



**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 21
NOVEMBER 2023**

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING –
30 SEPTEMBER 2023**

**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 30 September 2023.
- 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 scrutinises and notes the budget monitoring report for the period to 30 September 2023.**

3. BACKGROUND

- 3.1 Full Council agreed the HRA Budget for 2022/23 at the 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 30 SEPTEMBER 2023

- 4.1 **APPENDIX I** details the HRA budget position to 30 September 2023.
- 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 £283k. This includes underspends in staffing (£250k), arising from vacancies and the budget provision for pay award, £31k for software due to invoice timing, £19k for voids due to reduced turnover and £3k for training. This was partially offset by an overspend in other minor/cumulative spend of £20k, which included £13k in postage. The service is currently reviewing opportunities to reduce postage expenditure by further increasing electronic communication.

- 4.2.2 **Sheltered Housing** – there was an underspend of £11k in the sheltered housing budget, arising from an underspend in energy costs (£12k) which is seasonal but also follows a reduction in gas prices. This was partially offset by a £1k overspend in minor/cumulative expenditure.
- 4.2.3 **Repairs and maintenance** – there was an underspend of £1,935k in the repairs and maintenance budget, which arises from reduced activity in planned/cyclical maintenance (£1,484k), response repairs (£445k) and a small underspend in voids (£6k). It should be noted that this underspend reflects the ledger position at the end of quarter and does not include accruals, with delayed posting of payments for July and August. The planned/cyclical position included main variance underspends in electrical upgrades (£749k) due to capacity and procurement challenges, roof and fabric repairs (£310k), external decoration (£237k), rain water goods (£106k), asbestos works (£92k), roof moss clearance (£78k) and fire risk assessment (£65k). A mid-year review of programmes is being undertaken to ensure optimal outturn and further detail is provided within the DLO Budget Monitoring report.
- 4.2.4 **Bad and doubtful debts** – there was an underspend of £3k against provision for bad & doubtful debts.
- 4.2.5 **Downsizing Incentive Scheme** – there was an underspend of £4k, with fewer transfers taking place. Work continues to increase the uptake, which is expected to increase spend as the year progresses.
- 4.2.6 **Service Developments** – there is an underspend of £50k, with elements of provision which had been allocated expected to progress in the latter part of the year.
- 4.2.7 The income at 30 September 2022 was £6k lower than expected. This is due mainly to the revised completion of the new development at Keith (£40k), partially offset by higher than anticipated tenant recharges (£34k).

5. **HRA PROJECTED OUTTURNS 2023/24**

- 5.1 **APPENDIX I** also details projected outturns for 2023/24.

Expenditure

- 5.2 **Supervision and management** - An underspend of £214k is projected. This variance arises from an underspend in staffing costs (£164k), but remains uncertain pending the final pay award and lower void costs (£50k) due to lower turnover.
- 5.3 **Sheltered Housing** – There is no variance currently projected.
- 5.4 **Repairs and Maintenance** - An underspend of £973k is projected. This is comprised of underspends of £1,545k in planned/cyclical programmes and £16k in response repairs, partially offset by overspends in voids (£274k), a deficit in the DLO of £244k against a £100k budgeted surplus and property fees of £70k.

- 5.5 **Financing costs** - An underspend of £439k is projected due to lower than estimated interest costs on borrowing. It is acknowledged that there remains uncertainty in relation to interest rates at present, therefore this position may vary prior to the year end.
- 5.6 **Bad and Doubtful debts** – There is no variance currently projected.
- 5.7 **CFCR** - The level of Capital from Current Revenue (CFCR) is projected to be £1,745k higher due to underspends elsewhere across the HRA budget, which will offset anticipated borrowing.
- 5.8 **Downsizing Incentive Scheme** – There is no variance currently projected.
- 5.9 **Service Developments** – There is no variance currently projected.
- 5.10 **Total expenditure on the HRA** - Projected to be £119k higher than budgeted.

Income

- 5.11 Total income to the HRA is projected to be £119k higher than originally budgeted for 2023/24, with £96k additional interest on revenue balances projected due to the higher interest rates and £34k in other income, partially offset by £11k lower rental income due to the delayed completion of new build properties in Keith.
- 5.12 Overall, a surplus balance of £2.465m is projected for the HRA budget in 2023/24.

6. OTHER HOUSING BUDGET

- 6.1 **APPENDIX II** provides details of the budget position to 30 September 2023.
- 6.2 **Planning and Development** - consists of Improvement Grants and Affordable Housing budgets, including disabled adaptations. The position at 30 September 2023 shows an underspend of £16k, arising from an underspend in discretionary grants.
- 6.3 **Housing Management** - relates to the Gypsy/Traveller budget. The position at 30 September 2023 shows an underspend of £1k, arising from lower site clearance costs than budgeted.
- 6.4 **Homelessness/Allocations** - comprises of Homelessness and Housing Support services. There was an underspend of £4k in this budget, comprised of underspends in Temporary Accommodation (£24k), and general homelessness (£4k), partially offset by an overspend of £24k in Housing Support. This represents a significant improvement on the longstanding deficit in temporary accommodation prior to the increase in service charges in 23/24.
- 6.5 **The Building Services Budget** - is reported in detail separately on this Committee's agenda and any surplus achieved or deficit will be returned to the HRA.

6.6 **The Property Services Budget** - includes the budgets for the Design Team and Property Resources. There is an overall overspend of £83k to date. Within the Design Team there was an overspend of £55k, predominantly arising from lower than budgeted fee income. Property Asset Management has a £28k overspend, with increased schools repairs and maintenance expenditure year to date.

6.7 As at 30 September 2023, the Other Housing budget shows a net overspend of £52k.

7. **OTHER HOUSING PROJECTED OUTTURNS 2023/24**

7.1 **APPENDIX II** also indicates the projected outturns for 2023/24.

7.2 **Planning and Development** - Projected to underspend by £13k. This is based on an anticipated underspend in discretionary grants.

7.3 **Housing Management** - Projected to underspend by £5k. This arises from end of year recharges to the Housing Revenue Account (£4k) and lower site clearance costs (£1k).

7.4 **Homelessness/Allocations** - Projects an overspend of £23k. An anticipated overspend in housing support (£23k) is projected to arise and whilst there are no other variances projected to offset this, the temporary accommodation budget has been conservatively set following increases in charges in-year and may yet offset some of the projected overspend.

7.5 **Miscellaneous General Services Housing** - Projects an underspend of £14k. 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 overspend of £332k. This is comprised of anticipated overspends of £150k in Design & Construction and £182k in Property Asset Management. The service will consider appropriate options to mitigate this position by year-end.

7.8 **Housing and Property Savings** – Staffing savings are anticipated to be £147k less than the budgeted provision, being dependent on vacancy levels.

7.9 Overall, it is now projected that the General Services Housing Budget will overspend by £470k on the agreed budget, with approaches set out above to mitigate the eventual outturn.

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 to 7 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**

There are no staffing implications arising from this report.

(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 Lorraine Paisey (Chief Financial Officer), Georgina Anderson (Legal Services Senior Solicitor), 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 budget position for the HRA and General Services Housing budgets to 30 September 2023 and also comments on the variances on these budgets.**

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Background Papers: Held by author
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