




Housing and Community Overview and Scrutiny Committee

Report for:	Housing and Community Overview and Scrutiny Committee
Title of report:	Provisional Financial Outturn 2021-22
Date:	15 th June 2022
Report on behalf of:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Revenue Provisional Outturn 2021-22 Appendix B – Housing Revenue Account Provisional Outturn 2021-22 Appendix C Housing and Community Capital Programme Provisional Outturn 2021-22
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

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Corporate Priorities	<ul style="list-style-type: none"> A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency
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Wards affected	All
Purpose of the report:	<p>1. To provide details of the provisional financial outturn 2021-22 for the:</p> <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Housing and Community Capital Programme
Recommendation (s) to the decision maker (s):	<p>1. That Committee note the provisional financial outturn position for 2021-22.</p>
Period for post policy/project review:	The Council's financial position is reported to committee on an ongoing, quarterly basis.

1 Introduction:

- 1.1** This report presents the provisional financial outturn position for the Council as a 31 March 2022. The final position for the year is subject to:
- the finalisation of reserve movements
 - The completion of the audit of the Council's accounts by the Council's external auditors Grant Thornton UK LLP.
- 1.2** The General Fund revenue account records the income and expenditure associated with all Council functions, except the management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA).
- 1.3** General Fund revenue outturn – across all scrutiny committee areas, General Fund revenue budgets are reporting a surplus of £0.565m. A recommendation will be taken to Cabinet to recommend to Council in July that this surplus be transferred to a newly created Inflationary Pressures earmarked reserve, to help the Council meet unexpected in- year inflationary pressures that may arise as a result of the current economic climate.
- 1.4** The General Fund position includes a drawdown of funding from the Economic Recovery Reserve (ERR) to cover Covid- related pressures. This approach was recommended to Council for approval by Cabinet in November 2021. The Economic Recovery Reserve was specifically set up to fund pressures associated with Covid.
- 1.5** Housing and Community General Fund Budgets are reporting a pressure of £0.189m. This position is driven by a shortfall against income targets within the Temporary Accommodation Service.
- 1.6** Housing Revenue Account outturn – The HRA is reporting a balanced outturn position. There are a various pressures and underspends within this position.
- 1.7** General Fund -Housing and Community Capital budgets are reporting further slippage of £1.858m with pressure of £0.372m, the combined position across a number of different schemes.
- 1.8** HRA Capital – there is further slippage of £0.595m in the HRA capital programme and an underspend of £0.141m. Slippage relates predominantly to commissioned capital works on the Council's housing stock.

2 General Fund Position – all Scrutiny Committee Areas

2.1 Appendix A provides an overview of the General Fund forecast outturn position.

2.2 The table below provides an overview by Scrutiny area of the provisional outturn for controllable budgets within the General Fund.

Table 1	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Finance & Resources	7.300	7.300	0	0.0%
Strategic Planning and Environment	1.857	2.046	0.189	10.2%
Housing & Community	10.950	10.884	(0.066)	(0.6%)
Total Operating Cost	20.107	20.230	0.123	0.6%
Core Funding	(20.107)	(20.795)	(0.688)	3.4%
(Surplus)/ Deficit	0	(0.565)	(0.565)	

3 General Fund Position- Housing and Community

Table 2 – Housing and Community General Fund	Current Budget £m	Forecast Outturn £m	Variance	
			£m	%
Strategic Housing	(1.630)	(1.219)	0.277	(543.1%)
Communications	0.315	0.348	0.033	10.5%
Neighbourhood Delivery	0.596	0.580	(0.016)	(2.7%)
Legal and Democratic Services	(0.023)	(0.041)	(0.018)	78.3%
Transformation	0.750	0.695	(0.055)	(7.3%)
Place, Communities and Enterprise	1.849	1.683	(0.032)	(19.0%)
Total Operating Cost	1.857	2.046	0.189	10.2%

3.1 Key variances against Housing and Community service areas (greater than £0.100m) are outlined below.

3.2 Strategic Housing £0.280m pressure against budget

A pressure of £0.310m has arisen against the budget for Temporary Accommodation (TA) income.

This has arisen from void properties in the Council's hostels and in properties used for TA. During 2021-22 it has not been possible to achieve maximum capacity on all units and would have been unsafe to do so due to the pandemic. In properties being used for TA, there were a high number of void properties due to complexity of the work required to ensure the properties are fit for purpose.

The pressure is also driven by a project to convert new units into TA. This has taken longer than anticipated due to the extensive work that is required in converting the properties into suitable accommodation, including obtaining planning permission.

The pressure relates is offset by other minor underspends within the Strategic Housing Service.

4 Housing Revenue Account Position

4.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The provisional outturn position for the HRA is shown at Appendix B.

4.2 The HRA is reporting a balanced provisional outturn position for 2021-22.

4.3 Dwelling Rents - £0.250m under achievement in income

The void rate on dwellings is running slightly higher than the budgeted 0.8%, at 1.16%. This is particularly attributable to voids at sheltered schemes as a direct result of the pandemic.

4.4 Contribution towards Expenditure - £0.520m over achievement in income

Additional income over budget for minor capital receipts and rechargeable works has been achieved during the year.

4.5 Repairs and Maintenance - £0.100m underspend against budget

There is an underspend of £0.180m against responsive repairs, offset by a pressure of £0.080m on planned works.

4.6 Supervision and Management - £0.980m pressure against budget

This pressure is comprised of a number of items including the following:

- £0.180m share of the Council's Transformation programme costs. The funding of these costs from the HRA was previously approved by Council during 2021-22.
- £0.200m of expenditure required to ensure asbestos compliance
- £0.240m in additional insurance costs.

Included within the total pressure is a £0.450m technical adjustment relating to an upfront pension contribution made during 2020-21. This payment was budgeted for in 2020-21 but in agreement with external audit, is accounted for in 2021-22 against supervision and management costs.

4.7 Rent, Rates and Taxes - £0.150m over budget

This pressure has arisen due to Council Tax liability from the change in empty homes discount from 3 months to 1 month. This pressure was seen in 2020-21 and is continued into 2021-22. The budget for these costs has been adjusted for 2022-23.

5 Housing Revenue Account- Technical and Accounting Adjustments

5.1 In addition to the service-related variances above, technical adjustments have arisen. They can be balanced by a reduction in the revenue contribution to capital.

5.1 Interest and Investment Income - £0.150m under achievement in income

This pressure has arisen due to interest rates remaining very low following the Bank of England base-rate reduction in March 2020. Income targets have been adjusted for 2022-23 budgets.

5.2 Interest Payable - £200k surplus

A revised forecast outturn is reported based on an updated interest schedule and interest charges are lower than budgeted.

5.3 Provision for Bad Debts - £0.600m surplus

Whilst tenants have needed the support of the service during a challenging year, the budget allocation to top up the bad debt provision has not been required in full. Arrears are down 10% year on year and collection rates are up, therefore the bad provision is estimated to be lower than budgeted. The full projected impact of pandemic and Universal Credit on bad debt has not been realised to date.

5.4 Depreciation - £2.630m over budget

An increased depreciation charge has been seen this year to due increases in the value of the Council's housing stock.

6 Capital Programme

6.1 Appendix C shows the projected capital provisional outturn in detail by Housing and Community Scheme.

The table below summarises the overall capital outturn position by Scrutiny committee area.

The current budget is the original budget approved by Cabinet in February 2021, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred but will now be in 2022/23 rather than 2021/22 ('slippage'), or conversely, where expenditure planned initially for 2022/23 has been incurred in 2021/22 ('accelerated spend').

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

	Current Budget £000	Re-phasing (To)/from future years £000	Revised Budget £000	Forecast Outturn £000	Variance	
					£000	%
GF Total	3.639	(1.858)	1.781	2.153	0.372	10.2%
HRA Total	21.616	(0.595)	21.021	20.880	(0.141)	(0.7%)
Grand Total	25.255	(2.453)	22.802	23.033	0.231	0.9%

6.2 Housing and Community General Fund Capital Programme Major Variances

General Fund capital budgets are reporting further slippage of £1.858m. The slippage of includes the following items:

- Line 153: Disabled Facilities Grant. Not all grant budgeted to be spent in 2021-22 has been allocated. The unspent balance will be carried into 2022-23.
- Line 157: slippage of £0.488m against payment of capital grants to Registered Providers (RPs) (Affordable Housing Development Fund). Delays in RP developments mean that Council contributions to these developments have slipped to meet revised programme builds.
- Line 159: Slippage of £0.275m against the creation of new temporary accommodation units.
- Line 160- slippage of £0.824m against the creation of affordable housing move on units at Aragon Close.

There is a pressure of £0.372m against General Fund capital budgets, including the following items:

- Line 152: a pressure of £0.293m on garages. This additional spend was approved by Cabinet in March 2022.

Note that Line 137: Adventure Playgrounds includes expenditure funded by external grant funding, which offsets any pressure.

7 Housing Revenue Account Major Variances

7.1 There is further slippage of £0.595m in the HRA capital programme. This includes the following items:

- Line 178: Slippage of £0.281m on Planned Fixed Expenditure relating to the Asset Management contract.
- Line 181: Slippage of £0.213m relating to communal gas and heating.
- Line 182: Slippage of £1.051m relating to DBC commissioned capital works.
- Accelerated spend of £0.614m against the Council's new build housing programme.

7.2 There is a minor underspend of £0.141m against the HRA capital programme. This represents less than 1% of the current budget.

8 Equalities, Community Impact and Human Rights

8.1 Community Impact Assessments on Council activities are carried out by relevant services with responsibility for those activities. A separate Community Impact Assessment has not been carried out in respect of this report.

8.2 There are no Human Rights Implications arising from this report.

9 Sustainability implications

9.1 There are no specific sustainability implications arising from this report.

10 Council infrastructure

10.1 The content of this report sets out the implications of the Council's activities for its financial resources for 2021-22.

11 Conclusions

11.1 At provisional outturn 2021-22, there is an underspend of £0.565m against Council General Fund budgets of which a pressure of £0.189m relates to Housing and Community services. Housing Revenue Account budgets are reporting a balanced position.

11.2 At provisional outturn 2021-22, Housing and Community General Fund capital budgets are reporting slippage of £1.858m with a pressure of £0.372m. Against Housing Revenue Account capital schemes, there is additional slippage of £0.595m and an underspend of £0.141m.

11.3 The provisional outturn position for the Council for 2021-22 will be reported to Cabinet in July 2022.