



Housing and Community

Overview and Scrutiny Committee



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Report for:	Housing and Community Overview and Scrutiny Committee
Title of report:	Financial Performance Quarter 3 2023-24
Date:	13th March 2024
Report on behalf of:	CLlr Ron Tindall, Portfolio Holder for Corporate & Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A – General Fund Forecast Outturn Position Q3 2023-24 Appendix B – HRA Forecast Outturn Position Q3 2023-24 Appendix C – Projected Housing and Community Capital Outturn Q3 2023-24
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

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
Wards affected	All
Purpose of the report:	<p>1. To provide details of the projected outturn 2023-24 as at quarter 3 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 financial position for 2023-24 as at Quarter 3.</p>
Period for post policy/project review:	The Council's financial position is reported to committee on an ongoing, quarterly basis.

1. Exec Summary:

1.1 The quarter 3 2023-24 financial position of the General Fund is reporting a surplus against budget of £0.236m. This represents a reduction of £0.300m on the surplus reported at quarter 2 (£0.536m). The quarter on quarter change is accounted for by the additional cost pressures being reported since the quarter 2 financial position was presented to Cabinet in November 2023. Key additional costs include:

- additional employee costs within Neighbourhood Operations £0.175m
- additional expenditure on works to trees in the borough £0.080m
- a reduction in income received in relation to services provided to the HRA (HRA recharge) £0.459m

These additional pressure are partly offset by:

- increased investment income £0.203m
- further government grants £0.170m
- reduction in staffing pressures within the Place directorate £0.115m.

1.2 The Housing Revenue Accounts (HRA) is the Council's housing landlord function and is accounted for separately to General Fund service. At quarter 3 the HRA is reporting a budget pressure of £0.620m. This represents an increase in reported pressures of £0.250m from the position reported at quarter 3 (£370k). The quarter on quarter increase includes:

- pressures of £0.280m on utility costs at sheltered housing schemes
- additional supervision and management costs £0.145m.

These are partly offset by additional forecast income from tenants £0.108m.

2. Introduction:

2.1 This report presents the Council's forecast outturn for 2023-24 as at quarter 3, 31st December 2023, with a focus on changes to the forecast since quarter 2. The report covers the following budgets with associated appendices:

- General Fund revenue position – Appendix A. A surplus against budget of £0.236m is forecast. Included in this is a pressure of £0.113m against Housing and Community service areas.
- Housing Revenue Account (HRA) revenue position – Appendix B. A pressure of £0.620m is forecast.
- Capital Programme – Appendix C. Housing and Community General Fund Budgets are forecasting an underspend of £0.119m and re-phasing (programme slippage) to future years of (£0.357m). The HRA capital programme is forecast and re-phasing to future years of £6.804m.

3. General Fund Position – all Scrutiny Committee Areas

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

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

Table 1 Scrutiny Committee	Current Budget £m	Forecast Outturn Quarter 3 £m	Variance		Forecast Outturn at Quarter 2 £m	Movement from quarter 2 to Quarter 3 £m
			£m	%		
Finance & Resources	10.701	11.850	1.149	10.7%	12.689	(0.839)
Strategic Planning and Environment	12.049	13.576	1.527	12.7%	13.033	0.543
Housing and Community	1.953	2.066	0.113	5.8%	1.953	0.113
Total Operating Cost	24.703	27.492	2.789	11.3%	27.817	(0.325)
Core Funding	(24.703)	(27.728)	(3.025)	12.2%	(28.353)	0.625
(Surplus)/ Deficit	0.000	(0.236)	(0.236)		(0.536)	0.300

3.3 Sections 4-5 below provide further information on the material changes to the Council's Housing and Community General Fund and HRA financial position between quarter 2 and quarter 3.

4. General Fund Position- Housing and Community

Table 2 – Housing and Community General Fund Quarter 3	Current	Forecast	Variance	
	Budget	Outturn	£m	%
	£m	£m	£m	%
Housing & Property	1.228	1.275	0.047	3.8%
Neighbourhood Delivery	(2.369)	(2.280)	0.089	(3.8%)
Corporate and Commercial	(0.043)	(0.063)	(0.020)	46.5%
People and Transformation	1.239	1.424	0.185	14.9%
Place	1.898	1.710	(0.188)	(9.9%)
Total Operating Cost	1.953	2.066	0.113	5.8%

4.1 Community grants are forecasting a new underspend of £0.080m at quarter 3 as a result of a reduction in applicants compared to previous financial years. The service are looking at how to increase engagement in the process and will work with the voluntary sector as part of this. This is the only significant change in budget variance within Housing and Community General Fund service areas reported since presentation of the quarter 2 position.

5 Housing Revenue Account Position

5.1 The HRA is a ring-fenced account relating to the Council's landlord functions. It is accounted for separately from General Fund services. 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.

5.2 The projected HRA balance at the end of 2023-24 is a pressure of £0.620m. This position is being carefully monitored. Should there be a deficit on the HRA at the end of the financial year, a request will be brought to Members to apply funds held in reserve to balance the financial position for the HRA as a one-off measure.

5.3 Further information is provided below at 7.4 and 7.5 on changes to the forecast position since quarter 3.

5.4 Supervision and Management

Additional pressures of £0.340 are being forecast at quarter 3 from the position reported at quarter 2.

Included within this is a pressure at quarter 3 relating to forecast utility costs for sheltered housing £0.280m.

The pressure of £0.340m also includes additional costs from the General Fund for services provided to the HRA. General Fund recharges to the HRA have been reviewed at quarter 3 to identify the impact of the restructures across the organisation and forecast spend following the pay award. The recharge to the HRA is forecast at £5.219m for the year 2023-24, previously £4.999m at Q2, an increase of £0.220m.

There are other reductions in forecast expenditure within Supervision and Management, which individually are under £50k. These make up the balance of the £0.340m.

5.5 Repairs & Maintenance

There is a small overall movement in the reported position for repairs and maintenance.

The forecasts for repairs and maintenance have increased by £0.290m between quarter 2 and quarter 3.

Offsetting this increased pressure is a gain share from the main housing repairs contract. This is forecast at quarter 3 at £0.283m. The gain share is not budgeted within the HRA budgets. The gain share has the effect of reducing the pressures on HRA repairs and maintenance costs.

Table 3: Breakdown of HRA Revenue Repairs and Maintenance Financial Forecast

	Budget £m	Year to Date Actual	Forecast Outturn	Variance
Main Contract Overheads	2.183	2.048	2.748	0.565
Contract Pain and Gain	0.000	(0.026)	(0.283)	(0.283)
Cyclical Planned Maintenance	0.933	0.404	0.545	(0.388)
Compliance Planned Maintenance	3.301	2.559	3.424	0.123
Responsive Repairs	4.469	5.808	7.881	3.412
Empty Homes	3.745	4.043	5.422	1.677
Recharge to GF	(0.037)	0.000	(0.037)	0.000
Total	14.594	14.835	19.700	5.106

5.6 Income

Dwelling rent is forecasting a surplus at quarter 3. This is based on current occupancy and voids rates £0.812m, an increase of £0.091m from quarter 2

6. Capital Programme

6.1 Appendix C shows the projected capital provisional outturn in detail by 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 2023, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred but will now be in 2024-25 rather than 2023-24 ('slippage'), or conversely, where expenditure planned initially for 2024-25 has been incurred in 2023-24 ('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.

Table 4- Capital Outturn 2023-24	Current Budget £m	Re-phasing (To)/from future years £m	Revised Budget £0m	Forecast Outturn £m	Variance £m %	
	Housing & Community GF Total	3.843	0.357	4.200	4.081	(0.119)
HRA Total	65.784	(6.804)	58.980	58.982	0.002	0.00%
Grand Total	69.628	(6.448)	63.180	63.063	(0.117)	(0.17%)

6.2 General Fund Capital Programme Major Variances

Housing and Community General Fund capital budgets are reporting slippage of £0.357m. The slippage includes the following items over £0.100m:

- Disabled Facilities Grant (0.343m) - the budget was slipped in quarter 2. Following a review of applications this budget is now expected to be spent in 2023/24.

6.3 Housing Revenue Account

Following a review of the forecasts and project progression for HRA capital budgets further slippage of £6.804m is reported at quarter 3.

6.4 Supplementary Capital Budget Requests

At their March meeting, Cabinet agreed to recommend to Council to approve the following supplementary capital budget request:

- £2.265m relating to a payment to Hightown Housing Association for the provision for affordable housing in the borough at 66 Books, Wood End Lane. This expenditure was approved by Cabinet in February 2023. As payments to Hightown are finalised, Full Council approval is now required to increase the capital programme budget accordingly. This will be funded using our retained 141 receipts from the sale of Council housing.

6. Financial implications

6.1 Contained within the body of this report.

7. Legal implications

7.1 There are no direct legal implications arising from this report.

8. Risk implications

8.1 Regular monitoring and reporting on the Council's financial position is one of the key ways in which the organisation manages the potential risk of the weakening of its financial resilience.

9 Equalities, Community Impact and Human Rights

9.1 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.

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

10 Sustainability implications

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

11 Council infrastructure

11.1 The content of this report sets out the implications of the Council's activities for its financial resources for 2023-24.

12 Conclusions

12.1 The forecast position for 2023-24 at quarter 3 is a surplus of £0.236m against Council General Fund budgets. This includes a pressure of £0.113m against Housing and Community service areas. Housing Revenue Account budgets are reporting a pressure of £0.620m.

12.2 A forecast position for 2023-24 at quarter 3 is slippage of (£0.357m) for General Fund capital schemes and £6.804m for the Housing Revenue Account capital schemes.