

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

TUESDAY, 06 DECEMBER 2022

Report Title	Budget Monitoring Report 2022/23 Quarter 2			
Purpose of Report	To present the 2022/23 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
	Yes	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 (£158k) below budget, as shown in Table 1. The General Fund capital forecast shows a net capital programme variance of £0k
- 2.2 The HRA is currently expected to have a revenue overspend of £559k 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 2022/23 in February 2022. The latest budget for Housing Committee, following carry forwards from 2021/22, is £1,098k.

3.2 The budget monitoring position for the service at Quarter 2 shows an underspend of (£158k), as summarised in Table 1.

Table 1: General Fund Revenue Budgets

	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Reserve Transfers (£'000)	2022/23 Outturn Variance (£'000)
Housing Committee						
Housing Advice	3.3	562	553	421	0	(132)
Housing Strategy	3.4	166	333	265	43	(25)
Private Sector Housing		163	213	212	0	(1)
Housing General Fund Total		890	1,098	897	43	(158)

3.3 Housing Advice and Homelessness – (£132k) underspend

The cost of temporary accommodation is currently expected to be (£132k) lower than budget. The bulk of this (£100k), relates to reduced forecast Bed and Breakfast expenditure where it anticipated fewer referrals will be made within year. There has also been a forecast loss of income of £30k for reimbursement of housing benefit. The remaining (£62K) being additional grant funding of received from the Department for Levelling up, Housing and Communities (DLUHC).

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

3.4 Housing Strategy – (£25k) underspend

The (£25k) variance within Housing Strategy relates to work grant funded by the DLUHC using previously received grants.

4. General Fund Capital Programme

4.1 The Housing General Fund Capital Programme was approved by Council in February 2022. This has subsequently been revised to £6,963k after slippage from 2021/22. This includes revised capital budgets due to reprofiling of capital programmes over financial years as included in the Budget Setting report.

4.2 The following table gives a breakdown of the programme.

Table 2 – Housing Committee Capital Programme

	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Outturn Variance (£'000)
Housing Capital Schemes					
Disabled Facilities Grant Scheme		350	350	350	0
Green Home LADS Park Homes	4.3	0	90	90	0
Green Homes LADS 3		1,030	945	945	0
Health through Warmth Grants		200	200	200	0
Home Upgrade Grant - Sustainable Warmth		4,218	4,133	4,133	0
Private Sector Housing Loans		15	15	15	0
Temporary Accommodation		0	190	190	0
Warm Homes	4.4	0	40	40	0
Warm Homes-Low Carbon Initiatives	4.5	0	1,000	1,000	0
Housing General Fund Capital Schemes TOTAL		5,813	6,963	6,963	0

5. Housing Revenue Account Budget Position

- 5.1 The original net Housing Revenue Account (HRA) budget for 2022/23 is a transfer to reserves of £1,008k, as approved by Council in February 2022.
- 5.2 The monitoring position for the service at Quarter 2 shows a projected net overspend of £559k (2.1%) of gross spend against the current budget, following a proposed net transfer to earmarked reserves of (£90k), as shown in Table 3 (below).
- 5.3 The Forecast Outturn position includes estimates of the increased gas and electricity costs that have been calculated in response to the overall national utility price rises. These have been calculated based on a combination of actual usage rates / prices for the first 6 months of the year and historical usage rates at the new contract rate prices (capped for winter rates) for the second 6 months of the year, in line with the recent utility contract agreements. The actual impact of these rises within the HRA is an increase in Gas cost of £150k 530% and Electricity £195k 295%.
- 5.4 The Forecast Outturn position also includes an increase in respect of the pay award (which is determined nationally). This has been agreed with an additional £1,925 applied to all grades and backdated to 01 April 2022.

Table 3 – HRA Revenue Summary

Housing Committee	Para Refs	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Reserve Transfers (£'000)	2022/23 Outturn Variance (£'000)
Dwelling rents and service charges		(23,615)	(23,615)	(23,604)	0	10
Other charges and income		(644)	(644)	(687)	0	(43)
Provision for bad debt		200	200	200	0	0
Total Income	5.5	(24,058)	(24,058)	(24,091)	0	(33)
Supervision and management	5.6	4,538	4,538	4,334	0	(204)
Repairs and maintenance	5.7	5,294	5,294	5,826	0	532
Independent Living service	5.8	692	692	871	0	179
Other expenditure	5.9	575	575	626	0	51
Independent Living Modernisation	5.10	452	452	487	0	35
Total Expenditure		11,551	11,551	12,143	0	592
Support Service Charges from the GF		2,408	2,408	2,408	0	0
Interest payable/receivable		3,359	3,359	3,359	0	0
Provision for repaying debt		1,012	1,012	1,012	0	0
Revenue funding of capital programme (Depn & RCCO)		7,894	7,240	7,240	0	0
Total Other Costs and Income		14,673	14,019	14,019	0	0
Total Net Expenditure		2,166	1,512	2,071	0	559
Transfers to/(from) HRA earmarked reserves		(1,158)	(90)	(90)	0	0
Transfers to/(from) HRA general reserves		(1,008)	(1,422)	(1,422)	0	0
Total Housing Revenue Account		0	0	559	0	559

Note: table may contain rounding differences

5.6 **Income – (£33k) additional income**

During the course of the last financial year the number of empty council house properties undergoing works to make them ready to be let significantly reduced from 164 at the start of 2021/22 to 71 at the year end. The Property Care team have worked exceptionally hard over this period and during the first quarter of 2022, and have reduced the figure further to 30-35, which is now in line with pre pandemic levels.

The hard work of the Property Care team and its contractors assisted through additional targeted resources has meant 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.

As a result of the reduction in the voids there has been an increase in let properties and therefore rental income.

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 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.

5.7 **Supervision and Management – (£204 k) underspend**

During 2021/22 and early 2022/23 a number of posts became vacant and are actively being recruited for through the due process. While these posts are in the process of recruitment, performance of the service has been strong. Taking into account vacancy and recruitment across the quarter and a reduction in IT software purchase and upgrades the underspend is estimated to be (£128k).

5.8 **Repairs and maintenance – £532k overspend**

There were also a number of posts that became vacant in 2021/22 within Property Care. These vacancies are currently actively being recruited for in order to maintain service delivery. Taking into account vacancy and recruitment across the quarter the underspend is estimated to be (£205k).

Where trade posts have remained vacant additional costs are being recorded for sub-contractors in order to maintain work patterns. Further work is being undertaken by the property care team to establish the impact of inflation as well as the costs of labour and materials in respect of the overall service position. The estimated variance of for sub-contractors is £332k which is a combination of current working sub-contractor requirements and also cover for vacant trade posts.

Capacity for delivering voids remains high as a result of which the variance has increased by £162k. A further £75k increased variance relates to council tax on voids which will reduce as the number of voids decrease.

Additional slippage expenditure of £140k where costs exceeded the insured value are carried forward from 2021/22. Predominantly this relates to exceptional costs of making safe, rebuilding the property and reinstating surrounding properties following an incident in Newport.

5.9 Independent Living Service - £179k overspend

The £179k overspend is due to the high increased costs of both Gas and electric supply within the independent living properties for which tenants have been protected against for 2022/23.

5.10 Other Expenditure - £51K overspend

The £51k overspend is due to the high increased costs of electric supply within the communal areas of flat blocks for which tenants have been protected against for 2022/23.

5.11 Independent Living Modernisation - £35k overspend

The overspend relates to Council Tax charges in respect of buildings at Glebelands and Cambridge House which are due to be demolished. Phase 1 extension of time costs, increase in build costs, Covid and Brexit have all contributed to delays in the programme. It is anticipated that the demolition will start in January 2023.

5.12 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 is in line with the approved budget.

Further changes to this position are likely, including for the 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	2,987	1,000	(1,100)	2,887
Estate Redevelopment	1,170	0	(1,170)	0
HRA General Contingency	100	0	0	100
HRA Carry Forwards	100	0	(100)	0
Provision for repayment of debt	1,885	1,012	0	2,897
Transformation	377	39	(39)	377
Retrofit	168	0	(168)	0
	6,787	2,051	(2,577)	6,261

6. HRA Capital Programme

6.1 The HRA capital programme has been revised to £16.389k for 2022/23. This 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	2022/23 Original Budget (£'000)	2022/23 Revised Budget (£'000)	2022/23 Forecast Outturn (£'000)	2022/23 Outturn Variance (£'000)
Central Heating		1,181	648	648	0
Disabled Adaptations		155	155	155	0
Kitchens and Bathrooms		1,446	1,696	1,696	0
Major Works		464	515	515	0
Compliance		434	344	344	0
Doors and Windows		509	644	644	0
Electrical Works		499	471	471	0
Environmental Works		515	515	515	0
Door Entry		217	217	217	0
External Works		2,515	2,515	2,515	0
Fire Risk Works		490	490	490	0
Decarbonisation Projects		0	2,883	2,883	0
Total Major Works		8,425	11,093	11,093	0
IT Systems		0	435	435	0
Total Other Capital Works		0	435	435	0
Southbank, Woodchester		0	0	0	0
New Homes Contingency		50	50	50	0
Canal side: Corner of A419/Downton Rd (Former Ship Inn site)		284	0	0	0
Glebelands		4,508	358	358	0
Cambridge House		2,764	198	198	0
Broadfield Road, Eastington		0	95	95	0
Orchard Road, Ebley		762	0	0	0
Queens Drive, Cashes Green		488	26	26	0
Ringfield Close, Nailsworth		0	1,342	1,342	0
Summersfield Road, Minchinhampton		0	0	0	0
Gloucester St and Bradley St, WuE		1,665	94	94	0
Completed Schemes		50	50	50	0
Total New Build and Development		10,571	2,213	2,213	0
Independent Living Modernisation		648	648	648	0
Total Independent Living Modernisation		648	648	648	0
Acquisitions		2,000	2,000	2,000	0
Opportunity Land Acquisition Pot		0	0	0	0
Total Acquisitions		2,000	2,000	2,000	0
Total Capital Expenditure		21,644	16,389	16,389	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 Other Capital Works – no reported variance

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

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

Construction is complete at Broadfield Road and Ringfield Close and an assessment of closure costs and the outturn position is underway. These sites have delivered a total of 29 affordable properties (24 affordable rent, 3 shared ownership and 2 Older person's shared ownership). The final project costs and outturn position will be reported in a future budget monitoring report when the assessment of closure costs is complete.

6.7 **Independent Living Housing Modernisation – no variance reported**

The Independent living modernisation programme is on target for 2022/23.

6.8 **Acquisitions – on target**

No properties were purchased in quarter two however 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**

This report is of a financial nature, reporting on previous financial activities and expected forecasts. Potential financial pressures are detailed in the report.

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7.2 **Legal Implications**

There are no legal implications arising from this report and the recommendation.

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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.