



REPORT TO: COMMUNITIES COMMITTEE ON 3 MARCH 2020

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING –
31 DECEMBER 2019**

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

1. REASON FOR REPORT

- 1.1 This report presents the budget position for the Housing Revenue Account (HRA) and General Services Other Housing Budget for the period up to 31 December 2019.
- 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 Communities Committee considers and notes the budget monitoring report for the period to 31 December 2019.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2019/20 at a special meeting on 27 February 2019 (paragraph 6 of the Minute refers). Housing and Property budget monitoring reports are presented to each cycle of meetings.

4. HOUSING REVENUE ACCOUNT TO 31 DECEMBER 2019

- 4.1 **APPENDIX I** details the HRA budget position to 31 December 2019.
- 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 £361k. There were underspends in staffing (£226k), Training (£8k), Tenant Participation (£4k), insurance premiums (£184k), non domestic rates (£8k), Postages (£6k) and other minor cumulative underspends (£7k). This was reduced by overspends in voids (£74k) and council tax (£8k).
- 4.2.2 **Sheltered Housing** – there was an underspend of £10k due to lower than expected energy costs (£5k) and the transfer of the rates liability for the

communal facilities at Gurness Circle to the Moray Integration Joint Board (£6k). This was reduced by minor cumulative overspends (£1k).

- 4.2.3 **Repairs and maintenance** – there was an underspend of £623k in the repairs and maintenance budgets. Underspends include planned maintenance (£443k), response repairs (£157k) and voids (£23k). The transfer of some costs from revenue to capital (one off boiler replacements) explains in part the reason for the underspend in the planned maintenance budget.
- 4.2.4 **Bad and doubtful debts** – there was an underspend of £50k to date due to fewer write offs than expected being approved in the period.
- 4.2.5 **Downsizing Incentive Scheme** – there was an underspend of £13k with fewer transfers than expected completed by 31 December 2019.
- 4.2.6 **Service Developments** – the budget of £39k included provision for ICT improvements (£5k), a review of the Housing Business Plan (£12k) and funding for the Research and Information Officer within the Community Safety Team (£22k). The budget is showing a minor underspend of £3k to date.
- 4.2.7 The income at 31 December 2019 was £18k higher than expected. This is due mainly to new rents from new build (£3k), an increase in non dwelling rents (£2k) and other income (£13k) recovered from rechargeable repairs.

5. **HRA PROJECTED OUTTURNS 2019/20**

5.1 **APPENDIX I** also details projected outturns for 2019/20.

5.2 Expenditure

- 5.2.1 **Supervision and management** - an underspend of £424k is projected. This variance results from projected underspends in staffing (£290k), Insurance Premiums (£175k), shared accommodation costs (£45k) and other minor cumulative net underspends (£18k). This is reduced by a projected overspend in voids (£104k)
- 5.2.2 **Sheltered Housing** - an underspend of £10k is projected due to lower energy costs (£4k) and the transfer of the rates liability for the communal facilities at Gurness Circle to the Moray Integration Joint Board (£6k). This is an appropriate transfer given that these facilities are now being used to provide day care services for older people.
- 5.2.3 **Repairs and Maintenance** - an underspend of £650k is projected. Planned/ Cyclical works are projected to underspend (£868k) but this will be reduced by overspends in response repairs (£143k) and voids (£75k).
- 5.2.4 **Financing costs** - an underspend of £469k is projected due to lower borrowing requirements, lower expenditure on new build and the continued level of Capital from Current Revenue (CFCR) used to keep borrowing to a minimum.

- 5.2.5 **Bad and Doubtful debts** - an underspend of £125k is projected due to lower write-offs than originally expected.
- 5.2.6 **CFCR** - the level of Capital from Current Revenue (CFCR) is projected to increase by £1.759m due to underspends elsewhere across the HRA budget and to keep borrowing to a minimum.
- 5.2.7 **Downsizing Incentive Scheme** – it is currently projected that the budget will underspend at year end (£5k).
- 5.2.8 **Service Developments** – an underspend of £5k is currently projected due to the Business Plan costing less than expected and there is also a small underspend in the ICT budget.
- 5.2.9 **Total expenditure on the HRA** - is projected to be £71k higher than budgeted.
- 5.3 Income
- 5.3.1 Minor variations are projected for income on non-dwelling rents, house rents and other income during 2019/20.
- 5.3.2 Total income to the HRA is projected to be £71k higher than originally budgeted for 2019/20.
- 5.4 Overall, a surplus balance of £1.172m is projected for the HRA budget in 2019/20.

6. OTHER HOUSING BUDGET

- 6.1 **APPENDIX II** provides details of the budget position to 31 December 2019.
- 6.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There were underspends of £110k to date. This includes underspends in discretionary grants (£68k), admin costs (£2k) and income (£40k).
- 6.3 **Housing Management** relates to the Gypsy/Traveller budget. The position at 31 December 2019 shows an underspend of £1k.
- 6.4 **Homelessness/Allocations** comprises of Homelessness and Housing Support services. There was an overspend of £31k in this budget. Overspends in housing support (£16k) and temporary accommodation (£31k) was reduced by an underspend in the homelessness budget (£16k). Homelessness is a “high risk” budget and pressures can quickly arise if homelessness increases. Service Managers continue to closely monitor this budget.
- 6.5 **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. The budget is showing an underspend of £24k. An underspend at Urquhart Place (£33k) reduced by an overspend in the maintenance bond (£9k) which is now exhausted.

- 6.6 **The Building Services Budget** is reported in detail separately on this Committee's agenda and any surplus achieved will return to the HRA.
- 6.7 **The Property Services Budget** includes the budgets for the Design Team and Property Resources. There was an underspend of £665k to date with underspends in Design (£423k) and Property Resources (£242k). The main underspend in Design is within the Industrial Estate Portfolio (£430k) which relates to an insurance settlement following a fire at one of the units in Islabank, Keith. There was also a small underspend in Energy (£1k). These underspends were reduced by overspends in Architectural Services (£7k) and Estates (£1k). The main underspends in Property Resources included shared buildings (£48k), Maintenance staffing (£3k), consultancy (£17k) and central repairs and maintenance (£176k). This was reduced by an overspend in Quantity Surveyor staffing costs (£2k).
- 6.8 As at 31 December 2019, the Other Housing budget shows a net underspend of £769k.

7. **OTHER HOUSING PROJECTED OUTTURNS 2019/20**

- 7.1 **APPENDIX II** also indicates the projected outturns for 2019/20.
- 7.2 **Planning and Development** is projected to underspend by £75k. This assumes that discretionary grants are likely to underspend based on current projections.
- 7.3 **Housing Management** is projected to underspend by £4k. The main reason for this is end of year recharges – the Housing Revenue part funds the staffing element (£2k) and other minor recharges (£2k) are also anticipated.
- 7.4 **Homelessness/Allocations** projects an overspend of £7k. An overspend in housing support (£24k) is reduced by an underspend in the homelessness budget (£17k), with temporary accommodation expected to be on budget.
- 7.5 **Miscellaneous General Services Housing** –projects an underspend of £24k. The main reason for this is lower than anticipated repairs and maintenance costs relating to Urquhart Place.
- 7.6 **Building Services** projected outturn is considered in further detail in the separate report on the Committee's agenda.
- 7.7 **Property Services** projects an underspend of £250k. Projections include an underspend in Design (£437k) which is reduced by an overspend in Property Resources (£187k). The main underspend in Design is within the Industrial Estates Portfolio (£444k) which relates to the insurance settlement as stated in 6.7 of this report. The underspend is reduced by an overspend in Architect software costs (£7k). The overspends in Property Resources relates mainly to a reduction in property fees (£386k) and Quantity Surveyor staffing (£1k). This is reduced by underspends in shared buildings (£43k), Maintenance staffing (£5k) and central repairs and maintenance (£152k).

- 7.8 **Housing and Property Savings** – Staffing savings (£100k) are projected to be achieved by year end.
- 7.9 **Housing and Property Allocations** – is projected to overspend (£32k) due to lower than expected service recharges.
- 7.10 Overall, it is now projected that the Other Housing Budget in General Services will underspend by £414k on the agreed budget.

8. **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), Legal Services Manager, Senior Managers within Housing and Property Services, and Caroline Howie (Committee Services Officer) who all agree the content of the report where it relates to their area of responsibility.

9 CONCLUSION

9.1 This report sets out the budget position for the HRA and General Services Housing budgets to 31 December 2019 and also comments on the variances on these budgets.

Author of Report: Richard Anderson, Head of Housing and Property Services

Background Papers: Held by author

Ref: CC/JS/LS – Housing Budgets –