



**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL
SUSTAINABILITY COMMITTEE ON 16 FEBRUARY 2021**

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING –
31 DECEMBER 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 December 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 December 2020.**

3. BACKGROUND

- 3.1 The Council agreed the HRA Budget for 2020/21 at a Moray Council meeting on 12 February 2020 (paragraph 12 of the Minute refers). Housing and Property budget monitoring reports are presented to each cycle of meetings.
- 3.2 The COVID-19 pandemic and subsequent lock down period has impacted on the budget spend as the service concentrated on responding to the immediate crisis.

4. HOUSING REVENUE ACCOUNT TO 31 DECEMBER 2020

- 4.1 **APPENDIX I** details the HRA budget position to 31 December 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 £121k. There were underspends in staffing (£213k), training (£6k), insurance ((£21k), Software and Hardware (£19k), and other minor cumulative underspends (£5k). This was reduced by overspends in voids (£95k), Laptops for Homeworking (£21k), Council tax on empty properties (£7k) and Common Housing Register (£20k).
- 4.2.2 **Sheltered Housing** – there is a small variance to date with an underspend of £1k.
- 4.2.3 **Repairs and maintenance** – there was an underspend of (£1,273k) in the repairs and maintenance budgets. Underspends include planned maintenance (£400k), response repairs (£574k) and voids (£299k). The impact of COVID-19 lock down has restricted work that can be carried out on site by Building Services and external contractors. The Housing Business Plan will be impacted by the effects of the COVID-19 restrictions particularly in relation to Repairs and Maintenance investment. The Business Plan will be reviewed more frequently as we enter the recovery period.
- 4.2.4 **Bad and doubtful debts** – there was an underspend of £47k to date due to an allowance for potential increase in bad debt provision.
- 4.2.5 **Downsizing Incentive Scheme** – there was an underspend of £30k with fewer transfers due to the COVID-19 lockdown.
- 4.2.6 **Service Developments** – the budget of £38k has not been spent due to the service responding to the COVID-19 pandemic.
- 4.2.7 The income at 31 December 2020 was £158k lower than expected. This is due mainly to new build handovers being delayed because of COVID-19 (£150k) and other income (£8k) recovered from rechargeable repairs.

5. **HRA PROJECTED OUTTURNS 2020/21**

- 5.1 **APPENDIX I** also details projected outturns for 2020/21.
- 5.2 **Expenditure**
- 5.2.1 **Supervision and management** - an underspend of £203k was projected. This variance resulted from projected underspends in staffing (£244k), Shared Accommodation (£88K), Software and Hardware (£22k), insurance (£17k) and other minor cumulative underspends (£13k). This is reduced by a projected overspend in voids (£133k), Laptops for Homeworking (£21k), Council tax on empty properties (£8k) and Common Housing Register (£19k).
- 5.2.2 **Sheltered Housing** – a minor overspend of £1k was projected.
- 5.2.3 **Repairs and Maintenance** - an overspend of £126k was projected. Underspends include planned maintenance (£1,075k), response repairs (£1,045k) and voids (£231k). The overspend relates to the Building Services costs (£2,477k) as a result of COVID 19 delays. During the year COVID-19, has restricted work that can be carried out on site by Building Services and external contractors.

- 5.2.4 **Financing costs** - an underspend of £36k was projected due to lower than estimated borrowing levels and interest rates.
- 5.2.5 **Bad and Doubtful debts** - an underspend of £55k was projected based on write off and arrears levels to date.
- 5.2.6 **CFCR** - the level of Capital from Current Revenue (CFCR) was projected to reduce by £343k due to overspends elsewhere across the HRA budget.
- 5.2.7 **Downsizing Incentive Scheme** – an underspend of £36k was projected due to fewer transfers during the COVID-19 lockdown.
- 5.2.8 **Service Developments** – an underspend of £26k was projected as staff resources were diverted to maintaining key services during the pandemic.
- 5.2.9 **Total expenditure on the HRA** - was projected to be £572k lower than budgeted.
- 5.3 Income
- 5.3.1 Total income to the HRA was projected to be £500k lower than budgeted for in 2020/21. This was mainly due to lower income from house rents (£440k) with COVID-19 restrictions causing major delays in the letting of vacant houses and the completion of new homes.
- 5.4 Overall, a surplus balance of £2.219m is projected for the HRA budget in 2020/21.

6. OTHER HOUSING BUDGET

- 6.1 **APPENDIX II** provides details of the budget position to 31 December 2020.
- 6.2 **Planning and Development** - consists of Improvement Grants and Affordable Housing budgets. The position at 31 December 2020 shows an overspend spend of £59k. This is because of a delay due to COVID restrictions in carrying out adaptations for the disabled and the overspend is a result of how Capital Income is budgeted for by the Integrated Joint Board who operate this budget.
- 6.3 **Housing Management** - relates to the Gypsy/Traveller budget. The position at 31 December 2020 shows an underspend of £4k.
- 6.4 **Homelessness/Allocations** - comprises of Homelessness and Housing Support services. There was an overspend of £40k in this budget. Homelessness is a “high risk” budget and pressures can quickly arise if homelessness increases. Service Managers continue to closely monitor this budget.
- 6.5 **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. The budget is showing an overall underspend of £25k which mostly relates to the complex needs development at Urquhart Place, Lhanbryde.

- 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. There is an overspend of £24k in this budget which relates to the small general services share of the trading variance.
- 6.7 **The Property Services Budget** - includes the budgets for the Design Team and Property Resources. There was an underspend of £238k to date with underspends in Central Repairs and Maintenance (£260k), Shared Buildings (£29k) and other minor budgets (£12k). There were overspends in Architects software (£33k), Industrial Estates Repairs and Maintenance (£30k) mainly relating to residual fire reinstatement works at Isla Bank Mills.
- 6.8 The service has also incurred £120k of expenditure to date directly relating to the response to the COVID-19 pandemic. This includes setting up additional homeless temporary accommodation at a cost of £51k, building alterations/recommissioning works (£23k) and £46k for Property Services supplier relief in relation to the COVID-19 lockdown which stopped construction projects.
- 6.9 As at 31 December 2020, the Other Housing budget shows a net overspend of £24k.

7. OTHER HOUSING PROJECTED OUTTURNS 2020/21

- 7.1 **APPENDIX II** also indicates the projected outturns for 2020/21.
- 7.2 **Planning and Development** - is projected to overspend by £150k. This assumes that discretionary grants are likely to underspend based on current projections.
- 7.3 **Housing Management** - is projected to underspend by £3k.
- 7.4 **Homelessness/Allocations** - projects an overspend of £66k. The majority of this overspend relates to additional costs for voids, staff and furniture to provide additional homeless accommodation during the first lockdown in March 2020.
- 7.5 **Miscellaneous General Services Housing** - projects an underspend of £20k. 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. There is a projected overspend of £44k in this budget which relates to the small general services share of the trading variance.
- 7.7 **Property Services** - projects an underspend of £33k. Projections include an underspend in Repairs and Maintenance (£397k), Energy Efficiency budget (£20k), Shared Buildings (£16k) through reduced energy costs and minor cumulative budgets (£7k). There were overspends in Industrial Estates (£76) which included fire damage works at Isla Bank Mills, Keith and Property Services Fee Income (£331k) due to restricted construction works during the first COVID-19 lockdown period.

- 7.8 **Housing and Property Savings** – Staffing savings (£251k) are projected to be achieved by year end.
- 7.9 **Housing and Property Allocations** – is projected to overspend (£15k) due to lower than expected service recharges.
- 7.10 **COVID-19 – GS Housing & Property** - The service has also incurred £120k of expenditure to date directly relating to the response to the COVID-19 pandemic. This includes setting up additional homeless temporary accommodation at a cost of £51k, building alterations/recommissioning works (£23k) and £46k for Property Services supplier relief in relation to the COVID-19 lockdown which stopped construction projects.
- 7.11 Overall, it is now projected that the Other Housing Budget in General Services will overspend by £88k 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, 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.

9. CONCLUSION

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