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**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 25 JUNE 2024**

**SUBJECT: HOUSING AND PROPERTY SERVICES – UNAUDITED OUTTURN AS AT 31 MARCH 2024**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 This report presents the unaudited outturn position for the Housing Revenue Account (HRA) and General Services Other Housing Budget for the period up to 31 March 2024.
- 1.2 This report is submitted to Committee in terms of Section III G (1) of the Council's Scheme of Administration relating to the management of budgets.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee considers and notes the unaudited outturn for 2023/24 for the period to 31 March 2024, consisting of a surplus balance of £1,586k for the HRA and an underspend of £559k for General Services Housing & Property, reducing to £133,000 following transfer of funds for refugee resettlement to ear-marked reserves.**

**3. BACKGROUND**

- 3.1 The Council agreed the HRA Budget for 2023/24 at a Moray Council meeting on 1 March 2023 (paragraph 7 of the Minute refers). Housing and Property budget monitoring reports are presented quarterly.

**4. HOUSING REVENUE ACCOUNT TO 31 MARCH 2024**

- 4.1 **APPENDIX I** details the provisional and unaudited HRA budget position to 31 March 2024.
- 4.2 The main expenditure variances relate to:–

- 4.2.1 **Supervision and management** – there are a range of variations within this budget resulting in a net underspend of £179k. The main underspends were in relation to Staffing (£164k), arising from the lead-in time for recruitment of the new posts following service restructure, with other underspends in relation to Voids (£61k) and Software (£44k) attributable to improved performance in the former and revised scheduling of activity in the latter. These were partially offset by overspends in Council Tax (£23k), Insurance (£20k), Postage (£22k) and Other cumulative items (£25k), each largely attributable to cost increases and one-off items in-year.
- 4.2.2 **Sheltered Housing** – there was an underspend of £1k arising from decreased Energy costs (£8k), partially offset by Minor cumulative overspends (£7k), attributable to additional expenditure on repairs and maintenance, cleaning and furniture/equipment purchases.
- 4.2.3 **Repairs and maintenance** – there was an overspend of £472k net in the repairs and maintenance budgets, which comprised of £667k in additional void expenditure, largely arising from the Pinegrove acquisition, £641k in response repairs arising from additional volume, £228k to underwrite a deficit in Building Services and £204k in property fees. The overspends were partially offset by an underspend of £1,268k in planned/cyclical works, largely due to market capacity issues with electrical testing.
- 4.2.4 **Financing Costs** – there was an overspend of £72k due to higher than previously projected borrowing.
- 4.2.5 **Bad and doubtful debts** – there was an underspend of £96k, arising from favourable rent recovery and therefore lower than anticipated write-offs.
- 4.2.6 **Capital from Current Revenue (CFCR)** – There was an overspend of £1,139k based on the estimated balancing figure to maintain level of HRA reserves. This arose due to £2,007k in capital grant funding for the pay award being allocated to the HRA to reduce borrowing in 2023/24. CFCR provision is used as a balancing figure for the overall budget and limits the requirement for borrowing to fund property improvements. This had the effect of bringing the HRA balance below the typical reserve level at year end to avoid further borrowing costs, however this will be restored in the new financial year.
- 4.2.7 **Downsizing Incentive Scheme** – there was an underspend of £23k with fewer transfers than expected completed during the year.
- 4.2.8 **Service Developments** – there was an underspend of £59k, with a proportion of the allocated budget not required to fulfil agreed objectives for the year.
- 4.3 The income at 31 March 2024 was £493k higher than expected. This is due mainly to higher interest rates received for balances held (£295k) and elements of other income received, predominantly additional tenant recharges and Home Office funding for Pinegrove refurbishments (£112k). These were partially offset by a £42k overspend arising from changes in the timing of new build housing developments.

4.4 The estimated HRA surplus balance at 31 March 2024 was £1,586k, which was £879k lower than the projected outturn of £2,465k. The basis for this is set out in paragraph 4.2.6.

## 5. **OTHER HOUSING BUDGET**

5.1 **APPENDIX II** provides details of the provisional and unaudited budget position to 31 March 2024.

5.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There was an underspend of £59k arising from an underspend in discretionary grants of £51k, £7k in home energy efficiency programme expenditure and £1k on supplies and services. Discretionary grants are given to homeowners for disabled adaptations with this budget managed by the Moray Integration Joint Board.

5.3 **Housing Management** relates to the Gypsy/Traveller budget. This shows an underspend of £9k due to reduced staffing expenditure (£7k) following the early delivery of the budget option to reduce hours assigned to this activity and reduced expenditure on supplies and services (£2k) owing to lower seasonal activity.

5.4 **Homelessness/Allocations** comprises of Homelessness and Housing Support services. There were variations across a range of budgets within this heading resulting in an underspend of £45k in this budget. This is comprised of an underspend of £51k in temporary accommodation, arising from increased service income following the revision of charges and lower write-offs and an underspend of £8k against rapid rehousing funding, partially offset by grant to be carried forward for future years. These underspends were partially offset against by an overspend of £14k in housing support, predominantly due to sheltered housing staffing costs.

5.5 **Miscellaneous General Services Housing & Refugee Resettlement** comprises of House Loans and the complex needs development at Urquhart Place, Lhanbryde and another social care premises, now also incorporating interim oversight of the Refugee Resettlement activities. There was an underspend of £458k across these three budgets. An underspend of £32k arose within general services housing, attributable to additional income of £42k and lower operating costs for the properties, partially offset by open space maintenance costs of £9k and a cessation of repayments of £1k. In relation to Refugee Resettlement, an underspend of £426k arose due to the receipt of funding to cover multi-year work and is held as an earmarked reserve within the general services account. A review of this service area is underway and will be the subject of a future report to Council.

5.6 **The Building Services Budget** is reported in detail separately on this Committee's agenda. Whilst not finalised a modest £3k overspend is anticipated at this point.

- 5.7 **The Property Services Budget** includes the budgets for the Design Team and Property Resources. There was an underspend of £100k at year end, attributable to a £75k underspend in Design and Construction and a £25k underspend in Property Asset Management. The Design and Construction variance arose from additional property fees of £84k being received and other minor underspends of £3k, partially offset by a £12k overspend in relation to architectural software. For Property Asset Management an underspend of £123k for central repairs arose from lower activity levels, augmented by a cumulative additional underspend of £84k arising from additional income from the industrial portfolio, energy efficiency income and other miscellany. These underspends were partially offset by an overspend of £141k in school maintenance due to the level of reactive issues arising, £38k in expenditure on surplus/vacant assets and £3k on software.
- 5.8 **Housing and Property Savings** – Staffing savings were £103k below target at year end. This arose mainly to due to the filling of previously vacant posts and is partially reflected in the additional income received by Design and Construction. This element will be rebased for the new financial year.
- 5.9 **Housing and Property Allocations** – there was an overspend (£6k) primarily due to less income than budgeted for shared building service recharges.
- 5.10 As at 31 March 2024, the Other Housing Budget shows an unaudited net underspend of £559k, reducing to £133k after transfer of unused funding for refugee resettlement to ear-marked reserves. This compares favourably to the previously reported projected outturn, which was for an overspend of £470k.

## 6. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The provision of new affordable housing, the maintenance of the Council's housing stock and dealing with homelessness are priorities identified within the Corporate Plan, the Council's Local Housing Strategy, the Strategic Housing Investment Plan (SHIP) and the Housing and Property Service Plan.

(b) **Policy and Legal**

There are no policy or legal implications arising from this report.

(c) **Financial Implications**

The financial implications of this report are considered in Sections 4 and 5 of this report and detailed in **APPENDICES I and II**.

(d) **Risk Implications**

Budget Managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from the Committee in line with Financial Regulations.

(e) **Staffing implications**

None.

**(f) Property**

None.

**(g) Equalities/Socio Economic Impact**

There are no equalities/socio economic impacts arising from this report.

**(h) Climate Change and Biodiversity Impacts**

There are no climate change/biodiversity impacts arising from this report.

**(i) Consultations**

This report has been prepared in close consultation with Finance staff. Consultation on this report has been carried out with the Chief Financial Officer, the Legal Services Manager, Senior Managers within Housing and Property Services and Lissa Rowan (Committee Services Officer) who all agree the content of the report where it relates to their area of responsibility.

**7 CONCLUSION**

**7.1 This report sets out the provisional and unaudited budget position for the HRA and General Services Housing budgets to 31 March 2024 and also comments on the variances on these budgets.**

Author of Report: Edward Thomas, Head of Housing and Property Services  
Background Papers: Held by author  
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