



REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL SUSTAINABILITY COMMITTEE ON 6 OCTOBER 2020

SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING – 31 MARCH 2020

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 March 2020.
- 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 budget monitoring report for the period to 31 March 2020.**

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 MARCH 2020

- 4.1 **APPENDIX I** details the provisional and unaudited HRA budget position to 31 March 2020.

- 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 £437k. The main underspends were in staffing (£224k), due to unfilled vacancies, and insurance premiums (184k)

due to a change in provider. There were also underspends in central support services/shared accommodation (£112k), mainly due to lower than anticipated costs for Legal and Customer Services, and more minor cumulative underspends (£16k) on other headings within this budget, including tenant participation, non-domestic rates and postages. This was reduced by overspends in voids rent loss (£99k). Despite the implementation of improvement actions during 2019/20, better performance on void management remains an ongoing priority for the Housing Service.

- 4.2.2 **Sheltered Housing** – there was an underspend of £4k due mainly to 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. The underspend was reduced by minor cumulative overspends (£2k) on energy costs.
- 4.2.3 **Repairs and maintenance** – there was an underspend of £375k in the repairs and maintenance budgets. There were underspends within Planned and Cyclical works under the budget headings of Insulation (£131k), House Condition Surveys (£110k), Asbestos (£143k) and Rainwater Goods (£81k). The insulation works progress was delayed due to funding negotiations with SSE, the House Condition Survey contract was concluded. However, the costs in relation to the survey work will now occur in 2020/21, the Asbestos Contracts were not able to progress due to the difficulty in securing decant accommodation and the Rainwater Goods contract was delayed on site due to additional repair works required to houses in Forres. The underspend on repairs and maintenance was reduced by overspends in response repairs (£70k) and void repairs (£42k).
- 4.2.4 **Financing Costs** – there was an underspend of £229k due to the lower cost of borrowing than anticipated.
- 4.2.5 **Bad and doubtful debts** – there was an underspend of £78k to date. This was a lower underspend than previously projected due to an increase in bad debt provision caused by a higher level of rechargeable repairs debt.
- 4.2.6 **CFCR** – There was an overspend of £195k due to low interest rates, it was considered more financially advantageous to increase borrowing than maximise CFCR. The effect of this is that HRA balance increased by £1m at the end of the year.
- 4.2.7 **Downsizing Incentive Scheme** – there was an underspend of £18k with fewer transfers than expected completed during the year. A number of moves were suspended due to COVID-19.
- 4.2.8 **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). There was an underspend due to the Business Plan costing less (£3k) than expected and also an underspend in the ICT budget (£4k).

4.2.9 The income at 31 March 2020 was £94k higher than expected. This is due mainly to revenue from new build housing coming on-stream and a higher amount of invoices issued to tenants for re-charges.

4.2.10 The estimated HRA surplus at 31 March 2020 was £1.047m, increasing the HRA balance to £2.219m.

5 OTHER HOUSING BUDGET

5.1 **APPENDIX II** provides details of the provisional and unaudited budget position to 31 March 2020.

5.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There was an underspend of £91k as a result of underspends in discretionary grants (89k) and administration costs (£2k). 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 £5k due to reduced costs for sanitation and clearance in unauthorised encampments (£4k) and a minor variation in staffing costs (£1k).

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 £56k in this budget. Overspends in housing support (£21k), relating mainly to sheltered housing costs, and temporary accommodation (£51k) were reduced by an underspend in the homelessness budget (£16k).

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 £35k across these three budgets. The main reason for this was lower than anticipated repairs and maintenance costs relating to Urquhart Place (£43k). The underspend was reduced by an overspend in the maintenance bond (£8k) 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 £743k at year end with underspends in Design (£536k) and Property (£207k). This was due to variances across a range of budgets within these services. The main underspend in Design was within the Industrial Estate Portfolio (£507k) which largely relates to an insurance settlement following a fire at one of the units in Islabank, Keith. There was also an underspend in the energy efficiency budget (£36k). The underspend was reduced by a small overspend in Architectural Services (£7k) on software/subscription costs. In Property Resources, the main underspends were in shared buildings (£23k), central repairs and maintenance (£253k) and consultancy (£14k). The under spend on central repairs and maintenance was largely due to delays in stonework repairs at HQ/Rose

Cottage and roofing works at Forres Community Centre. The underspend on Property Resources was reduced by an overspend in property fees (£83k).

- 5.8 **Housing and Property Savings** – Staffing savings (£104k) above target were achieved by year end. These savings applied mainly to unfilled vacancies but also to lower scale point placement differences than anticipated and superannuation opt outs.
- 5.9 **Housing and Property Allocations** – there was an overspend (£16k) due to lower than expected service recharges.
- 5.10 As at 31 March 2020, the Other Housing Budget shows an unaudited net underspend of £901k.

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), 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 2020 and also comments on the variances on these budgets.

Author of Report: Moray MacLeod, Acting Head of Housing and Property
Background Papers: Held by author
Ref: CC/JS/LS – Housing Budgets –