



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 27 JUNE 2023

SUBJECT: HOUSING AND PROPERTY SERVICES – UNAUDITED OUTTURN AS AT 31 MARCH 2023

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

1. REASON FOR REPORT

- 1.1 This report presents the unaudited outturn position for the Housing Revenue Account (HRA) and General Services Other Housing Budget for the period up to 31 March 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 considers and notes the unaudited outturn for 2022/23 for the period to 31 March 2023, consisting of a surplus balance of £2,465k for the HRA and an underspend of £188k for General Services Housing & Property.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2022/23 at a Moray Council 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 31 MARCH 2023

- 4.1 **APPENDIX I** details the provisional and unaudited HRA budget position to 31 March 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 overspend of £298k. The main overspends were a write-off for abortive costs for a potential housing development (£268k), staffing costs mainly due to the higher than budgeted pay award (£50k), voids

(£19k), Council Tax (£14k) and other cumulative overspends of £17k, primarily due to recharges for use of pool cars. These were partly offset by underspends in software (£66k) and training (£15k).

- 4.2.2 **Sheltered Housing** – there was an overspend of £48k arising from increased energy costs and additional repairs & maintenance expenditure on fire protection and other improvements.
- 4.2.3 **Repairs and maintenance** – there was an overspend of £546k net in the repairs and maintenance budgets, which comprised of £330k in additional void spend due to volumes and cost per property exceeding projections, £122k in response repairs and £72k in planned/cyclical works. Whereas there were planned/cyclical overspends in electrical upgrades (£554k), which arose from the enhanced certification requirements, £153k in property fee allocations, £125k in fire risk works, arising from the latter phase of smoke alarm upgrades, and £127k in other miscellaneous works due to higher costs, these were partially offset by underspends in external decoration and fabric repair (£325k), asbestos (£256k), £199k in moss clearing and £180k in rainwater goods.
- 4.2.4 **Financing Costs** – there was an overspend of £457k due to the higher than anticipated cost of borrowing following interest rate increases.
- 4.2.5 **Bad and doubtful debts** – there was an underspend of £21k, arising from lower than anticipated write-offs.
- 4.2.6 **Capital from Current Revenue (CFCR)** – There was an underspend of £889k based on the estimated balancing figure to maintain level of HRA reserves. CFRC provision is used as a balancing figure for the overall budget and limits the requirement for borrowing to fund property improvements.
- 4.2.7 **Downsizing Incentive Scheme** – there was an underspend of £44k with fewer transfers than expected completed during the year.
- 4.2.8 **Service Developments** – there was an underspend of £294k arising from recruitment delays and changes to telephony at the Mosstodloch depot; these were partly offset by consultancy spend, including an additional refresh of the HRA business plan in response to inflation and interest rates moving significantly from baseline assumptions.
- 4.3 The income at 31 March 2023 was £91k higher than expected. This is due mainly to higher interest rates received for balances held (£106k) and additional tenant recharges (£63k), which were partially offset by delayed handover of new build housing in Keith (£73k) and lower income from garage rents (£5k).
- 4.4 The estimated HRA surplus balance at 31 March 2023 was £2,465K, which is in line with the projection.

5. **OTHER HOUSING BUDGET**

- 5.1 **APPENDIX II** provides details of the provisional and unaudited budget position to 31 March 2023.

- 5.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. There was an underspend of £19k arising from an underspend in discretionary grants of £12k and £7k in other minor budgets. Discretionary grants are given to homeowners for disabled adaptations with this budget managed by the Moray Integration Joint Board.
- 5.3 **Housing Management** relates to the Gypsy/Traveller budget. This shows an underspend of £8k due to reduced staffing expenditure (£4k) and reduced expenditure on supplies and services (£4k) owing to lower seasonal activity.
- 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 underspend of £52k in this budget. This is comprised of an underspend of £339k in grant to be carried forward for future years and £26k in housing support following the closure of a commissioned service. These underspends were partially offset against by a £313k overspend in homeless persons, primarily temporary accommodation. This followed an increase in service demand in the final quarter of the year but also reflected increased costs against which service charges had not been uprated. Approval of a 27% uprating of service charges was approved in March and is expected to alleviate the potential for future overspends in this service.
- 5.5 **Miscellaneous General Services Housing** comprises of House Loans and the complex needs development at Urquhart Place, Lhanbryde. There was an underspend of £25k across these three budgets. The main reason for this was lower than anticipated repairs and maintenance costs relating to Urquhart Place (£32k), supplemented by an underspend in mortgage repayments (£1k); these underspends were partially offset by an overspend in grounds maintenance (£8k), which had been funded by a now exhausted maintenance bond with an RSL.
- 5.6 **The Building Services Budget** is reported in detail separately on this Committee's agenda. Whilst not finalised a modest £2k underspend is anticipated at this point.
- 5.7 **The Property Services Budget** includes the budgets for the Design Team and Property Resources. There was an underspend of £230k at year end, arising from increased rental income/lower costs in industrial estates (£120k), lower costs for central repairs and maintenance (£93k) due to planned and cyclical programmes being less than budgeted, £40k in management of held for sale assets, shared building costs (£17k) and other miscellany (£3k). This cumulative underspend was partially offset by overspends in Design & Construction (£14k), schools repair and maintenance (£37k) due to the level of reactive repairs and £8k in miscellaneous other budgets.
- 5.8 **Housing and Property Savings** – Staffing savings (£132k) below target were achieved by year end. This arose mainly to due to the filling of previously vacant posts.
- 5.9 **Housing and Property Allocations** – there was an overspend (£17k) primarily due to less income than budgeted for shared building service recharges.

5.10 **COVID-19** – there was a service underspend of £1k attributable to the Tenant Hardship Fund balance being carried forward.

5.11 As at 31 March 2023, the Other Housing Budget shows an unaudited net underspend of £188k.

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) 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 the Chief Financial Officer, the Legal Services Manager, Senior Managers within Housing and Property Services and Lindsey Robinson (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 2023 and also comments on the variances on these budgets.

Author of Report: Edward Thomas, Head of Housing and Property Services
Background Papers: Held by author
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