



**REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 15
NOVEMBER 2022**

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING –
30 SEPTEMBER 2022**

**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 2022.
- 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 2022.**

3. BACKGROUND

- 3.1 Full 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.

4. HOUSING REVENUE ACCOUNT TO 30 SEPTEMBER 2022

- 4.1 **APPENDIX I** details the HRA budget position to 30 September 2022.
- 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 £78k. This includes underspends in staffing (£89k), arising from vacancies and the budget provision for pay award, £10k for software due to invoice timing and £5k for other minor cumulative underspends including training. This was partially offset by an overspend in relation to voids (£26k).

- 4.2.2 **Sheltered Housing** – there was an overspend of £18k in the sheltered housing budget, which is comprised of repairs and maintenance related to fire protection and other works (£7k), rates for a property previously occupied by a day service (£6k), increased energy costs (£4k) and other minor cumulative spend of £1k.
- 4.2.3 **Repairs and maintenance** – there was an underspend of £477k in the repairs and maintenance budget, which arises from reduced activity in planned/cyclical maintenance (£398k), an underspend in voids (£54k) and response repairs (£25k). It should be noted that this underspend in voids reflects the ledger position at the end of quarter and does not include accruals. Actual activity levels in this area are in line with budgeted provision. The planned/cyclical position included main variance underspends in asbestos (£104k), external decoration and fabric repairs (£211k), rainwater goods (£104k), roof moss clearance (£83k) and disabled adaptations (£29k). These arose due to the timing of programming the works and limitations within the service, which were partially offset by an overspend of £149k in electrical upgrades.
- 4.2.4 **Bad and doubtful debts** – there was an underspend of £7k against provision for bad & doubtful debts.
- 4.2.5 **Downsizing Incentive Scheme** – there was an underspend of £18k, with fewer transfers taking place. Work has commenced on increasing the uptake following restrictions easing, which is expected to increase spend as the year progresses.
- 4.2.6 **Service Developments** – there is an underspend of £209k, with recent committee approval for a number of posts progressing through evaluation and recruitment processes.
- 4.2.7 The income at 30 September 2022 was £57k lower than expected. This is due mainly to the revised completion of the new development at Keith (£46k), fewer tenant recharges (£9k) and lower yield of non-dwelling rents (£2k).

5. HRA PROJECTED OUTTURNS 2022/23

- 5.1 **APPENDIX I** also details projected outturns for 2022/23.

Expenditure

- 5.2 **Supervision and management** - An overspend of £168k is projected. This variance results from projected increases in staffing costs (£165k) following the higher than budgeted pay award, increased void costs (£49k), increased Council Tax costs (£9k), which are anticipated to be partly offset by an underspend in software (£55k).
- 5.3 **Sheltered Housing** – There is a projected overspend of £42k anticipated due to excess energy costs due to higher unit costs (£27k), responsibility for rates for a former day service property (£6k), repairs and maintenance (£8k) and other minor cumulative overspends (£1k).

- 5.4 **Repairs and Maintenance** - An overspend of £163k is projected. This is composed of a deficit in the DLO of £187k against a £100k budgeted surplus, arising from higher staff costs, additional sub-contracting and elevated material and fuel costs, in addition to an overspend in voids (£200k). These are partially offset by a projected underspend in planned/cyclical maintenance of £324k, arising from lower activity levels due to service capacity.
- 5.5 **Financing costs** - An overspend of £705k is projected due to estimated higher interest costs on borrowing. It is acknowledged that there is considerable volatility in relation to interest rates at present, therefore this position is likely to vary prior to the year end.
- 5.6 **Bad and Doubtful debts** - An underspend of £65k is projected due to lower write-offs, however the position remains uncertain following the impact of the pandemic on arrears, the cost of living outlook and the recent restrictions placed on evictions.
- 5.7 **CFCR** - The level of Capital from Current Revenue (CFCR) is projected to be £740k higher due to underspends elsewhere across the HRA budget, which will offset anticipated borrowing.
- 5.8 **Downsizing Incentive Scheme** – An underspend of £22k is projected due to fewer transfers taking place.
- 5.9 **Service Developments** – An underspend of £192k is currently projected due to the lead-in time from approval of new posts to recruitment processes concluding.
- 5.10 **Total expenditure on the HRA** - Projected to be £59k lower than budgeted.

Income

- 5.12 Total income to the HRA is projected to be £59k lower than originally budgeted for 2022/23, with £118k additional interest on revenue balances projected due to the higher interest rates, partially offset by £44k lower rental income due to the delayed completion of new build properties in Keith and £15k lower yield in other income.
- 5.13 Overall, a surplus balance of £2.465m is projected for the HRA budget in 2022/23.

6. OTHER HOUSING BUDGET

- 6.1 **APPENDIX II** provides details of the budget position to 30 September 2022.
- 6.2 **Planning and Development** - consists of Improvement Grants and Affordable Housing budgets, including disabled adaptations. The position at 30 September 2022 shows an underspend of £57k, arising from an underspend in discretionary grants (£48k) and £9k higher than anticipated grant income.

- 6.3 **Housing Management** - relates to the Gypsy/Traveller budget. The position at 30 September 2022 shows an underspend of £2k, arising from lower site clearance costs than budgeted.
- 6.4 **Homelessness/Allocations** - comprises of Homelessness and Housing Support services. There was an overspend of £103k in this budget, comprised of overspends in Temporary Accommodation (£80k), Housing Support (£15k) and general Homelessness (£8k). Given the significant changes in the service whilst service charges have been frozen in recent years, a review predicated on full cost recovery will take place from 2023/24.
- 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 £12k to date. Within the Design Team there was an underspend in consultancy (£8k) and an overspend in software (£11k). Within Property Asset Management there were underspends in shared buildings (£19k), central repairs & maintenance (£34k) and other cumulative underspends (£7k), which were offset by overspends in Industrial Estates (£39k), school repairs and maintenance (£28k) and management of corporate surplus property (£2k).
- 6.7 The service has also holds a £4k underspend in relation to the Tenant Hardship Fund, set up by the Scottish Government to assist tenants struggling as a direct consequence of the pandemic, which will be utilised in the course of the year.
- 6.8 As at 30 September 2022, the Other Housing budget shows a net overspend of £46k.

7. OTHER HOUSING PROJECTED OUTTURNS 2022/23

- 7.1 **APPENDIX II** also indicates the projected outturns for 2022/23.
- 7.2 **Planning and Development** - Projected to underspend by £13k. This is based on an anticipated underspend in discretionary grants and admin.
- 7.3 **Housing Management** - Projected to underspend by £7k. This arises from end of year recharges to the Housing Revenue Account (£4k) and lower site clearance costs (£3k).
- 7.4 **Homelessness/Allocations** - Projects an underspend of £137k. An anticipated overspend in housing support (£22k) and temporary accommodation (£150k) is expected to be offset by an underspend of £309k in the wider homelessness budget. This budget position does however include a carry-forward of £319k for the Rapid Rehousing Transition Plan to 2025/26, therefore the in-year position is an overspend which is being managed.

- 7.5 **Miscellaneous General Services Housing** - Projects an underspend of £9k. 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 £74k. This is comprised of anticipated overspends of £12k in Property Design and £62k in Industrial Estates, arising from additional costs.
- 7.8 **Housing and Property Savings** – Staffing savings are anticipated to be £101k less than the budgeted provision, being dependent on vacancy levels.
- 7.9 Overall, it is now projected that the Other Housing Budget in General Services will overspend by £17k on the agreed budget, noting that £319k is to be carried forward for the Rapid Rehousing Transition Plan.

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 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 budget position for the HRA and General Services Housing budgets to 30 September 2022 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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