</b>	<b>446</b>	<b>(168)</b>
<b>Total Capital Expenditure</b>		<b>14,753</b>	<b>10,010</b>	<b>8,169</b>	<b>(1,841)</b>

### 6.3 Major Works – (£1,297k) underspend

6.4 Major works totalling £6,284k have been delivered during 2019/20.

6.5 All programmes were stopped during March, due to the Covid-19 lockdown. The underspend of £1,297k relates to slippage across all schemes, although some have been affected more than others. Some schemes, such as replacement of Doors and Windows have been particularly hit as much of the work was due to be delivered during March.



6.6 At this time no slippage is being requested, but a full review of the programme will be undertaken in order to reassess the deliverability of works in 2020/21. Where works from the 2019/20 have slipped, these will be delivered from the 2020/21 budget initially. A full review of works and the required budget will be undertaken during the year and a revised budget will be proposed.

6.7 Central Heating – (£292k) underspend/slippage

Some heating works have slipped into the new year due to the demise of Glevum Heating. There have also been a high number of failures on the existing air source heat pumps. Where possible these have been repaired, but as parts are no longer available, or are very difficult to source in a reasonable time, this has largely only been possible by utilising parts from the decommissioned units at Glebelands.

As this is not a long term solution, and in order to prevent tenants being without heating for any length of time, replacement of failing air source heat pumps will be considered as part of the revised 2020/21 programme.

6.8 Kitchens and Bathrooms – (£165k) slippage

The majority of the variance relates to the bathroom work stream. Covid 19 and tenant refusal being the main factors effecting delivery numbers.

6.9 Major Void Works – (£90k) slippage

With the contracts for void works ending at the end of the financial year, any void properties that would not be completed before the end of the contract were not instructed from January. This was further affected by the lockdown in March.

6.10 Compliance – (£163k) underspend/slippage

This is predominantly an underspend in asbestos works, which was reported throughout the year. Asbestos removal is responsive, and the level of works needed is determined by the result of surveys undertaken prior to capital works. Although some asbestos removal was delayed in line with other works due to the lockdown, the majority of this represents an underspend against budget rather than slippage.

6.11 Doors and Windows – (£310k) slippage

As previously reported a new contractor was being mobilised to start during February. As much of this work was due to be delivered at the end of the financial year it has been particularly affected by the lockdown in March.

6.12 Environmental Works – (£61k) slippage

The delivery of loft and cavity wall installation programme was temporarily suspended due to covid 19.

6.13 External Works – (£144k) slippage

Some works have not been delivered to the standard expected and are due to be completed by an alternative contractor. There are ongoing discussions with the contractor.

#### 6.14 **Other Capital Works – (£175k) slippage and £219k additional spend**

The IT costs and fit out costs for the new depot relate to the decision to insource responsive repairs and maintenance from April 2020.

The budget approved by Council for IT costs is £175k, which was intended to be used over a two year period. The requirements of the new service is being reviewed and the Councils IT Strategy will be considered before new systems are purchased and implemented.

It is requested that this budget is slipped forward into 2020/21.

Additional costs for the fit out of the new depot at Littlecombe Business Park are also included as a capital cost. This includes the addition of a mezzanine floor, heating system, mechanical and electrical systems, IT, and office furniture etc.

The business case had assumed leasing a depot (with some fit out costs), but the opportunity to utilise the unit at Littlecombe Business Park means that the cost will be capitalised.

Some of the works have been undertaken internally, with staff redirected to work on the depot and alternative solutions found for the day to day work, for example utilising existing contracts to a larger degree. This has allowed the costs to remain lower than the tenders received from external companies.

Further detail on the costs of setting up the in house service can be found in Section 6.

#### 6.15 **New Build and Regeneration – (£421k) underspend**

##### 6.16 Tanners Piece – (£224k) underspend

11 new Independent Living units have now been completed at Tanners Piece. This has been delivered with an expected underspend of £216k against the initial budget estimate (after final payments and retentions). This reflects a slightly lower build cost than budget and the approved contingency budget being largely unused.

##### 6.17 New Build Programme – (£340k) slippage

The actual spend on Southbank, Woodchester up to 31 March 2020 is less than originally forecast due to the necessary reprofiling between years due to a change in the contractors programme. The erection of the timber frame, which is now taking place, was moved from March. The timber frame is a large cost and as the spend for this item has moved from 2019/20 to 2020/21 this has substantially affected the spend profile for this scheme. The contract was due for completion in October this year but an extension of time has been granted to the contractor due to the need for the temporary suspension of works on site due to the coronavirus. Works have recommenced and are progressing well with a revised completion date of January 2021. The remaining budget for the scheme is therefore all due to be spent in 2020/2021.

With regard to the budgets for the next schemes to be delivered for the new homes programme, Ringfield Close, Nailsworth and Summersfield Road have both received planning permission and a decision is awaited on Broadfield Road, Eastington. These schemes have taken a substantial time to go through the planning process due to third party consultees, which has impacted on the programming and hence the profiling of the budget. These three schemes have now been tendered and the returns are currently being evaluated to select a contractor to take these forward with a start on site taking place as soon as the contracts have been awarded and the contractors required lead in period has

been factored in. The reprofiling of the programme also impacts on the timing of spend on right to buy receipts.

#### 6.18 Purchase of Property - £143k overspend

As previously reported, an opportunity arose to buyback a property in the Chalford Ward, where there is currently limited Council owned housing. Following a review of the suitability of the housing by Tenant Services, Property Services and Housing Advice, the property has been purchased and the two bedroom maisonette has been returned to our rented stock.

This will be funded from Right to Buy receipts (up to 30%), along with capital receipts from the sale of garage sites.

#### 6.19 Opportunity Land Acquisition Pot – no budget in 2019/20

As detailed in the 2019/20 budget setting papers, a £3 million budget was included in the 2019/20 capital budget which would allow site/s to be purchased should any site/s of interest become available. It was stated in the reports that as this was very much an opportunistic pot, there was no guarantee that site/s would be purchased in 2019/20 and so the budget would need to remain available in any subsequent years. The budget has subsequently been reprofiled into 2020/21.

A site search has taken place across the district for suitable sites and officers are currently considering the viability of sites in Dursley, Wotton-under-Edge and Stonehouse and the Council's land holdings will continue to be explored for any further regeneration and land assembly options. It's important to note that the Council is in competition with developers and that there are no 'easy' sites. The Council is also now part of the Rural Housing Partnership with other Registered Providers which means it may be possible to develop exceptions sites

Work has commenced on a New Councils Homes Strategy (Development Strategy) for the development of new homes over the next five years, which will set out the priorities for this pot. The strategy will be presented to Housing Committee in September 2020.

#### 6.20 Sheltered Modernisation – (£168k) underspend

The reasons for the underspend on the Sheltered Modernisation programme are detailed at paragraph 3.10 as the costs of this programme are funded partly from revenue and partly from capital.

### **7. In House Repairs Service - Finance Update**

7.1 The new in house repairs and maintenance service – Property Care, went live on 1 April.

7.2 As expected with any major project there have been some additional unforeseen costs, however these have been met where savings have been made against the initial budget.

7.3 The below table gives a summary breakdown of the expected mobilisation costs included in the business case (Option X in Appendix L of the report that was recommended by Housing Committee in April 2019).

Table 6 – Summary of mobilisation costs to date

Area of spend	Costs in Business Case £k	Costs to Date £k	Remaining Budget £k
Premises costs	25	744	N/A
Other revenue costs	231	172	59
IT Software	175	0	175
Total	431	916	234

- 7.4 One area that has seen a significant pressure on the project cost is the sourcing of a depot. The initial business case assumed the ongoing leasing of a depot, however the service has been able to utilise a unit at Littlecombe that was already in the Council's ownership, having completed the business park last year.
- 7.5 As the industrial unit was held in the General Fund, it has been appropriated to the HRA. This doesn't involve a transfer of money, but has meant that the HRA will take on the borrowing that the General Fund undertook in order to build the business park. This has to be at market value, which was deemed to be £525k.
- 7.6 There have also been substantial works, including the adding of a mezzanine floor, and as the unit was merely a shell, heating and electrics have been added. An office suite has also been installed which will allow the team to work from Littlecombe and will also allow for other Council staff to use the depot as a drop in base to access council systems. These additional works have cost 219k.
- 7.7 This gives a total cost of £744k. Although a substantial outlay, this depot is a custom fit to the new service, and as it is owned rather than leased, will allow the new service to make changes as the service evolves.
- 7.8 The capital works cost of £219k has been met from the Major Repairs Reserve, and the 'cost' of the building of £525k initially being recorded as a transfer in borrowing between the General Fund and the HRA. Although this is an increase in borrowing, it is currently held as 'internal borrowing' and so no additional interest will be payable by the HRA. Provision to repay the borrowing can be made each year from the ongoing rental budget included within the business plan.
- 7.9 The other revenue costs, which include project support from external consultants, the payment of staff salaries where transfer to Stroud District Council employment was earlier than 1 April, trade memberships currently total £172k, leaving £59k from the original allocation. It is expected that some set up costs will continue into 2020/21, and an allocation has been included within the 2020/21 base budget for these costs.
- 7.10 As reported in paragraph 6.14, the implementation of the IT system has been delayed in order to ensure that it is considered within the wider IT Strategy of the Council. The budget of £175k will slip into 2020/21 to allow for the purchase of an IT system for the new service.
- 7.11 As reported as part of Budget Setting 2020/21 there are no savings assumed in base budget for 2020/21.

7.12 The financial position of the new service will be reported in 2020/21, however due to the impact of Covid-19 it is now going to be very difficult to make any kind of worthwhile financial comparison to the business case or last years costs.

## 8. Capital Financing

8.1 The total capital spend of £8,619k has been financed as follows.

Table 7 – Capital Financing 2019/20

Source of Funding	£k	Programmes funded
Major Repairs Reserve	6,504	Major works and Littlecombe depot
Revenue Contribution to Capital Outlay (RCCO)	446	Sheltered Modernisation
Capital Receipts	1,219	New build and development
<b>Total Funding</b>	<b>8,169</b>	

## 9. Capital Budget 2020/21

9.1 Slippage of £601k is being requested from 2019/20 into 2020/21. This is only across new build schemes, sheltered modernisation and the IT budget. There is no slippage request for major works.

9.2 Taking into account these changes, the proposed revised capital programme for 2020/21 can be found in the below overleaf.

Table 8 – Revised Capital Budget 2020/21

Capital Programme	2020/21 Base Budget £k	2019/20 Slippage £k	2020/21 Revised Budget £k
Central Heating	745		745
Disabled Adaptations	150		150
Kitchens and Bathrooms	589		589
Major Works	450		450
Compliance	271		271
Doors and Windows	884		884
Electrical Works	200		200
Environmental Works	150		150
Door Entry	242		242
External Works	2,387		2,387
Lifts	21		21
<b>Major Works</b>	<b>6,089</b>	<b>0</b>	<b>6,089</b>
IT Systems	0	175	175
<b>HRA Other Capital</b>	<b>0</b>	<b>175</b>	<b>175</b>
Southbank, Woodchester	495	190	685
Purchase of Properties	1,320		1,320
New Homes Contingency	80		80
Former Ship Inn site, Bridgend	50		50
Glebelands	50		50
Broadfield Road, Eastington	1,126	11	1,137
Orchard Road, Ebley	686	7	693
Queens Drive, Cashes Green	876	6	882
Ringfield Close, Nailsworth	2,897	6	2,903
Summersfield Road, Minchinhampton	1,086	21	1,107
Gloucester St and Bradley St, WuE	20	17	37
Opportunity Land Acquisition Pot	3,000		3,000
<b>New Build and Development</b>	<b>11,686</b>	<b>258</b>	<b>11,944</b>
Sheltered Housing Modernisation	475	168	643
<b>Sheltered Housing Modernisation</b>	<b>475</b>	<b>168</b>	<b>643</b>
<b>HRA Capital Total</b>	<b>18,250</b>	<b>601</b>	<b>18,851</b>

9.3 It should be noted that the whole capital programme will need to be reviewed during 2020/21 and a revised budget proposed that considers the impact of Covid-19 on each of the workstreams. It is extremely unlikely that the 2020/21 budgeted capital programme will be able to be fully delivered during the year.

## 10. HRA Stock Numbers

10.1 The total number of dwellings available to let or part rent part buy (excluding those held vacant pending development) has reduced by 24 to 4,991.

- 10.2 This includes 21 Right to Buy sales and one shared ownership property 'staircasing' to 100% and being bought outright by the occupier. The remaining 14 properties in the red sheltered schemes Glebelands and Cambridge House, have now been decanted and the properties transferred to development.
- 10.3 Tanners Piece completed during the year, increasing the housing stock by 11, and one buyback was purchased on the open market.

Table 9 – Summary of Housing Stock Numbers 2019/20

	Rented	Shared Ownership	Total
<b>Opening stock at 1 April 2019</b>	<b>4,975</b>	<b>40</b>	<b>5,015</b>
<i>Additions:</i>			
Tanners Piece	11		11
Buyback	1		1
<i>Less:</i>			
Right to Buy sales	(21)		(21)
Shared Ownership staircasing		(1)	(1)
Decanted for Sheltered Modernisation Programme	(14)		(14)
<b>Closing stock at 31 March 2020</b>	<b>4,952</b>	<b>39</b>	<b>4,991</b>

## 11. Right to Buy Receipts Update

- 11.1 As members will be aware, the Council is able to retain Right to Buy (RTB) receipts (after a set payment to the Treasury, a Council share, an allowance for the self financing debt relating to the RTBs, and an admin allowance), but only if they are spent on new affordable rented housing.
- 11.2 There are strict rules on the use of the receipts, with the RTB receipts only able to make up a total of 30% of the spend on the new housing.
- 11.3 The remaining 70% of spend must come from other resources, such as revenue resources (ie from rental income), borrowing, or capital receipts (although the use of capital receipts from the sale of non RTB dwellings is not directly allowable).
- 11.4 For example, £300k of RTB receipts must be used towards spend of £1,000k on new housing, with £700k coming from Council resources. They also cannot be used at the same time as other government funds, such as Homes England, previously the Homes and Communities Agency (HCA), grants.
- 11.5 A total of 21 properties were sold under Right to Buy in 2019/20, with a total capital receipt of £2,467k. This is after discounts totalling £1,635k were applied, and includes a repayment of a previous discount as the property was resold within five years of the Right to Buy sale.

11.6 The below table shows the breakdown of these receipts.

Table 10 - Right to Buy receipts 2020/21

	£000s	
Treasury share	268	Amount paid to Government under the RTB legislation
Local authority share	154	Amount that can be kept locally without match funding restrictions
Admin costs	28	Allowance to cover administration costs
Attributable debt	589	Allowance for self financing debt relating to sold properties. Note: this does not need to be used to repay borrowing
Buyback allowance	86	Allowance of up to 50% for repurchasing ex council houses (relates to costs incurred in past years)
Additional 141 receipts	1,242	Remaining amount that must be match funded within three years. In order to keep these receipts a total of £4,140k must be spent by 31 March 2023.
	2,467	

11.7 It was reported at Quarter 3 Budget Monitoring that delays, largely out of our control, have led to delays which could impact on our ability to use all Right to Buy receipts within three years. The impact of Covid-19 has increased these delays in our new build programme.

11.8 In recognition of the extraordinary circumstances experienced due to Covid-19 the Ministry of Housing, Communities and Local Government (MHCLG) have offered an extension for the use of Right to Buy receipts to December 2020. This offer has been accepted and so no repayment of Right to Buy receipts will occur during this period.

11.9 However, the impact of Covid-19 is likely to be longer lasting than this extension, with the whole programme likely to slip back, rather than being able to 'catch up' with all planned works by December. This concern has been expressed to MHCLG.

11.10 The overall position on the use of Right to Buy receipts will continue to be monitored and reported to members.

## 12. Other HRA Capital Receipts

12.1 A total of £588k has been raised from the sale of decanted garages and other small areas of HRA land.

12.2 These capital receipts are earmarked for future new build schemes.



### 13. Major Repairs Reserve

- 13.1 The HRA must transfer the annual depreciation charge to the Major Repairs Reserve (MRR), which should be used to fund capital works or repayment of debt.
- 13.2 In 2019/20 the depreciation transfer totalled £6,073k and is reported under 'Revenue Funding of Capital Programme (Depreciation and RCCO)'. The remaining £614k on this reporting line relates to Revenue Contribution to Capital Outlay (RCCO) for Sheltered Modernisation capital spend funded from the revenue earmarked reserve.
- 13.3 The capital spend of £6,284k on Major Works and £219k on works at Littlecombe Depot has been funded entirely from the Major Repairs Reserve, giving a net reduction in the reserve of £431k. A summary of the reserve is in the below table.

Table 11 – Major Repairs Reserve

	£k
Opening balance	4,951
Transfer to reserve – depreciation charge	6,073
Use of reserve – funding of major works on dwellings and the depot	(6,504)
<b>Closing balance</b>	<b>4,520</b>

- 13.4 This balance is taken into account in the MTFP, and will be utilised, along with future depreciation charges, to fund future major works, and the annual contribution towards repaying borrowing.

### 14. Implications

#### 14.1 Financial Implications

The whole report is financial in nature, reporting the Housing Revenue Account capital and revenue position for 2019/20.

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#### 14.2 Legal Implications

There are no legal implications arising from the recommendations made in this report

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#### 14.3 Equality Implications

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

#### 14.4 Environmental Implications

There are no significant implications within this category.