



**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 22
MARCH 2022**

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING –
31 DECEMBER 2021**

**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 2021.
- 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:

- i) scrutinises and notes the budget monitoring report for the period to 31 December 2021.**
- ii) agrees the service developments of £47,799 detailed within paragraph 8.4.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2022/23 at the 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 DECEMBER 2021

- 4.1 **APPENDIX I** details the HRA budget position to 31 December 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 £138k. This includes underspends in staffing (£173k), arising from vacancies and the budget provision for pay award which will be implemented in the final quarter, £20k for a commissioned service due to invoice timing and £17k for insurance. This was partially offset by an overspend in relation to voids (£71k) and other minor cumulative underspends (£1k).
- 4.2.2 **Repairs and maintenance** – there was an underspend of £770k in the repairs and maintenance budget, which is partly attributable to the restrictions in non-essential repairs at the start of the financial year. Underspends have arisen in planned/cyclical maintenance (£539k), voids (£197k) and response repairs (£34k).
- 4.2.3 **Bad and doubtful debts** – there was an underspend of £8k against provision for bad & doubtful debts.
- 4.2.4 **Downsizing Incentive Scheme** – there was an underspend of £28k, with fewer transfers taking place. Work has commenced on increasing the uptake following restrictions easing, which is expected to increase spend in the latter part of this year and into 2022/23.
- 4.2.5 **Service Developments** – there is an underspend of £36k, with £30k arising from a vacancy that has not yet been filled, £9k on consultancy allocated for the Housing Need and Demand Assessment/Tenant Satisfaction Survey, partially offset by a £3k overspend in business planning and software costs.
- 4.2.6 The income at 31 December 2021 was £62k lower than expected. This is due mainly to fewer rechargeable repairs being invoiced.

5. **HRA PROJECTED OUTTURNS 2021/22**

- 5.1 **APPENDIX I** also details projected outturns for 2021/22.

Expenditure

- 5.2 **Supervision and management** - An underspend of £142k is projected. This variance results from projected underspends in staffing (£140k), shared accommodation costs (£78k) and other minor cumulative net underspends (£32k). This is reduced by a projected overspend in voids (£108k).
- 5.3 **Sheltered Housing** – There is a projected overspend of £4k anticipated due to excess energy costs.
- 5.4 **Repairs and Maintenance** - An underspend of £797k is projected. Planned/Cyclical works are projected to underspend by (£924k), which would be partially offset by an overspend in response repairs (£100k) and voids (£27k).

- 5.5 **Financing costs** - An underspend of £207k is projected due to lower than estimated interest rates and the continued level of Capital from Current Revenue (CFCR) used to keep borrowing to a minimum. There was also a change in the loans pool method, with the first repayment in following year as opposed to half repayment in current year for new borrowing.
- 5.6 **Bad and Doubtful debts** - An underspend of £10k is projected due to lower write-offs, however the position remains uncertain following the impact of the pandemic on arrears.
- 5.7 **CFCR** - The level of Capital from Current Revenue (CFCR) is projected to be £1,125k overspent due to underspends elsewhere across the HRA budget.
- 5.8 **Downsizing Incentive Scheme** – An underspend of £32k is projected due to fewer transfers taking place.
- 5.9 **Service Developments** – An underspend of £48k is currently projected due to staffing vacancies and lower than anticipated expenditure on consultancy, with £17k being carried forward to 2022/23 for the Housing Need and Demand Assessment.
- 5.10 **Total expenditure on the HRA** - Projected to be £107k lower than budgeted.

Income

- 5.11 Minor variations (£1k) are projected for income on non-dwelling rents, house rents and other income during 2021/22.
- 5.12 Total income to the HRA is projected to be £107k lower than originally budgeted for 2021/22, with £36k lower rental income due to the delayed completion of new build properties in Keith, £2k lower interest on revenue balances and £68k less from other income, particularly rechargeable repairs.
- 5.13 Overall, a surplus balance of £2.401m is projected for the HRA budget in 2021/22.

6. OTHER HOUSING BUDGET

- 6.1 **APPENDIX II** provides details of the budget position to 31 December 2021.
- 6.2 **Planning and Development** - consists of Improvement Grants and Affordable Housing budgets, including disabled adaptations. The position at 31 December 2021 shows an overspend of £14k, attributable to a shortfall in grant income against budget of £77k, partially offset by underspends in discretionary grants (£47k), admin (£7k) and timing adjustments (£9k). This budget is administered by the Integration Joint Board.
- 6.3 **Housing Management** - relates to the Gypsy/Traveller budget. The position at 31 December 2021 shows an underspend of £21k, mainly due to staffing.

- 6.4 **Homelessness/Allocations** - comprises of Homelessness and Housing Support services. There was an overspend of £147k in this budget, comprised of Housing Support (£20k), Temporary Accommodation (£95k) and general Homelessness (£32k).
- 6.5 **Miscellaneous General Services Housing** - comprises of House Loans, a maintenance bond from Grampian Housing Association and the complex needs development at Urquhart Place, Lhanbryde. The budget is showing an overall underspend of £20k which is attributable to an underspend of £27k in repairs and maintenance and £1k for mortgage repayments, partially offset by an overspend in open space maintenance (£8k).
- 6.6 **The Building Services Budget** - is reported in detail separately on this Committee's agenda and any surplus achieved or deficit will return to the HRA.
- 6.7 **The Property Services Budget** - includes the budgets for the Design Team and Property Resources. There is an overall underspend of £339k to date. Within the Design Team there were underspends in Industrial Estates (£126k) and £2k in fee income, partially offset by a £16k overspend in Architects due to software costs. Property Resources underspent by £227k, of which £51k related to shared buildings, £1k for the maintenance section, £9k for admin/management and £166k for Central Repairs & Maintenance.
- 6.8 The service has also incurred £2k of expenditure to date directly relating to the response to the COVID-19 pandemic. This relates to building alterations/recommissioning works.
- 6.9 As at 31 December 2021, the Other Housing budget shows a net underspend of £217k.

7. **OTHER HOUSING PROJECTED OUTTURNS 2021/22**

- 7.1 **APPENDIX II** also indicates the projected outturns for 2021/22.
- 7.2 **Planning and Development** - Projected to overspend by £50k. This is based on an anticipated overspend in improvement grants £93k, due to less income received than anticipated due to COVID, which is being reduced by underspends in discretionary grants £43k.
- 7.3 **Housing Management** - Projected to underspend by £8k. The main reason for this is a vacancy and end of year recharges to the Housing Revenue Account.
- 7.4 **Homelessness/Allocations** - Projects an overspend of £4k. An overspend in housing support (£22k) and temporary accommodation (£130k) is expected to be offset by an underspend of £148k in the wider homelessness budget, arising due to vacancies within the service. £169k allocated for the Rapid Rehousing Transition Plan is included in this figure and will be carried forward.

- 7.5 **Miscellaneous General Services Housing** - Projects an underspend of £15k. 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 £254k. This is comprised of an underspend of £25k in Property design and £229k in Property Resources, principally due to lower repairs and maintenance costs.
- 7.8 **Housing and Property Savings** – Staffing savings are anticipated to be exceeded by £57k, dependent on vacancy levels.
- 7.9 **Housing and Property Allocations** – Projected to overspend (£30k) due to lower than expected service recharges.
- 7.10 The service is expected to incur £5k of expenditure relating to the response to the COVID-19 pandemic, which relates to building alterations/recommissioning works.
- 7.11 Overall, it is now projected that the Other Housing Budget in General Services will underspend by £246k on the agreed budget.

8. SERVICE DEVELOPMENTS

- 8.1 The HRA budget for 2022/23 approved by Council on 22 February 2022 included provision for service developments in line with emergent service needs and priorities.
- 8.2 Following a review of the funding apportionments for the Property Asset Management Team, an adjustment of £29,293 from the HRA to general services is proposed to reflect the management cost of work exclusively relating to the HRA. This amount would be transferred to Legal & Democratic Services in lieu of the Business Continuity remit previously undertaken by Housing & Property Services.
- 8.3 An emergent service need within Housing Management is for an additional 0.4 FTE Housing Officer at a cost of £18,506 to alleviate operational pressures, pending a wider review of staffing levels in the course of the year. It is noted that the complement of Housing Officers remains at 2015 levels, which is low compared to other Councils, and over 300 additional properties have since been added to the Council's stock.
- 8.4 Approval for these service developments of £47,799 is therefore sought, from the overall budget of £456k.

9. **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

Approval of the service development detailed in paragraph 8.3 will result in a 0.4 FTE increase in the Housing Management service.

(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 (Principal Accountant), the 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.

10. CONCLUSION

10.1 This report sets out the budget position for the HRA and General Services Housing budgets to 31 December 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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