



**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL
SUSTAINABILITY COMMITTEE ON 24 AUGUST 2021**

**SUBJECT: HOUSING AND PROPERTY SERVICES – UNAUDITED OUTTURN
AS AT 31 MARCH 2021**

**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 2021.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this Committee, the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (paragraph 9 of the Minute refers).

2. RECOMMENDATION

- 2.1 It is recommended that the Committee considers and notes the unaudited outturn for 2020/21 for the period to 31 March 2021.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2020/21 at a Moray Council meeting on 12 February 2020 (paragraph 12 of the Minute refers). Housing and Property budget monitoring reports are presented to each cycle of meetings.
- 3.2 The COVID-19 pandemic and subsequent lock down period has impacted on the budget spend as the service concentrated on responding to the immediate crisis.

4. HOUSING REVENUE ACCOUNT TO 31 MARCH 2021

- 4.1 **APPENDIX I** details the provisional and unaudited HRA budget position to 31 March 2021.
- 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 £243k. The main underspends were in staffing (£211k), due to unfilled vacancies and central support services/shared accommodation (£167k). There were also underspends in software (£23k), insurance premiums (£21k) following a change in provider, training (£8k) and more minor cumulative underspends (£4k) on other headings within this budget. This was reduced by overspends in void rent loss (£128k), expenditure on laptops for homeworking (£21k), software costs for the new housing register system (£34k) and Council Tax on empty properties (£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 £170k net in the repairs and maintenance budgets, which comprised of similar proportions planned/cyclical (£958k) and response repairs (£929k) and to a lesser extent voids (£144k). The net position incorporates an overspend of £1,861k relating to the year end deficit for the Building services DLO, which arose from costs incurred during the pandemic response whilst service delivery was inhibited by restrictions.
- 4.2.4 **Financing Costs** – there was an overspend of £36k due to the higher than anticipated cost of borrowing.
- 4.2.5 **Bad and doubtful debts** – there was an underspend of £54k, arising from lower write-offs and following a previous increase in bad debt provision.
- 4.2.6 **CFCR** – There was an underspend of £253k arising from reduced revenue contributions for funding capital expenditure.
- 4.2.7 **Downsizing Incentive Scheme** – there was an underspend of £38k 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 £29k in relation to software upgrades
- 4.2.9 The income at 31 March 2021 was £492k lower than expected. This is due mainly to revenue from new build housing being delayed due to restriction of works, as well as lower interest rates and fewer reactive repairs.
- 4.2.10 The estimated HRA surplus at 31 March 2021 was £254k, increasing the HRA balance to £2.401m. This compares with a projected outturn at Q3 of £2.219m (£182k favourable variance).

5 OTHER HOUSING BUDGET

- 5.1 **APPENDIX II** provides details of the provisional and unaudited budget position to 31 March 2021.
- 5.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There was an overspend of £164k arising from less capital grant than budgeted for, due to Covid restriction implications on the service. Discretionary grants are given to homeowners for disabled adaptations with this budget now managed by the Moray Integration Joint Board.
- 5.3 **Housing Management** relates to the Gypsy/Traveller budget. This shows an underspend of £8k due to reduced staffing expenditure (£4k) and reduced expenditure on supplies and services (£4k).
- 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 £85k in this budget. The most significant component was temporary accommodation (£70k), relating to void costs, staffing and furniture, with sheltered housing (£6k), housing support provider payments (£6k) and £3k of other expenditure also contributing.
- 5.5 **Miscellaneous General Services Housing** comprises of House Loans, a maintenance bond from Grampian Housing Association and the new complex needs development at Urquhart Place, Lhanbryde. There was an underspend of £27k across these three budgets. The main reason for this was lower than anticipated repairs and maintenance costs relating to Urquhart Place (£27k), whilst an underspend in rental income for the property of £7k was offset by an overspend in the maintenance bond (£7k), which is now exhausted.
- 5.6 **The Building Services Budget** is reported in detail separately on this Committee's agenda.
- 5.7 **The Property Services Budget** includes the budgets for the Design and Property Resources. There was an underspend of £179k at year end, arising primarily from central repairs and maintenance (£384k), with energy costs in shared buildings (£13k), other miscellany (£11k) and energy efficiency (£8k) also underspending. This was partially offset by overspends in industrial estates (£86k), of which £49k relates to Islabank fire damage works and £32k bad debt provision, as well as £151k in property services fee income.
- 5.8 **Housing and Property Savings** – Staffing savings (£301k) above target were achieved by year end. These savings applied mainly to unfilled vacancies.
- 5.9 **Housing and Property Allocations** – there was an overspend (£43k) primarily due to less income than budgeted for shared building service recharges-
- 5.10 **COVID-19** – there was a service overspend of £125k attributable to the pandemic including temporary accommodation furniture (£48k), agency staff costs (£46k) and building alterations (£32k).

5.11 As at 31 March 2021, the Other Housing Budget shows an unaudited net overspend of £67k.

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) Consultations

This report has been prepared in close consultation with Finance staff. Consultation on this report has been carried out with Deborah O'Shea (Principal Accountant), Aileen Scott (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 2021 and also comments on the variances on these budgets.

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