

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

REPORT FOR INFORMATION

Report Title	BUDGET MONITORING REPORT 2020/21 QUARTER 1			
Purpose of Report	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 2020/21.			
Decision(s)	The Committee RESOLVES to note the outturn forecast for the General Fund and HRA Revenue budgets and 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	Lucy Clothier, Accountancy Manager Email: lucy.clothier@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 overspend of £38k above budget, as shown in Table 1. The General Fund capital forecast shows no known variance to budget at this time.
- 2.2 The HRA is currently expected to have a revenue overspend of £212k, with capital slippage of £802k on the new build programme.
- 2.3 This position does include the expected financial impact of Covid-19, with detail included in the narrative where necessary. This cost is likely to change as more information is known about the position and this will continue to be monitored and reported throughout the year. Some programmes of work, particularly on capital schemes, will need to be revised.

3. General Fund Revenue Budget Position

- 3.1 Council approved the original General Fund revenue budget for 2020/21 in February 2020. The latest budget for Housing Committee, following carry forwards from 2019/20, is £811k.
- 3.2 The budget monitoring position for the service at 30 June 2020 (Quarter 1) shows an overspend of £38k, as summarised in Table 1.

Table 1: General Fund Revenue Budgets

		2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Forecast Outturn (£'000)	2020/21 Reserve Transfers (£'000)	2020/21 Outturn Variance (£'000)
Housing Committee	Para Refs					
Housing Advice	3.3	348	348	402	0	54
Housing Strategy		135	302	302	0	0
Private Sector Housing		161	161	145	0	(16)
Housing General Fund Total		644	811	850	0	38

3.3 Housing Advice and Homelessness – £54k overspend

The cost of temporary accommodation is currently expected to be £54k higher than budget. There are also additional costs associated with Covid-19 that are not included here but are included on a central Covid-19 line reported to Strategy and Resources.

This cost could fluctuate throughout the year and will continue to be monitored closely.

4. General Fund Capital Programme

- 4.1 The Housing General Fund Capital Programme was approved by Council in February 2020. This has subsequently been revised to £2,279k after slippage from 2019/20.
- 4.2 There are not currently any known variations from the budget. However, the ongoing pandemic could impact some areas during the year, and some budgets may not be fully allocated.
- 4.3 The following table gives a breakdown of the programme.

Table 2 – Housing Committee Capital Programme

	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Forecast Outturn (£'000)	2020/21 Outturn Variance (£'000)
Housing Capital Schemes				
Affordable Housing-Support to Registered Providers	0	39	39	0
Disabled Facilities Grant Scheme	330	330	330	0
Health through Warmth Grants	200	227	227	0
Temporary Accommodation	500	500	500	0
Warm Homes	1,000	1,183	1,183	0
Housing General Fund Capital Schemes TOTAL	2,030	2,279	2,279	0

5. Housing Revenue Account Budget Position

- 5.1 The original net Housing Revenue Account (HRA) budget for 2020/21 is a transfer to reserves of £181k, as approved by Council in February 2020.
- 5.2 The monitoring position for the service at 30 June 2020 (Quarter a) shows a projected net overspend of £212k (1.0% of gross spend) against the current budget, as summarised in Table 3 on the following page.
- 5.3 The service has been affected by Covid-19, the full impact of which is not yet known. Where possible this will be contained within existing budgets.

Table 3 – HRA Revenue Summary

Housing Committee	Para Refs	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Forecast Outturn (£'000)	2020/21 Reserve Transfers (£'000)	2020/21 Outturn Variance (£'000)
Dwelling Rents and service charges		(22,424)	(22,424)	(22,342)	0	82
Other charges and income		(629)	(629)	(649)	0	(20)
Provision for Bad Debt		110	110	210	0	100
Total Income	5.4	(22,943)	(22,943)	(22,780)	0	163
Supervision and Management	5.5	4,153	4,153	4,166	0	13
Repairs and Maintenance	5.6	4,237	4,237	4,217	0	(20)
Sheltered Housing Service		630	630	632	0	3
Other Expenditure	5.7	542	542	565	0	24
Sheltered Housing Modernisation		329	329	309	0	(20)
Total Expenditure		9,890	9,890	9,889	0	(1)
Support Service Charges from the GF		1,995	1,995	1,995	0	0
Interest Payable/Receivable	5.8	3,309	3,309	3,360	0	51
Provision for repaying debt		918	918	918	0	0
Revenue Funding of Capital Programme (Depn & RCCO)		6,218	6,218	6,218	0	0
Total Other Costs and Income		12,440	12,440	12,491	0	51
Total Net Expenditure		(612)	(612)	(400)	0	212
Transfers to/from HRA Earmarked reserves	5.9	431	431	431	0	0
Transfers to/from General Reserves		181	181	181	0	0
Total Housing Revenue Account		0	0	212	0	212

Note: table may contain rounding differences

5.4 Income – £163k loss of income

Dwelling rents are lower than budgeted. This is partly due to new tenancies not starting during the lockdown period, except in exceptional circumstances, which has increased the number of void properties during this time. Any repair works needed are now being undertaken, and properties being let.

There is also an expectation that arrears will be higher in 2020/21, also due to the Covid-19 pandemic. An allowance for this non payment of rents is included in the Provision for Bad Debt line.

Income levels will continue to be monitored throughout the year.

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.

5.5 Supervision and Management – £13k overspend

Although there have been a number of vacant posts held in the first quarter, particularly in Contract Services, it is expected that additional staff may be required later in the financial year and no significant variances are being reported at this time. This could include 'catching up' on work not undertaken during the lockdown period and also supporting the health and wellbeing of staff.

5.6 Repairs and maintenance – (£20k) underspend

All operational staff were kept on call during the lockdown period, with no staff being furloughed. However, as access to properties was only allowed for emergency repairs or compliance reasons such as gas servicing, there is a backlog of non urgent maintenance. In order for these repairs to be completed additional resource will be required, however it is currently expected that this can be funded by utilising vacant posts that had not yet been recruited.

The reported underspend of £20k relates to the expectation that asbestos testing will be lower than budgeted this year as it is directly linked to the major works programme which has been materially affected by Covid-19.

5.7 Other expenditure - £24k overspend

An increase in fly tipping was experienced during the lockdown period.

5.8 Interest payable/receivable – £51k pressure

It is expected that the investment income will be lower than budgeted this year as investment rates have reduced significantly due to Covid-19.

5.9 Transfers to/from Earmarked reserves – on budget

Earmarked reserve transfers are expected to be in line with the budgeted position.

Table 4 – HRA Earmarked Reserves

Earmarked Reserves	Opening Balance (£'000)	Transfer in (£'000)	Transfers out (£'000)	Closing Balance (£'000)
Sheltered Modernisation	2,405	1,380	(949)	2,836
Estate Redevelopment	1,170	0	0	1,170
Staffing	250	0	0	250
HRA General Contingency	100	0	0	100
	3,925	1,380	(949)	4,356

6. HRA Capital Programme

6.1 The HRA capital programme has been revised to £18,851k for 2020/21, after including slippage from 2019/20. The capital programme has been significantly affected by Covid-19, in particular the period of lockdown preventing works, and a revised programme will be presented to members later in the year.

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

Table 5 – HRA Capital

	Para Refs	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Capital Summary					
Central Heating		745	745	745	0
Disabled Adaptations		150	150	150	0
Kitchens and Bathrooms		589	589	589	0
Major Works		450	450	450	0
Compliance		271	271	271	0
Doors and Windows		884	884	884	0
Electrical Works		200	200	200	0
Environmental Works		150	150	150	0
Door Entry		242	242	242	0
External Works		2,387	2,387	2,387	0
Lifts		21	21	21	0
Total Major Works	6.3	6,089	6,089	6,089	0
Depot		0	0	0	0
IT Systems		0	175	175	0
Total Other Capital Works		0	175	175	0
Southbank, Woodchester		495	685	684	(1)
Purchase of Properties/Miscellaneous		1,320	1,320	1,320	0
New Homes Contingency		80	50	50	0
Former Ship Inn Site, Bridgend		50	50	50	0
Glebelands		50	50	50	0
Cambridge House		0	30	30	0
Broadfield Road, Eastington		1,126	1,137	1,137	0
Orchard Road, Ebley		686	693	693	0
Queens Drive, Cashes Green		876	882	81	(801)
Ringfield Close, Nailsworth		2,897	2,903	2,903	0
Summersfield Road, Minchinhampton		1,086	1,107	1,107	0
Gloucester St and Bradley St, WuE		20	37	37	0
Opportunity Land Aquisition Pot		3,000	3,000	3,000	0
Completed Schemes		0	0	0	0
Total New Build and Development	6.7	11,686	11,944	11,142	(802)
Sheltered Housing Modernisation	6.15	475	643	643	0
Total Sheltered Housing Modernisation		475	643	643	0
Total Capital Expenditure		18,250	18,851	18,049	(802)

6.3 **Major Works – no reported variance**

6.4 The Major works programme has been significantly impacted by Covid-19. All programmes were stopped in March, and although works are now on site, the programme is not now deliverable in its current form in 2020/21. This is especially true where new contracts are being put in place this year, as the whole procurement process has been delayed.

6.5 A full review of the programme is being undertaken in order to reassess the deliverability in 2020/21. A revised programme will be reported to committee in December.

6.6 **Other Capital Works – no variance reported**

The IT costs relate to the decision to insource responsive repairs and maintenance from April 2020. The purchase of a new system is currently being investigated, having been postponed in order to ensure it complements the wider IT and Transformation Strategy.

6.7 **New Build and Regeneration – (£802k) slippage**

6.8 The New Build programme has been adversely affected by Covid-19, with works on site stopping during lockdown, and hold ups to the receipt of planning approval due to delays in responses from third party consultees affecting the commencement of a number of schemes.

6.9 For Queens Drive, additional time is required to address access issues for the site prior to a planning application being submitted. It is therefore forecast that all of this year's budget will move into 2021/22.

6.10 Tenders have now been received for a number of schemes and an Information Sheet is to be provided to members in October which will detail the revised programme, the updated forecast against budget for schemes following the receipt of tenders and a reprofiling of spend between 2020/21 and 2021/22 for subsequent approval by members as part of the budget setting process.

6.11 A new build programme information sheet will be provided to members in October and will include a full update of the programme.

6.12 Southbank, Woodchester – on target

The new build works at Southbank have been delayed due to Covid-19, but are on target for completion during this financial year.

6.13 Purchase of Property – on target

The budget set aside in order to replace HRA properties is on target to be fully utilised in this financial year. This will help house additional households in affordable housing. Further details of the properties purchased will be made available to members when finalised.

6.14 Opportunity Land Acquisition Pot – no variance reported

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.

Searches remain ongoing to find suitable sites, but there are currently no fixed allocations against this budget. Any remaining budget at the end of the year will be carried forward.

6.15 Sheltered Modernisation – no variance reported

The Sheltered Modernisation Programme is on target for 2020/21.

The works at George Pearce House, which were delayed due to Covid-19, have been completed. Works at Willow Road, Stonehouse are due to start in September and complete before Christmas. The modernisation works at Springfield Court, Cam are planned to start in early Jan 2021.

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
Email: lucy.clothier@stroud.gov.uk

7.2 **Legal Implications**

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

Patrick Arran, Interim Head of Legal Services & Monitoring Officer
Email: patrick.arran@stroud.gov.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.