

Quarter 3 2023/24 Budget Monitoring - Housing Committee

Housing Committee Thursday, 19 March 2024

Report of: Director of Resources (Section 151)

Purpose: To note the 2023/24 Quarter 3 / Month 9 (December) financial position of the Committee and take associated decisions.

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the 2023/24 Quarter 3 / Month 9 (December) financial position of both Revenue and Capital for the Committee.

This report supports the Council's priority of: Building a better Council/ Creating the homes, infrastructure and environment we need / supporting economic recovery in Tandridge/ Becoming a greener, more sustainable District

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Recommendation to Committee:

That the Committee's forecast Revenue and Capital budget positions as at Quarter 3 / M9 (December) 2023/24 be noted.

Reason for recommendation:

The Council has a duty to ensure that its expenditure does not exceed resources available. The medium-term financial outlook remains uncertain and so the Council must continue to take steps towards growing its financial resilience, including building reserves to a sustainable level.

It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that the revenue budget is delivered, and that any new expenditure is contained within the available resources.

Finance have committed to bringing quarterly financial monitoring updates to each Committee to ensure that all Members are aware of the financial position of the services within their remit, as context for decisions needed to mitigate any variance to budget and in terms of the effect on the approved budget for 2024/25.

The consolidated position for quarter 3 will be reported to Strategy & Resources Committee on the 26th March 2024.

Introduction and background

- 1 The 2023/24 Housing General Fund (HGF) Revenue draft budget was proposed at £684k on 24th January 2023 and approved by Full Council on the 20th February 2023. This has since been increased by £29k to distribute an amount held corporately for the 2023/24 pay award, bringing the total budget to £713k.
- 2 The 2023/24 Housing Revenue Account (HRA) Revenue draft budget was approved with a net operating Surplus of £2,711.6k before allowing for revenue contributions to capital expenditure and interest charges at 24th January 2023.
- 3 The HGF draft Capital programme for 2023/24 was approved at £503k on 24th January 2023. Carry forwards of £139k were approved at S&R Committee on 29th June 2023 to increase the available budget to £642k. Rephasing of the Capital Programme was approved at the S&R Committee on 28th September 2023 to re-set the budget required to £503k.
- 4 The HRA draft Capital Programme for 2023/24 was approved at £15,397k on 24th January 2023. Carry forwards of £4,597k were approved at S&R Committee on the 29th June 2023, to increase the available budget to £19,995k. Rephasing of the Capital Programme was approved at the S&R Committee on 28th September 2023 to re-set the budget required to £16,133k.

Key implications

Revenue

- 5 At Month 9 a full-year overspend of £26k for the Housing General Fund is forecast. The change from Month 6 is a deterioration of £2k. The main reasons for the variance and changes from Month 6 are set out below:

- £15k Meadowside Mobile Homes – increase costs for planned repairs and tree works (no change from M6).
- £11k Private Sector Enabling - £10k additional work through the Home Improvement Agency contract (offset by reductions in the costs in Community Services for the Handyman Services). There is a £3k additional cost of employees provided by the Mole Valley Partnership. This is offset by (£2k) release of unspent budgets on various small budgets. (£2k increase from M6).

Alongside the known variance on Meadowside, risks are being managed with the budget, particularly in respect of Homelessness which is very sensitive to changes in temporary accommodation costs. Spend to-date is in line with expectations but a small increase in numbers can have a significant impact on the budget. Temporary Accommodation costs can also have a knock-on impact on Housing Benefit (although a reserve exists to mitigate the impact on the later).

6 At Month 9 a full-year underspend of £628k is forecast for the HRA. The change from Month 6 is an improvement of £725k. The main reasons for the variance and changes from Month 6 are set out below:

- (£122k) Salary costs - which relates to reinvestment in the Building Surveyors offset by posts taking time to recruit. ((£152k) improvement from M6).
- (£395k) Service costs:
 - Releasing (£350k) electricity and gas unspent budget; the budget for 2023/24 was increased due to the volatility in the market place and expected inflation, but this increase has not been required. Assurance has increased over this position as the winter months have passed without significant increase in usage or unit price.
 - (£50k) assisted purchase, (£27k) consultancy fees and (£80k) trees budgets no longer required, offset by:
 - £30k increased costs of voids for Council Tax and
 - £28k new fraud contract with R&B.
 - Projected £60k increased costs on Orchard MRI Housing Management Software linked to upgrading to a new hosted version.
 - Minor other variances (£6k)
 - ((£477k) improvement from M6).
- (£68k) Repairs and Maintenance - due to releasing (£42k) external decorations, (£4k) internal decorations, (£22k) costs for fuel, servicing of vehicles, (£10k) tenant redecoration allowances budgets no longer required, offset by £10k additional costs for skip hire. ((£68k) improvements from M6).
- £2k Corporate Support Services – due to the HRA 30 year plan advisor contract increasing support to the Housing Development team. (£2k deterioration from M6)

- (£43k) Other Income – (£43k) increase in income from private house lease extensions. ((£26k) improvement from M6)

Capital

Housing General Fund

- 7 The Committee's current capital budget is set at £503k. This is derived from the original Budget of £503k, plus carry forwards of £139k from previous years, less £139k of rephasing reported and approved in the September Committee cycle.
- 8 Against the revised budget of £503k, the Housing General Fund capital forecast at Q3 has been reviewed and reforecast to £420k. The variance of (£83k) is mainly due to surplus capital grant, which will be reprofiled into 2024/25.

Housing Revenue Account

- 9 The Committee's current capital budget is set at £16,133k. This is derived from the original Budget of £15,398k, plus carry forwards of £4,597k from previous years, less £3,862k of rephasing reported and approved in the September Committee cycle.
- 10 Against the revised budget of £16,133k, the HRA capital forecast at Q3 has been reviewed and reforecast to £16,980k. The changes are set out below:-
 - Council House Building – net acceleration variance of £1,081k and £995k net acceleration change from M6.
 - (£1,499k) – slippage at Bronzeoak, Auckland Road & Windmill Close and buy-backs.
 - £2,581k – acceleration for acquisitions of new development sites.
 - The forecast is based on a line-by-line review of the Council House Building and associated schemes (including LAHF and buy-back programmes). Based on prior-year experience, overall slippage of 20% against scheme-by-scheme expectations has been assumed.
 - Adaptions for the Disabled has slippage of (£187k) which has been rephased into 2024/25.

Comments of the Chief Finance Officer

The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions taking into account all material, financial and business issues and risks. The key financial implications at this stage are captured in the body of the report.

Comments of the Head of Legal Services

It is essential, as a matter of prudence, that the financial position of services continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget. This report satisfies this statutory requirement.

Equality

There are no equality implications associated with this report.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A – Committee’s M6 (September) 2023 Financial Report and supporting data

Background papers

- Housing Committee 23/24 draft budget, Medium-Term Financial Strategy and capital programme – 24th January 2023
- 2023/24 final budget, MTFS and capital programme - Strategy and Resources Committee 31st January 2023
- 2023/24 final budget, MTFS and Capital programme – Full Council 10th February 2023.
- 2023/24 Budget – Outturn Report – Strategy and Resources Committee 29th June 2023.
- Quarter 1 2023/24 Budget Monitoring – Housing Committee 14th September 2023.
- Quarter 2 2023/24 Budget Monitoring – Housing Committee 23rd November 2023.

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