

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

REPORT FOR INFORMATION

Report Title	BUDGET MONITORING REPORT 2020/21 QUARTER 2			
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 £41k 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 underspend of £235k, with an additional transfer to earmarked reserves of £184k, and a revised capital programme is included.
- 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 capital work have already been revised, but further changes to the programme may be necessary.

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 Quarter 2 shows an overspend of £41k, as summarised in Table 1. This is a change of +£3k from Quarter 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	403	0	55
Housing Strategy	3.4	135	302	123	180	0
Private Sector Housing		161	161	148	0	(14)
Housing General Fund Total		644	811	673	180	41

3.3 Housing Advice and Homelessness – £55k overspend

The cost of temporary accommodation is currently expected to be £33k 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.

There are also expected to be additional payments of rent in advance and deposits to secure private rented accommodation for households.

These costs could fluctuate throughout the year and will continue to be monitored closely.

There have been a number of vacant posts during the first half of the year, but it is hoped that additional staffing can be secured using this available funding during the rest of the year.

3.4 Housing Strategy - £180k carry forward

It is expected that a carry forward of £180k will be requested at the end of the year. This is to carry forward government grant funding.

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 £2,888k after slippage from 2019/20 and changes proposed as part of budget setting, as reported to Housing Committee in December 2020.
- 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

Housing Capital Schemes	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Forecast Outturn (£'000)	2020/21 Outturn Variance (£'000)
Affordable Housing-Support to Registered Providers	0	39	39	0
Better Care Fund Projects	0	0	0	0
Disabled Facilities Grant Scheme	330	330	330	0
Green Home LADS Park Homes	0	1,094	1,094	0
Health through Warmth Grants	200	227	227	0
Private Sector Housing Loans	0	15	15	0
Temporary Accommodation	500	0	0	0
Warm Homes	1,000	1,183	1,183	0
Housing General Fund Capital Schemes TOTAL	2,030	2,888	2,888	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 Quarter 2 shows a projected net underspend of £235k (1.0% of gross spend) against the current budget, following a proposed transfer to earmarked reserves of £184k, as summarised in Table 3 on the following page. This is a change of -£447k compared to Quarter 1.

Table 3 – HRA Revenue Summary

	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)
Housing Committee						
Dwelling Rents and service charges		(22,424)	(22,424)	(22,278)	0	146
Other charges and income		(629)	(629)	(649)	0	(20)
Provision for Bad Debt		110	110	210	0	100
Total Income	5.3	(22,943)	(22,943)	(22,716)	0	227
Supervision and Management	5.4	4,153	4,155	3,872	0	(283)
Repairs and Maintenance	5.5	4,237	4,235	3,817	184	(234)
Sheltered Housing Service	5.6	630	630	598	0	(32)
Other Expenditure	5.7	542	542	568	0	27
Sheltered Housing Modernisation		329	329	340	0	11
Total Expenditure		9,890	9,890	9,194	184	(512)
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		11,522	12,440	12,491	0	51
Total Net Expenditure		(612)	(612)	(1,031)	184	(235)
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	(419)	184	(235)

Note: table may contain rounding differences

5.3 Income – £227k loss of income

Dwelling rents are lower than budgeted. This is primarily due to new tenancies not starting during the lockdown period, except in exceptional circumstances, which has increased the number of void properties. Empty properties are now being let in line with capacity for repair works to be undertaken and tenancy management to start tenancies.

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.

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. 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 throughout the year.

5.4 Supervision and Management – (£283k) underspend

A number of posts have been vacant for the first two quarters, particularly in Contract Services (£97k). In total the salary underspend in Supervision and Management are expected to be £167k for the year.

Some areas currently have underspends in running costs, primarily where work or programmes have been delayed due to Covid-19, such as consultancy work or estate works. Some of this may 'catch up' during the year, but some may slip into 2021/22.

5.5 Repairs and maintenance – (£418k) underspend, with £184k transfer to earmarked reserves

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. The additional resource needed for this additional work is being managed within existing budgets as a number of posts have not yet been recruited. The total underspend expected within Property Care is £184k which relates to the lower salary costs. It is proposed that any underspends within Property Care would transfer to an earmarked reserve at the end of the year to hold a buffer to mitigate against any unexpected future costs. This is in line with the financial implications in the business case.

A further underspend of £135k is expected within cyclical maintenance. This relates to updated costs for the current programme, as the costs vary depending on the types and amount being undertaken in each area. An increase in budget has been included in the 2021/22 base budget for this programme.

There are also smaller underspends across the service such as on asbestos testing, remedial works and on consultancy costs.

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

5.6 Sheltered Housing – (£32k) underspend

Running costs are expected to be lower than budget by £32k, primarily due to an expected underspend of £23k on electricity in communal areas.

5.7 Other expenditure - £27k 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

Existing earmarked reserve transfers are expected to be in line with the budgeted position. An additional transfer is forecast due to an underspend in Property Care. In line with the proposals included with the business case any underspends in the early years will be transferred to an earmarked reserve. This will help mitigate against any unexpected costs in future years, or be released back to general reserves if unused.

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
Property Care Reserve	0	184	0	184
	3,925	1,564	(949)	4,540

6. HRA Capital Programme

- 6.1 The HRA capital programme has been revised to £12,115k for 2020/21, including slippage from 2019/20 and after changes as part of the budget setting process representing the impact of Covid-19 on the Major Works and New Build programmes.
- 6.2 The following table gives a breakdown of the current capital programme.

Table 5 – HRA Capital

Capital Summary	Para Refs	2020/21 Original Budget (£'000)	2020/21 Revised Budget (£'000)	2020/21 Forecast Outturn (£'000)	2019/20 Outturn Variance (£'000)
Central Heating		745	403	403	0
Disabled Adaptations		150	130	130	0
Kitchens and Bathrooms		589	177	177	0
Major Works		450	450	450	0
Compliance		271	271	271	0
Doors and Windows		884	744	744	0
Electrical Works		200	194	194	0
Environmental Works		150	170	170	0
Door Entry		242	212	212	0
External Works		2,387	2,197	2,197	0
Lifts		21	21	21	0
Total Major Works		6,089	4,969	4,969	0
IT Systems		0	0	0	0
Total Other Capital Works		0	0	0	0
Southbank, Woodchester		495	660	660	0
Purchase of Properties/Miscellaneous		1,320	2,000	2,000	0
New Homes Contingency		80	50	50	0
Former Ship Inn Site, Bridgend		50	15	15	0
Glebelands		50	45	45	0
Cambridge House		0	21	21	0
Broadfield Road, Eastington		1,126	11	11	0
Orchard Road, Ebley		686	23	23	0
Queens Drive, Cashes Green		876	12	12	0
Ringfield Close, Nailsworth		2,897	14	14	0
Summersfield Road, Minchinhampton		1,086	50	50	0
Gloucester St and Bradley St, WuE		20	2	2	0
Opportunity Land Aquisition Pot		3,000	3,000	3,000	0
Next Steps Accommodation Project		0	600	600	0
Total New Build and Development		11,686	6,503	6,503	0
Sheltered Housing Modernisation		475	643	632	(11)
Total Capital Expenditure		18,250	12,115	12,104	(11)

6.3 **Major Works – no reported variance**

6.4 Major works have been significantly impacted by Covid-19. As reported in the [Budget Setting report](#) at Housing Committee in December 2020, the Major Works Programme has been realigned and a new programme has been set.

6.5 Further changes may yet be necessary, as the disruption has also coincided with the start of new contracts.

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 revised budget includes the widening of the scope to include the whole of Tenant Services, as recommended for approval by Housing Committee in December 2020, with the spend reprofiled into 2021/22.

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

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 The budgets have been reset in line with an information sheet published in November 2020 ([link](#)).

6.10 Southbank, Woodchester – on target

The new build works at Southbank have been delayed due to Covid-19, but remain on target for completion in this financial year. The budget has been revised down £25k which represents an expected underspend on the original budget.

6.11 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. This budget was increased in the revised budget to £2m. Further details of the properties purchased will be made available to members when finalised.

6.12 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.

6.13 Sheltered Modernisation – no variance reported

The Sheltered Modernisation Programme is on target for 2020/21, with a small variance between revenue and capital. This doesn't affect the programme.

The works at George Pearce House, which were delayed due to Covid-19, have been completed. The modernisation works at Willow Road, Stonehouse are underway, and works at Springfield Court, Cam are planned to start in 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.

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7.2 **Legal Implications**

There are no legal implications arising from the recommendation in 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 arising directly from this report. Any environmental implications should be considered by the service area when designing and delivering the services.