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

**SUBJECT: HOUSING AND PROPERTY SERVICES BUDGET MONITORING – 30 JUNE 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 30 June 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 30 June 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 30 JUNE 2020**

- 4.1 **APPENDIX I** details the HRA budget position to 30 June 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 £32k. There were underspends in staffing (£68k), Training (£2k), Software and Hardware (£21k), and other minor cumulative underspends (£3k). This was reduced by overspends in voids (£42k), Laptops for Homeworking (£13k) and Common Housing Register (£7k).
- 4.2.2 **Sheltered Housing** – there was an underspend of £2k due to lower than expected energy costs (£3k). This was reduced by minor cumulative overspends (£1k).
- 4.2.3 **Repairs and maintenance** – there was an underspend of £827k in the repairs and maintenance budgets. Underspends include planned maintenance (£335k), response repairs (£293k) and voids (£199k). 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 £25k to date due to delays in processing write offs due to the COVID-19 lockdown affecting availability of staff.
- 4.2.5 **Downsizing Incentive Scheme** – there was an underspend of £13k with fewer transfers due to the COVID-19 lockdown.
- 4.2.6 **Service Developments** – the budget of £12k has not been spent due to the service responding to the COVID-19 pandemic.
- 4.2.7 The income at 30 June 2020 was £108k lower than expected. This is due mainly to new build handovers being delayed because of COVID-19 (£87k), and other income (£21k) recovered from rechargeable repairs.

## 5. **OTHER HOUSING BUDGET**

- 5.1 **APPENDIX II** provides details of the budget position to 30 June 2020.
- 5.2 **Planning and Development** consists of Improvement Grants and Affordable Housing budgets. The position at 30 June 2020 shows an overspend spend of £2k. This includes underspends in discretionary grants (£20k), admin costs (£3k) and an overspend in HEEPS grant (£25k) due to timing of grants to cover expenditure.
- 5.3 **Housing Management** relates to the Gypsy/Traveller budget. The position at 30 June 2020 shows an underspend of £1k.
- 5.4 **Homelessness/Allocations** comprises of Homelessness and Housing Support services. There was an overspend of £1k 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.

- 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. The budget is showing an underspend of £8k. An underspend at Urquhart Place (£11k) reduced by an overspend in the maintenance bond (£3k) which is now exhausted.
- 5.6 **The Building Services Budget** is reported in detail separately on this Committee's agenda and any surplus achieved will return to the HRA.
- 5.7 **The Property Services Budget** includes the budgets for the Design Team and Property Resources. There was an underspend of £99k to date with overspends in Design (£8k) and Property Resources (£107k). The main overspend in Design is in relation to a software subscription which will be spread across a 3 year period. There was also a small underspend in Energy (£5k) and Estates (£1k). The main underspends in Property Resources included shared buildings (£20k), consultancy (£12k) and central repairs and maintenance (£75k).
- 5.8 The service has also incurred £54k 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 £36k and £18k for Property Services supplier relief in relation to the COVID 19 lockdown which stopped construction projects.
- 5.9 As at 30 June 2020, the Other Housing budget shows a net underspend of £35k.

## **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 budget position for the HRA and General Services Housing budgets to 30 June 2020 and also comments on the variances on these budgets.**

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