



REPORT TO: COMMUNITIES COMMITTEE ON 5 FEBRUARY 2019

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING –
30 NOVEMBER 2018**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 This report presents the budget monitoring for the Housing Revenue Account (HRA) and General Services Other Housing Budget for the period to 30 November 2018.
- 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 30 November 2018.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2018/19 at its meeting on 14 February 2018 (paragraph 13 of the Minute refers). Housing and Property budget monitoring reports are presented to each cycle of meetings.

4. HOUSING REVENUE ACCOUNT TO 30 NOVEMBER 2018

- 4.1 **APPENDIX I** details the HRA budget position to 30 November 2018.
- 4.2 The main expenditure variances relate to:–
- 4.2.1 **Supervision and management** – there is a range of variations within this budget resulting in a net overspend of £12k. There are underspends in Staffing (£99k), Training (£3k), ICT (£9k) and other minor underspends (£11k) which is reduced by overspends on void rent loss (£71k), the Bilbohall Masterplan (£38k), insurance (£14k) and council tax for Cluny Annexe, Buckie (£11k).
- 4.2.2 **Sheltered Housing** – there is an underspend of £8k due mainly to lower energy costs. This position is likely to change over the winter months.

- 4.2.3 **Repairs and maintenance** – there is an overspend of £27k in the repairs and maintenance budget. The main overspends are in planned works (£28k) and void repairs (£53k) which is reduced by an underspend in response repairs (£54k).
- 4.2.4 **Bad and doubtful debts** – there has been an underspend of £30k to date due to fewer write offs than expected being approved. This position will change as the year progresses.
- 4.2.5 **Downsizing Incentive Scheme** – there is a £1k underspend to date. The recruitment of a dedicated post to oversee the Scheme will commence in January 2019.
- 4.2.6 **Service Developments** – this budget includes provision for ongoing ICT improvements (£5k) and a full Tenants Survey (£18k). There has been no spend to date on ICT improvements. The Tenants Survey which is now complete also cost less than was originally projected.
- 4.3 The income at 30 November 2018 is £38k lower than projected. Housing rents (£21k) and lower than expected tenant rechargeable repairs (£17k) are the main reasons for the reduced income. The income from house rents will increase over the remainder of the year as new build properties come on stream.

5. **HRA PROJECTED OUTTURNS 2018/19**

- 5.1 **APPENDIX I** also details projected outturns for 2018/19.
- 5.2 Expenditure
- 5.2.1 **Supervision and management** - an overspend of £23k is projected. This variance results from projected overspends in void rent loss (£77k), the Bilbohall Masterplan (£29k), council tax for Cluny Annexe, Buckie (£11k) and insurance (£14k) which is reduced by underspends in staffing (£74k), ICT (£20k) and other minor underspends (£14k).
- 5.2.2 **Sheltered Housing** - an underspend of £4k is projected due mainly to lower energy costs.
- 5.2.3 **Repairs and Maintenance** - an overspend of £261k is projected with the main overspend occurring in voids (£291k). This is reduced by projected underspends in planned works (£9k) and response repairs (£21k).
- 5.2.4 **Financing costs** - an overspend of £47k is projected due to higher borrowing requirements and higher interest rates. The level of Capital from Current Revenue (CFCR) has been reduced by £254k to address projected overspends elsewhere within the HRA budget.
- 5.2.5 **Bad and Doubtful debts** - an underspend of £65k is projected due to lower write-offs than originally expected.

5.2.6 **Downsizing Incentive Scheme** – it is currently projected that the full budget (£72k) will be fully expended by year end.

5.2.7 **Service Developments** – an underspend of £9k is projected with ICT (£5k) not being required in this financial year and the cost of the Tenant Survey (£14k) being less than was originally projected.

5.2.8 **Total expenditure on the HRA** - is projected to be £1k lower than budgeted.

5.3 Income

5.3.1 Minor variations are projected for income on non-dwelling rents, house rents and other income during 2018/19.

5.3.2 Total income to the HRA is projected to be £1k lower than originally budgeted for 2018/19.

5.4 Overall, a surplus balance of £1.132m is projected for the HRA budget in 2018/19.

6. **OTHER HOUSING BUDGET**

6.1 **APPENDIX II** provides details of the budget position to 30 November 2018.

6.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There is an underspend of £36k as a result of fewer improvement grants being processed in the period.

6.3 **Housing Management** relates to the Gypsy/Traveller Budget. This shows a £4k underspend due to minor underspends mainly in staffing and the provision of chemical toilets.

6.4 **Homelessness/Allocations** comprises homelessness, Landlord Registration and housing support services. An underspend to date of £42k is due to variances across a range of budgets. This includes underspends in Landlord Registration (£20k), Homeless Persons (£19k) and Homelessness (£3k).

6.5 **Miscellaneous General Services Housing** – comprises of a maintenance bond, house loans and housing at Urquhart Place, Lhanbryde. There is a £23k underspend to date due mainly to a lower than projected repairs and maintenance being required for the properties at Urquhart Place.

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** covers the cost of the Design and Property Resources sections of the service. An underspend of £161k has occurred to date due to variances across a range of budgets. The major underspends relate to Industrial Estates rental income (£54k) and the corporate repairs and maintenance budgets (£107k).

6.8 As at 30 November 2018, the Other Housing Budget shows a net underspend of £273k.

7. OTHER HOUSING PROJECTED OUTTURNS 2018/19

- 7.1 **APPENDIX II** also indicates the projected outturns for 2018/19.
- 7.2 **Planning and Development** is projected to underspend by £20k. This includes an underspend on Discretionary Grants (£15k) and minor staffing underspends (£5k).
- 7.3 **Housing Management** is projected to underspend by £6k with staffing and the requirement for chemical toilets being the main reasons for the underspend.
- 7.4 **Homelessness/Allocations** projects an underspend of £46k. Underspends in Landlord Registration (£12k) and temporary accommodation (£41k) are reduced by an overspend in housing support (£7k).
- 7.5 **Miscellaneous General Services Housing** –projects an underspend of £26k. The main reason for this relates to the lower than anticipated repairs and maintenance costs that are expected for Urquhart Place, Lhanbryde during the financial year.
- 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 £61k. The main underspends include shared buildings (£10k) and central repairs and maintenance (£138k). This is reduced by overspends in Architects (£8k), the industrial portfolio (£22k) and lower than projected property fees (£57k).
- 7.8 **Housing and Property Savings** – Staffing savings are projected to be slightly less than target (£4k).
- 7.9 **Housing and Property Allocations** - no variance is currently projected on the year end allocations budget.
- 7.10 Overall, it is now projected that the Other Housing Budget in General Services will overspend by £43k 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 and 10 Year Plan, the Council’s Local Housing Strategy and 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, 5, 6 and 7 of this report and detailed in **APPENDIX 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 (Property and Contracts), 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 30 November 2018 and also comments on the variances on these budgets. It also provides projected outturns for the financial year 2018/19.**

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Background Papers: Held by author
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