

2022/23 Budget Outturn - Housing Committee

Housing Committee Tuesday, 20 June 2023

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

Purpose: To note the 2022/23 Outturn / Quarter 4 / Month 12 (March) financial position of the Committee.

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents to note the 2022/23 Outturn / Quarter 4 financial position of both the revenue and capital budgets for this Committee.

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

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Recommendation to Committee:

That the Committee's Revenue and Capital Outturn positions as at Quarter 4 / M12 (March) 2023 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, particularly in respect of Government funding, 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 29th June 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. The Housing General Fund outturn for 2022/23 is an underspend of £14k. This is a £22k improvement from the Q3 position last formally reported to Committee. The main reasons for the underspend and changes from Q3 are as follows:
 - £74k Salaries overspend – new in quarter £45k salary costs reclassified to this budget, which are offset in full by grant funding from the Homes for Ukraine scheme. £15k additional spend due to reduced vacancy factor (an increase in quarter by £6k). This is an overall deterioration from Q3 of £67k.
 - (£7k) Meadowside Mobile Homes – £5k income not achieved on commission on sales of mobile homes (at Q3 this was expected to be £10k). £9k reduced rental income. £17k unbudgeted cost of full site survey offset by savings on other expenses. This is a (£44k) improvement from Q3.
 - (£9k) Private Sector Enabling – £10k unspent consultancy budget. £10k deterioration in quarter resulting from various small changes.
 - (£23k) Homelessness: In quarter - £75k net B&B costs have been incurred, offset in year by increased grant income. B&B costs have been gradually rising each month and will be closely monitored in 2023/24. In quarter, £22k of unbudgeted legal costs have been charged. Overall this is a £97k deterioration from Q3.

- (£25k) Syrian & Afghan resettlement – new variance in quarter - unspent budget as grant funding covered all expenditure incurred, including offsetting salary costs.
- (£45k) Ukraine Placements – new in quarter, all £45k offsetting salary costs as noted above.
- £4k Redstone House: £4k security and electricity costs incurred whilst property was empty (No change from Q3)
- Nil variance on Housing Benefit: expenditure in 2022/23 was matched by Government funding. (£80k improvement from Q3 including improved debt position resulting in a lower provision).
- £20k Other - £20k share of legal costs. No change in quarter.

5 The HRA Outturn 2022/23 is balanced in line with budget. The transfer to reserves has increased by £503k against budget. The main reasons for the changes are as follows:

- (£164k) Salaries – saving relates to vacancies in numerous teams, in particular HRA Admin, Sheltered Scheme Coordinators and Reactive Repairs. This is an £81k reduction in cost from Q3.
- £96k Service Costs – £27k savings relates to historical consultancy cost budgets no longer required, offset by increased expenditure elsewhere; £10k tenant removals, £6k Alarm system costs (both of which are on-going savings), new in quarter £55k legal costs and other small additional costs.
- (£138k) Corporate Support Service – New in quarter reduced recharges from Corporate budgets (linked to S&R underspend).
- (£48k) Repairs & Maintenance - all relating to expenditure savings. One-off savings of £52k on vehicle repairs and fuel due to fleet still being under warranty and improved fuel efficiency.
- (£43k) reduced interest payable on loans due to refinancing expired PWLB loans with internal borrowing from the General Fund at a mutually beneficial rate.
- £59k reduced rental income from dwellings – New in quarter as position cannot be comprehensively calculated until year end.
- £43k rental income from garages – New in quarter as position cannot be comprehensively calculated until year end.
- (£308k) increase in other income – mainly rechargeable work £145k (offset by increased costs elsewhere) and £78k interest receivable. This is new in quarter as current system limitations mean that this cannot be calculated comprehensively until year end.
- The above is offset by a transfer to the earmarked HRA reserves, £503k more than original budget.

6 The Housing Committee Capital budget outturn for the year is a net underspend of £4,574k. £139k of the underspend relates to HGF and £4,435k relates to the HRA. The reasons are as follows:

- (£139k) HGF underspend– this relates to changed phasing in Disabled Facilities Grant.

- (£1,009k) HRA Housing Stock underspend - more details can be found in Appendix A.
- (£3,426k) HRA Housing Development net underspend -
 - £2,201k – additional amounts having been provided for potential development sites and inflationary rises, offset by:
 - (£5,626k) –delays on Rochester Gardens, Auckland Road & Windmill Road, Hollow Lane and Wolfs Wood & Featherstone. Additional slippage 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 equality implications associated with this report.

Climate change

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

Appendices

Appendix A - Committees M12 (March) 2023 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
- Quarter 3 2022/23 Budget Monitoring – Housing Committee 16th March 2023

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