

# Month 2 (May 21) Financial Report

**Housing**  
**29<sup>th</sup> June 2021**

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# Key messages

## Housing General Fund Budget:

- Originally on 13th Feb 2021, Council **Approved a £491k Revenue Budget.**
- Since the initial approval, the Council has reset some of its revenue budgets. The reason for the reset of budgets is due to a number of factors including; **(refer Cover Report)**
  - **(£22k) - reverse the Council's unconventional treatment of depreciation (which consists of the application of budgets to non-cash/accounting only items).**
- 2021/22 Budget for Committee is provisional pending the 2020/21 Budget Outturn being presented to S&R. This will follow the completion of the forensic review by Grant Thornton LLP UK. There is a possibility that this work could impact other Committee budgets.
- **At 29<sup>th</sup> June proposed virements totalling £22k have been removed from the original budget, Provisional Budget is now set at £469k**

## Revenue Forecast position:

- **At M2, Housing General Fund is forecasting to be on budget.**
- There remains significant uncertainty in the 2021/22 forecast. This will be kept under close review throughout the year.
- Provisional and subject to the Council's 2020/21 Outturn being approved pending the GT Forensic Review

## Housing Revenue Account:

- The 2021/22 Housing Revenue Account revenue budget was approved by Council on 13<sup>th</sup> February 2021, at **£893k surplus to reserves; the outturn forecast position is that it will be underspent by £14k** in relation to interest charges on HRA loans.

# Key Messages (cont'd)

## 2021/22 Savings Programme:

- There is a Council-wide £2.7m savings programme, of which **£147k (5%)** is attributable to **Housing General Fund**

Committee	Target £000	Achieved £000	Plans in Place £000	Potential Barriers £000	High Risk £000	BAU Full year Forecast £000	Unachievable £000
Housing	147	24	122	0	0	147	0

- Of the planned £147k savings:
  - **£24k (BLUE)** are considered to be achieved (i.e. there has been a reduction in spend attributed to the savings areas)
  - **£122k (GREEN)** have plans in place that will be evident later in the year (*refer Saving Tracker Annex*)

## Risks & Opportunities:

- **No risks** have been included in the forecast position at M2
- **Net risks of £7k** have been quantified for Housing General Fund (*refer Financial Risks Annex*)
- **Net risks of £70k** have been quantified for Housing Revenue Account

# Key Messages (cont'd)

## Capital:

- The 2021/22 capital budget was approved by Council on 13<sup>th</sup> February 2021, at **£460k for Housing General Fund and £16,554k for Housing Revenue Account; the outturn forecast position is currently balanced for both areas.**
- The potential capital carry forward, of £250k, from 2020/21 for the Housing Revenue Account funding is pending on the approval of the 2020/21 outturn.

Capital Budget Monitoring at Month 2 end May	Original Budget 2021/22 £	Pending Potential Carry Forward from 2020/21 £	Provisional Budget including Carry Forwards £	Forecast at M2 2021/22 £	Forecast Variance at M2 2021/22 £
<b>Housing General Fund</b> - Committee Chair: Councillor J Pursehouse - Officer: A Boote					
Social Housing Grants	0	0	0	0	0
Disabled Facilities Grants	460,000	0	460,000	460,000	0
<b>Total Housing General Fund</b>	<b>460,000</b>	<b>0</b>	<b>460,000</b>	<b>460,000</b>	<b>0</b>
<b>Housing Revenue Account</b> - Committee Chair: Councillor J Pursehouse - Officer: A Boote					
Council House Building	12,700,000	0	12,700,000	12,700,000	0
Improvements to Housing Stock	3,589,500	163,000	3,752,500	3,752,500	0
HRA IT - Hardware/Infrastructure	264,200	87,300	351,500	351,500	0
<b>Total Housing Revenue Account</b>	<b>16,553,700</b>	<b>250,300</b>	<b>16,804,000</b>	<b>16,804,000</b>	<b>0</b>

# ANNEX

## DETAILED REVENUE AND CAPITAL

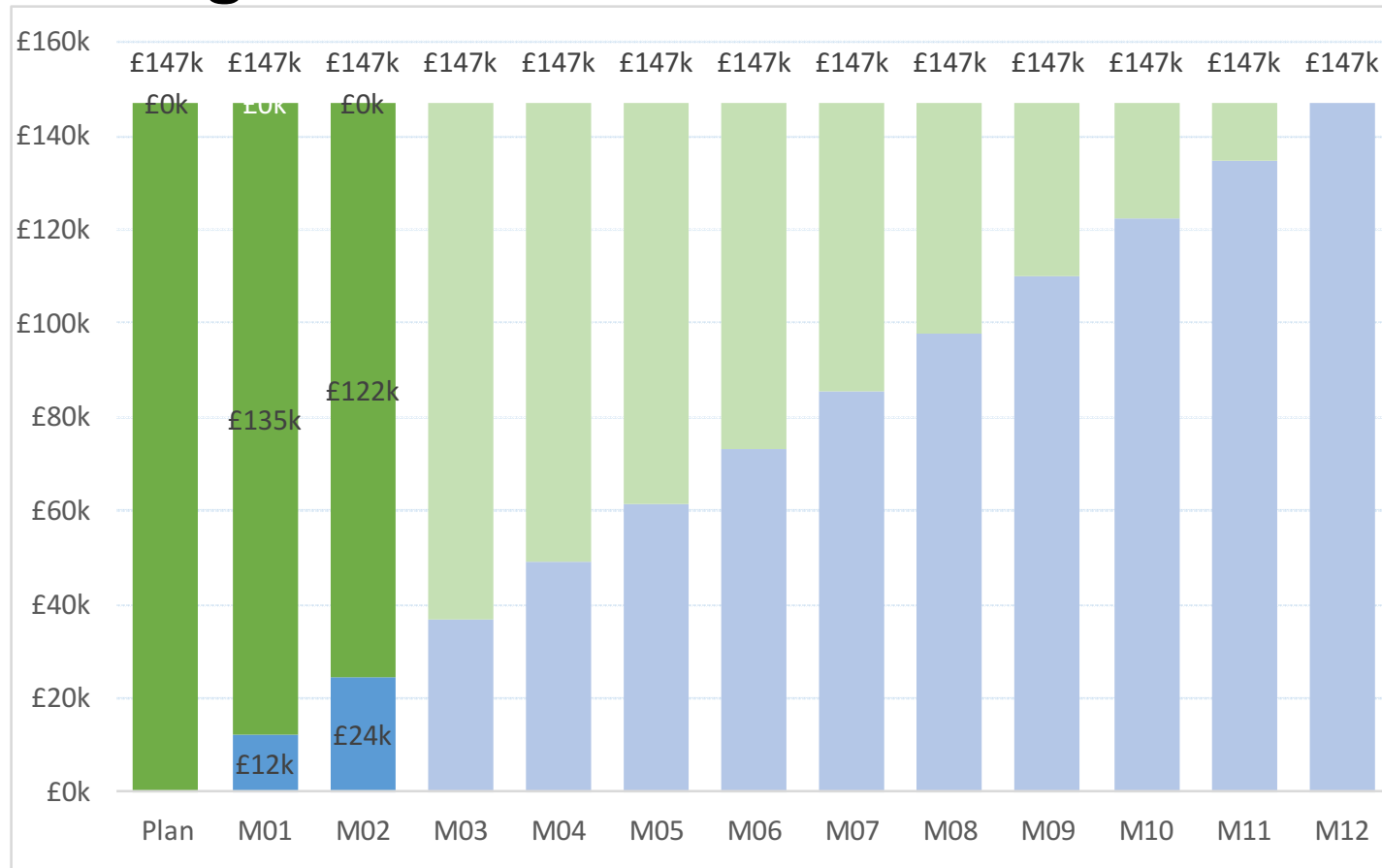
- Housing Committee – Housing General Fund (slide 6)
- Housing Committee – Saving Tracker (slide 7)
- Housing Committee – Financial Risks (slide 8)
- Housing Committee – Housing Revenue Account (slide 9)
- Housing Committee – Detailed Capital (slide 10)

# Housing Services – Overview

2021/22 Forecast: General Fund Financial Position at year end 31/03/2022

	2021/22 Outturn forecast at M2 £	2021/22 Provisional Budget M2 £	M2 Forecast Variance £
<b>Housing General Fund (Chair: Cllr Pursehouse ; Lead Officer: A Boote)</b>			
<b>By function:</b>			
Providing People with Homes	220,800	220,800	0
Improving the Quality of Housing & the Environment	9,900	9,900	0
Managing the Service Effectively	(94,800)	(94,800)	0
Community Services	101,000	101,000	0
Housing Benefits	231,700	231,700	0
<b>Housing Services</b>	<b>468,600</b>	<b>468,600</b>	<b>0</b>
<b>By subjective:</b>			
Salaries	523,700	523,700	0
Non Salaries	18,661,100	18,661,100	0
Income	(18,716,200)	(18,716,200)	0
<b>Housing Services</b>	<b>468,600</b>	<b>468,600</b>	<b>0</b>

# Saving Tracker as at M2



Key:

**Blue** – Achieved;

**Green** – Plan in place;

**Amber** – Potential barriers;

**Red** – High risk of not being achieved

**Black** – Part or all of saving cannot be achieved

Committee	Description	Target £000	Achieved £000	Plans in Place £000	Potential Barriers £000	High Risk £000	BAU Full year Forecast £000	Unachievable £000
Housing	Vacancy Review	135	23	113	0	0	135	0
Housing	Inflation and Contract Containment	12	2	10	0	0	12	0
<b>TOTAL</b>		<b>147</b>	<b>24</b>	<b>122</b>	<b>0</b>	<b>0</b>	<b>147</b>	<b>0</b>



# Financial Risks

Committee	Risk	Mitigation	Min & Max Range	Likely / Average Financial impact	RAG Risk
Across the Council	Continuation of COVID-19 social distancing affecting business interruptions	Applying current COVID-19 directions and identifying costs onto the COVID-19 loss of income & expenditure tracker	£50k - £1.5m	£100k	A
Housing General Fund	COVID-19 impacts greater unemployment and straining housing demands	Applying current COVID-19 directions and identifying costs onto the COVID-19 loss of income & expenditure tracker	£0-£20k	£2k	G
	Higher unemployment directly linked to high risk of rent defaults resulting in greater homelessness		£5k-£20k	£5k	G
Housing Revenue Account	COVID-19 impacts greater unemployment and straining housing demands	Applying current COVID-19 directions and identifying costs onto the COVID-19 loss of income & expenditure tracker	£5k - £100k	£20k	A
	Higher unemployment directly linked to high risk of rent defaults and greater debt write offs		£20k-£200k	£20k	A
	Inflation leads to increased cost of repairs		£5k - £100k	£20k	A
	Potential tree works needed on HRA land due to Ash Dieback is far more advanced than was previously projected		£5 k - £20k	£10k	A

Risk Criteria:

R: Critically severe & Probable

Amber: Moderately severe & Occasional

Green: Marginally severe & Remote

# Housing Revenue Account (HRA) - Overview

2021/22 Forecast: HRA Financial Position at year end 31/03/2022

	2021/22 Outturn forecast at M2 £	2021/22 Provisional Budget M2 £	M2 Forecast Variance £
Housing Resources Account (Chair: Cllr Pursehouse ; Lead Officer: A Boote)			
Salaries	2,486,600	2,486,600	0
Services costs	5,672,400	5,672,400	0
Corporate Support Services	1,781,100	1,781,100	0
Repairs and Maintenance	2,674,200	2,674,200	0
Interest Charges on loan	1,642,650	1,655,400	(12,750)
Rental Income Dwellings	(14,552,300)	(14,552,300)	0
Rental Income Garages	(379,700)	(379,700)	0
Other Income	(231,000)	(231,000)	0
<b>Forecast outturn before transfer to reserves</b>	<b>(906,050)</b>	<b>(893,300)</b>	<b>(12,750)</b>
Transfer to reserves	906,050	893,300	12,750
<b>Forecast outturn after transfer to reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>

- In mid-June the Council refinanced a HRA loan of £4.25m that was due for repayment. The new loan was taken out for a term of 50 years at a rate of 1.91% and is repayable on maturity. The new loan rate is 0.3% lower than the previous loan, savings the HRA £12,750 in interest payments in a full year

# Capital

- The Council's approved **Capital budget for 2020/21 is £17.0m (General Fund £0.5m, HRA c£16.5m).**
- As Outturn is still pending, carry forwards, due to programme slippage, are unapproved (**HRA c£0.3m**)
- The outturn forecast position is currently balanced**

<b>Capital Budget Monitoring at Month 2 (May)</b>	<b>Original Budget 2021/22</b> £	<b>Pending Potential Carry Forward from 2020/21</b> £	<b>Original Budget including Carry Forwards 2021/22</b> £	<b>Forecast at M2 2021/22</b> £	<b>Forecast Variance at M2 2021/22</b> £
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