

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 5 APRIL 2022

Report Title	BUDGET MONITORING REPORT 2021/22 QUARTER 3			
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.			
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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 (£7k) below budget, as shown in Table 1. The General Fund capital forecast shows an underspend of (£361k).
- 2.2 The HRA is currently expected to have a revenue overspend of £836k and a net capital programme overspend of £59k.

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 3 shows an underspend of (£7k), 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	410	127	17
Housing Strategy		136	303	292	0	(11)
Private Sector Housing		157	157	144	0	(13)
Housing General Fund Total		773	980	846	127	(7)

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 £2,721k after slippage from 2020/21.
- 4.2** Spend is currently forecast at £2,360k, 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 Disabled Facilities Grant scheme (£230k) underspend is due to a backlog of referrals for occupational therapists from the County Council for adaptations.
- 4.4** 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.
- 4.5** Green homes Lads 3 £50k relates to a new grant for energy efficiency improvements.
- 4.6** Health through warmth grants (£50k) relates to an underspend on insulation grants.
- 4.7** Home upgrade grant £50k relates to a new grant bid under sustainable warmth,
- 4.8** The Temporary Accommodation budget of £500k within the capital programme as reported in the Budget Setting papers and also at this committee, has been revised to £190k. This is due to the project now being delivered in a different way, but with the same outcome of having additional temporary accommodation in the district.
- 4.9** The following table gives a breakdown of the programme.

Table 2 – Housing Committee Capital Programme

		2021/22 Original Budget (£'000)	2021/22 Revised Budget (£'000)	2021/22 Forecast Outturn (£'000)	2021/22 Outturn Variance (£'000)
Housing Capital Schemes	Para Refs				
Affordable Housing-Support to Registered Providers	4.2	0	39	50	11
Better Care Fund Projects	4.2	0	0	3	3
Disabled Facilities Grant Scheme	4.3	330	330	100	(230)
Green Home LADS Park Homes	4.4	950	1,604	1,409	(195)
Green Homes LADS 3	4.5	0	0	50	50
Health through Warmth Grants	4.6	200	200	150	(50)
Home Upgrade Grant - Sustainable Warmth	4.7	0	0	50	50
Private Sector Housing Loans		15	15	15	0
Temporary Accommodation	4.8	500	190	190	0
Warm Homes		0	343	343	0
Housing General Fund Capital Schemes TOTAL		1,995	2,721	2,360	(361)

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 3 shows a projected net overspend of £836k (3.7% of gross spend) against the current budget, following a proposed net transfer to earmarked reserves of £94k, as shown in Table 3 (below).

Table 3 – HRA Revenue Summary

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)
Dwelling rents and service charges		(22,779)	(22,779)	(22,328)	0	451
Other charges and income		(629)	(629)	(702)	0	(74)
Provision for bad debt		200	200	200	0	0
Total Income	5.4	(23,208)	(23,208)	(22,831)	0	377
Supervision and management	5.5	4,196	4,196	3,809	0	(387)
Repairs and maintenance	5.6	4,482	4,503	5,265	0	762
Independent Living service		637	637	635	0	(2)
Other expenditure	5.7	540	540	601	0	61
Independent Living Modernisation		287	381	383	0	2
Total Expenditure		10,142	10,257	10,693	0	435
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)	461	0	836
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	836	0	836

Note: table may contain rounding differences

5.3 Income – £377k loss of income

During the course of the financial year the number of empty council house properties undergoing works to make them ready to be let has significantly reduced. The number of properties recorded as work in progress at the start of the year was 164. This was as a consequence of Covid restrictions and labour market pressures. Since April 2021 this position has improved considerably. It is anticipated that by year end this number will have been reduced to 77 and be in line with our forecast to return to pre pandemic levels by the end of the first quarter of 2022/2023.

The number of tenants vacating Council properties still remains high. However the hard work of the Property Care team and its contractors assisted through additional targeted resources (see para 5.6) means we are continuing to reduce the recent historical

backlog. Material and labour supply chains still remains uncertain, and we will continue monitor how this may impact on workstreams.

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.

5.4 Supervision and Management – (£387k) underspend

Over the year a number of posts have become vacant and recruited to through due process. While these posts are in the process of recruitment, performance of the service has been strong. Taking not account vacancy and recruitment across the year the underspend is estimated to be (£287k).

There is also an underspend of (£101k) on IT software. This predominantly relates to budget available for a new housing system which is now due for implementation later in the year.

5.5 Repairs and maintenance – £762k overspend

As referenced in para 5.3 above, a targeted resource of £250k has been allocated to provide additional capacity to deliver works on empty properties and bring them back to habitable use. This is reducing the backlog of void properties undergoing works.

Numbers are on track to return to pre Covid levels by the end of Q1 2022/23 however while this work is still ongoing, voids costs are expected to be higher than budget. This is primarily a consequence of an increase in council tax of £100k on empty properties.

Expenditure of £181k is expected for uninsured costs. Predominantly this relates to exceptional costs of making safe, rebuilding the property and reinstating surrounding properties following an incident in Church View, Newport, which have exceeded the insured valued.

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.

5.6 Other expenditure - £61k overspend

Fly tipping 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.

5.7 Interest payable/receivable – £23k pressure

It is expected that the investment income will be lower than budgeted this year as investment rates remain low, although are starting to rise.

5.8 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)	2019/20 Outturn Variance (£'000)
Central Heating		855	416	416	0
Disabled Adaptations		150	150	150	0
Kitchens and Bathrooms	6.5	1,318	425	300	(125)
Major Works		450	450	450	0
Compliance	6.6	422	422	575	153
Doors and Windows	6.7	1,288	1,396	1,375	(21)
Electrical Works	6.8	150	150	76	(74)
Environmental Works	6.9	500	450	500	50
Door Entry		180	180	182	2
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
Total Major Works	6.3	9,317	9,912	9,898	(14)
IT Systems		435	435	435	0
Total Other Capital Works	6.10	435	435	435	0
New Homes Contingency		50	11	11	0
Canal side: Corner of A419/Downton Rd (Former Ship Inn site)		51	27	20	(7)
Glebelands		2,544	48	48	0
Cambridge House		1,395	32	32	0
Broadfield Road, Eastington	6.12	1,494	1,455	1,549	94
Orchard Road, Ebley	6.13	840	108	0	(108)
Queens Drive, Cashes Green		494	10	10	0
Ringfield Close, Nailsworth	6.14	3,302	3,004	3,228	224
Summersfield Road, Minchinhampton		1,024	955	961	6
Gloucester St and Bradley St, WuE	6.15	55	149	13	(137)
Total New Build and Development	6.11	11,249	5,799	5,872	73
Independent Living Housing Modernisation		358	359	359	0
Total Independent Living Modernisation	6.16	358	359	359	0
Acquisitions	6.17	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	21,848	59

6.3 Major Works – £(14)k Underspend

6.4 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).

6.5 Kitchens and Bathrooms report a (£125k) underspend due to retendering and work being deferred until next year.

- 6.6 The overspend of £153k within compliance relates to additional asbestos containment structures that were not anticipated in the original budget.
- 6.7 Doors and windows underspend of (£21k) is due to outstanding contractor orders at Dryleaze Court and Vizard Close.
- 6.8 Electrical works (£74k) underspend due to resource reprofiling on service delivery for the current year.
- 6.9 Environment works report a £50k overspend due to additional works on cavity wall extract and refill and additional loft insulation

6.10 Other Capital Works – no reported variance

£435k is allocated for the implementation of a new Housing IT system.

6.11 New Build and Regeneration – £73k overspend

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).

- 6.12 Broadfield Road, Eastington reports a £94k overspend which relates to the latest cost estimate and additional extension of time costs.
- 6.13 Orchard Road, Ebley reports a (£108k) underspend due to preparatory works being delayed with slippage to 2022/23.
- 6.14 Ringfield Close, Nailsworth reports a £224k overspend which relates to extension of time costs due to Covid and material supply delays.
- 6.15 Gloucester Street and Bradley Street reports a (£137k) underspend due to the construction start being delayed until 2022/23.

6.16 Independent Living Housing Modernisation – no variance reported

The Sheltered Modernisation Programme is on target for 2021/22.

Work at Vizard Close that commenced in August was completed in November. Work has now commenced at Jenner Court with completion expected in March 2022.

6.17 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.

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7.2 Legal Implications

There are no legal implications arising from this report, as it looks at current revenue and capital forecasts for this committee's budgets.

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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.