



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 21 JUNE 2022

SUBJECT: HOUSING AND PROPERTY SERVICES – UNAUDITED OUTTURN AS AT 31 MARCH 2022

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 2022.
- 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 2021/22 for the period to 31 March 2022.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2022/23 at a Moray Council meeting on 22 February 2022 (paragraph 5 of the Minute refers). Housing and Property budget monitoring reports are presented quarterly.
- 3.2 The COVID-19 pandemic and subsequent lockdown period has impacted on the budget spend as the service has sought to recover from the impact of restrictions.

4. HOUSING REVENUE ACCOUNT TO 31 MARCH 2022

- 4.1 **APPENDIX I** details the provisional and unaudited HRA budget position to 31 March 2022.
- 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 £43k. The main underspends were in staffing (£85k), due to unfilled vacancies, central support services/shared accommodation (£75k) and insurance (17k). These were partially offset by an overspend in voids (£103k), due to the increased level of recovery activity, pool car recharges (£23k) and other minor overspends (£8k).
- 4.2.2 **Sheltered Housing** – there was an overspend of £5k arising from energy, repairs & maintenance costs.
- 4.2.3 **Repairs and maintenance** – there was an underspend of £277k net in the repairs and maintenance budgets, which comprised of planned/cyclical (£823k) and the DLO surplus return (£46k – estimated at this stage). The planned/cyclical underspend was due to reduced output in insulation programmes being undertaken due to pandemic impact and market conditions (£562k), roof and fabric repairs (£238k), asbestos works (£118k) and rainwater goods (£80k). An overspend in disabled adaptations of £349k arose due to having been budgeted under capital spend, but moved to revenue following a review of the nature of the expenditure, with many of the adaptations being minor works. The cumulative underspends were partially offset by overspends in response repairs (£377k, with £171k relating to damage caused by Storm Arwen) and voids (£215k).
- 4.2.4 **Financing Costs** – there was an overspend of £418k due to the higher than anticipated cost of borrowing following interest rate increases.
- 4.2.5 **Bad and doubtful debts** – there was an underspend of £79k, arising from lower write-offs and following a previous increase in bad debt provision.
- 4.2.6 **CFCR** – There was an underspend of £47k based on the estimated balancing figure to maintain level of HRA reserves.
- 4.2.7 **Downsizing Incentive Scheme** – there was an underspend of £28k with fewer transfers than expected completed during the year, with a number of moves suspended due to COVID-19 and prioritisation of lets to homeless households in line with Scottish Government guidance.
- 4.2.8 **Service Developments** – there was an underspend of £58k arising from a vacant post and the later commissioning of the Housing Need and Demand Assessment.
- 4.2.9 The income at 31 March 2022 was £61k lower than expected. This is due mainly to revenue from new build housing in Keith being delayed due to restriction of works and fewer reactive repairs invoiced to tenants at the year end, partially offset by higher income from interest on revenue balances due to increased interest rates.
- 4.2.10 The estimated HRA surplus at 31 March 2022 was £48k, increasing the HRA balance to £2.449m. This compares with a projected outturn at Q3 of £2.401m.

5 **OTHER HOUSING BUDGET**

- 5.1 **APPENDIX II** provides details of the provisional and unaudited budget position to 31 March 2022.
- 5.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There was an overspend of £3k arising from a shortfall in grant income against budgeted target (£68k). This was partially offset by and underspend in discretionary grants and admin costs (£65k). 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 £11k due to reduced staffing expenditure (£9k) and reduced expenditure on supplies and services (£2k).
- 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 overspend of £41k in this budget. This is comprised of an overspend of £5k in Housing Support, mainly due to sheltered housing staff costs and an overspend of £217k in temporary accommodation budgets, mainly due to additional repairs and furniture costs (£76k), loss of income due to arrears/voids (£71k), storage and low occupancy rates at a property which is being considered for closure in 2022/23. These were partially offset by an underspend of £181k in other Homelessness budgets, predominantly £190k against the rapid rehousing transition plan due to delays in implementing Housing First on account of recruitment challenges, which is ear-marked Scottish Government funding which will therefore be carried forward.
- 5.5 **Miscellaneous General Services Housing** comprises of House Loans and the complex needs development at Urquhart Place, Lhanbryde. There was an underspend of £30k across these three budgets. The main reason for this was lower than anticipated repairs and maintenance costs relating to Urquhart Place (£36k), supplemented by an underspend in mortgage repayments (1k); these underspends were partially offset by an overspend in grounds maintenance (£7k), which had been funded by a now exhausted maintenance bond with an RSL.
- 5.6 **The Building Services Budget** is reported in detail separately on this Committee's agenda. Whilst not finalised a modest £5k underspend is anticipated at this point.
- 5.7 **The Property Services Budget** includes the budgets for the Design and Property Resources. There was an underspend of £428k at year end, arising primarily from lower administrative and management costs (£153k), lower central repairs and maintenance charges (£146k), increased rental income/lower costs in industrial estates (£121k) and other miscellany (£21k). This cumulative underspend of £441k in Property Resources was partially offset by a £17k overspend in Design, predominantly due to software costs.
- 5.8 **Housing and Property Savings** – Staffing savings (£19k) above target were achieved by year end. These savings arose mainly to due to unfilled vacancies.

- 5.9 **Housing and Property Allocations** – there was an overspend (£28k) primarily due to less income than budgeted for shared building service recharges. This budget will be reviewed in 2022/23.
- 5.10 **COVID-19** – there was a service underspend of £33k attributable to the Tenant Hardship Fund balance being carried forward (£39k) as ear-marked reserves- and an overspend of £6k due to building reconfiguration costs.
- 5.11 As at 31 March 2022, the Other Housing Budget shows an unaudited net underspend of £454k.

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 Deborah O'Shea (Interim Chief Financial Officer Moray Integration Joint Board), the Legal Services Manager, Senior Managers within

Housing and Property Services and Lindsey Robinson (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 2022 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
Ref: SPMAN-1285234812-1086