

Quarter 3 2022/23 Budget Monitoring - Housing Committee

Housing Committee Thursday, 16 March 2023

Report of: Mark Hak-Sanders - Chief Finance Officer (Section 151)

Purpose: To note the 2022/23 Quarter 3 / Month 9 (December) Financial position of both the Revenue and Capital for the Committee (including HRA).

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the 2022/23 Quarter 3 / Month 9 (December) financial position of both the Revenue and Capital budgets for the Committee (including HRA)

This report supports the Council's priority of: Building a better Council

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Recommendation to Committee:

That the Committee's forecast Revenue and Capital budgets positions as at Quarter 3 / Month 9 (December) 2022 be noted (including HRA).

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 savings are 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 budget for 2023/24. The consolidated position will be reported to Strategy & Resources Committee on the 30th March 2023.

Introduction and background

- 1 The 2022/23 Housing General Fund Revenue budget was approved at £476k on 24th March 2022, including the distribution of staffing increments and vacancy factor (known as the Tranche 2 budget).
- 2 The 2022/23 Housing Revenue Account (HRA) Capital Budget was approved at £11,586k by Council on 10th February 2022 having been considered by Housing Committee on the 25th January 2022. £460k was approved in the Housing General Fund.
- 3 The HRA Capital Budget was increased to £15,956k by carry-forwards from 2021/22 approved by S&R committee on 30th June 2022.

Key Points

- 4 At Month 9 a full-year overspend of £8k is forecast for the HGF. This is a £52k deterioration from the Q2 position last formally reported to committee. The main reasons for the changes are as follows:-
 - £7k Salaries – underspend due to vacancy factor saving not being achieved. This is a deterioration from Q2 of £8k.
 - £36k Meadowside Mobile Homes – £10k reduced income as budget not now expected to be achieved on commission on sales of mobile homes. Q3 further deterioration of £26k: £17k unbudgeted cost of full site survey and £9k reduced income.
 - £19k Private Sector Enabling – £13k improvement, historical costs to be reduced. Q3 further improvements of £6k: £3k unbudgeted of self-build fees and £5k released on part of unspent Consultancy fees budget less various other small variances.
 - £80k Housing Benefit - currently assumes that expenditure is matched by the Government's subsidy, however this is not the case and therefore we have provided £80k in the Q1 budget monitoring to cover the under recovered costs. This is unchanged.
 - £4k Redstone House- £4k security and electricity final costs incurred whilst property was empty. New in Q3.
 - £120k Homelessness - we are able to recognise more of the Homelessness grant and use it to offset legitimate costs elsewhere in the committee.

- £20k Other - new in Q3 £20k share of legal costs.

5 At Month 9, the HRA shows a deterioration of £2k from the Q2 position last formally reported to committee. The total position is an underspend of £65k. The main reasons for the changes are as follows:-

- £83k Salaries – savings relates to vacancies being carried in numerous teams, in particular HRA Admin, Sheltered Scheme Coordinators and Reactive Repairs.
- £53k Service Costs – all relating to expenses. £27k savings relates to historical Consultancy cost budgets no longer required, offset by increased expense costs, £10k Tennant removals, £6k Alarm system costs (both of which are on-going savings) and other small additional costs.
- £28k Repairs & Maintenance - all relating to expenses savings. One - off savings of £28k R&R team vehicle repairs and fuel due to fleet still being under warranty and improved fuel efficiency.
- £7k Other Income – on-going increased income on lease transfers and charges.

6 The Housing Committee Capital Budget forecast outturn at Q3 has been reviewed and at present there is deemed to be a net underspend of £3,182k. £60k of the underspend relates to HGF and £3,122k relates to the HRA. The reasons are as follows:-

- £60k HGF underspend– this relates to reduce Disable Facilities Grant costs being forecast than Budget.
- £3,122k HRA underspend-
 - £2,543k – additional amounts having been provided for potential development sites and inflationary rises.
 - £5,665k –delays are on Rochester Gardens, Auckland Road & Windmill Road, Hollow Lane and Wolfs Wood & Featherstone. Slippages on Uplands

Key implications

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 significant environmental / sustainability implications associated with this report.

Climate change

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

Appendices

Appendix A - Committees Q3 / Month 9 (December) 2022 Financial Report and supporting data.

Background papers

- Housing Committee 22/23 draft budget and Medium-Term Financial Strategy –Housing Committee – 25th January 2022
- 2022/23 final budget and 2023/24 MTFS - Strategy and Resources Committee 1st February 2022
- Housing Committee - 2022/23 Budget – Tranche 2 Pressure and Savings Distribution –Housing Committee - 24th March 2022
- 2021/22 Budget – Outturn Report HGF – Strategy and Resources Committee 30th June 2022
- 2021/22 Budget – Outturn Report HRA – Housing Committee 4th October 2022
- Quarter 1 2022/23 Budget Monitoring – Housing Committee 4th October 2022
- Quarter 2 2022/23 Budget Monitoring – Housing Committee 17th November 2022

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