

## REPORT TO COMMUNITIES COMMITTEE – 3 JUNE 2021

### HOUSING REVENUE ACCOUNT (HRA) FINANCIAL PERFORMANCE AS AT 30 APRIL 2021

#### 1 Reason for Report / Summary

- 1.1 This report provides the Committee with financial performance information relating to the Housing Revenue Account.

#### 2 Recommendations

The Committee is recommended to:

1. Consider and discuss the financial information and forecast position as at 30 April 2021;

#### 3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Committee with the financial information in relation to expenditure and income for the HRA.
- 3.2 The financial information includes a forecast of the expected levels of expenditure and income by Type of Spend and by Budget Page for the financial year. Major variances of £100,000 or more are indicated by a red flag.
- 3.3 The financial information is set out in the following Appendices
- **Appendix 1a:** provides details of the financial position in relation to the Type of Spend, including the service led forecast.
  - **Appendix 1b:** provides details of the financial position by Budget Page, including the service led forecast.
  - **Appendix 2:** provides a graphical representation of the financial position by Type of Spend and Budget Page.
  - **Appendix 3:** is a RAG report on the service savings that fall within the remit of the Committee.
  - **Appendix 4a:** sets out the revenue budget movements that have been previously agreed by the Director, Committee or Full Council. These are reflected in the Revised Budget.
  - **Appendix 4b:** sets out the proposed budget movements that require Director, Committee or Full Council approval. These are not reflected in the revised budget.
  - **Appendix 5:** sets out the elements of the Council's approved Capital Plan, which fall within the remit of the Committee.
  - **Appendix 6:** details of the reserves held by the Council, which are specifically related to the services within the Committee's remit.

- 3.4 The Committee will receive further reports on the financial performance at each Committee cycle and elected members will be able to access financial information out with the Committee cycle through a set of high-level interactive reports that have

been developed. A number of drop-in Skype training sessions will be set up between now and the end of June to help familiarise elected members with navigating these reports

- 3.5 Full Council will receive Financial Performance Reports at the end of each quarter.

#### 4 Discussion

- 4.1 The Housing Revenue Account (HRA) and Capital Expenditure budget for monitoring purposes for 2021/22 were approved by Council on 11 February 2021 and 17 March 2021, respectively. Any net surplus on the HRA is used to fund the HRA Capital Programme, whilst maintaining a minimum working balance of £2m in reserves.

The Table below provides a summary of the HRA budget, which was approved on 17<sup>th</sup> March 2021.

	<b>Committee Budget £'000</b>
Gross Revenue Budget	66,529
Service Savings	-
Corporate Savings	-
Other Budget Movements	-
<b>Net Revenue Budget</b>	<b>66,529</b>
<b>Capital</b>	<b>93,416</b>
<b>Reserves</b>	<b>2,000</b>

#### 4.2 Revenue – Expenditure and Income

- i. Financial Facts  
The Revised Revenue Budget for 2021/22 for HRA amounts to £66,529,000, The budget allocations are broken down by Type of Spend and Budget Page in **Appendices 1a and 1b** respectively.

The service is currently forecasting to remain within budget, given that at this early stage in the financial year the year-to-date actuals are within the year-to-date budget.

- ii. Service Commentary  
The Service has reviewed the HRA Business Plan and has a paper connected to this on the agenda for this meeting. The Service continues to look at the structure of its teams, considering the impact of Covid 19 and future working practices and requirements.
- iii. Risks/Mitigation  
Any changes in service delivery and practice will require engagement with the Council and with our tenants. The outcome of this engagement may impact on proposals.

- iv. Impact on Future Years  
There have been no budget pressures or efficiencies identified at this time which would potentially affect the Council's budget in future years.

Impact on future years is considered by modelling the HRA Business Plan with multiple scenarios. This allows a degree of knowledge and certainty as to how the HRA Budget will look in future years.

#### 4.3 Savings

- i. Financial Facts  
The approved HRA Revenue Budget for 2021/22 has been prepared after consultation with tenants and therefore reflects the priorities resulting from this vital engagement.

Any savings within the HRA Revenue Budget provides a reinvestment opportunity within the HRA.

#### 4.4 Capital

- i. Financial Facts  
The approved Capital Budget for 2021/22 in respect of HRA amounted to £93.416 million. Full Council will receive a report on 24<sup>th</sup> June 2021 setting out the 2020/21 year-end position and this may, subject to approval by Full Council, result in a revision to the capital budget.
- ii. Service Commentary  
Housing anticipate the Capital Plan will progress as planned and will monitor regularly during the financial year. The New Build Housing Programme has been developed and re-profiled and as a result, forecast expenditure in 2021/22 will be £6.323 million lower than expected.
- iii. Risks/Mitigation  
Any risks arising will be identified and actions considered to mitigate the risk.
- iv. Impact on Future Years  
Any impact on future years will be reported as necessary as the plan progresses during the year. The £6.323 million from New Build Housing will be re-profiled and utilised in future years.

#### 4.5 Reserves

i. Financial Facts

Full Council agreed an HRA reserve of £2.0million when it approved the budget for 2021/22 as detailed in Appendix 6 to this report. It should be recognised that were an unforeseen event to occur that could impact on the HRA revenue budget, which may require a call on this reserve, consideration would be made by Council as to how to reinstate the balance to the agreed level. The balance in this reserve at 17<sup>th</sup> March 2021 was £2.0 million.

ii. Service Commentary

Housing Service has no immediate plans for expenditure from the reserve.

iii. Risks/Mitigation

No risks have been identified at the present time.

### 5 Council Priorities, Implications and Risk

5.1 The work and outcomes delivered through the various services reporting to the Communities Committee helps in the delivery of the following council priorities:

Pillar	Priority
Our People	<ul style="list-style-type: none"> <li>• Education</li> <li>• Health &amp; Wellbeing</li> </ul>
Our Environment	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Resilient Communities</li> </ul>
Our Economy	<ul style="list-style-type: none"> <li>• Economy &amp; Enterprise</li> <li>• Estate Modernisation</li> </ul>

5.2 This report sets out the financial resources which have been used to deliver the priorities of the Communities Committee and as such link into the actions and outcomes set out in the Strategies, Policies and Actions Plans of the services within the Committee's remit. 5.3 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities			X
Fairer Scotland Duty			X
Town Centre First			X
Sustainability			X
Children and Young People's Rights and Wellbeing			X

5.3 An Equalities Impact Assessment and a Town Centre Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure.

- 5.4 There are no staffing or children and young people's wellbeing implications arising from this report.
- 5.5 The following Risks have been identified as relevant to this matter on a Corporate Level: Budget Pressures (Corporate Risk Register) and on a Strategic Level: Balancing the Books (Directorate Risk Registers). Actions being taken to mitigate these risks are set out in the report.

## **6 Scheme of Governance**

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider this item in terms of Section C.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

### **Alan Wood** **Director of Infrastructure Services**

Report Prepared by Chris Smith, Finance Business Partner  
Date: 19 May 2021

#### **List of Appendices**

**Appendix 1a** - expenditure and income by Service and by Type of Spend

**Appendix 1b** - expenditure and income by Budget Page

**Appendix 2** - graphs of expenditure and income by Type of Spend and Budget Page

**Appendix 3** - RAG report on the service savings

**Appendix 4a** - previously agreed revenue budget movements

**Appendix 4b** - proposed budget movements

**Appendix 5** - Capital Plan

**Appendix 6** - Reserve



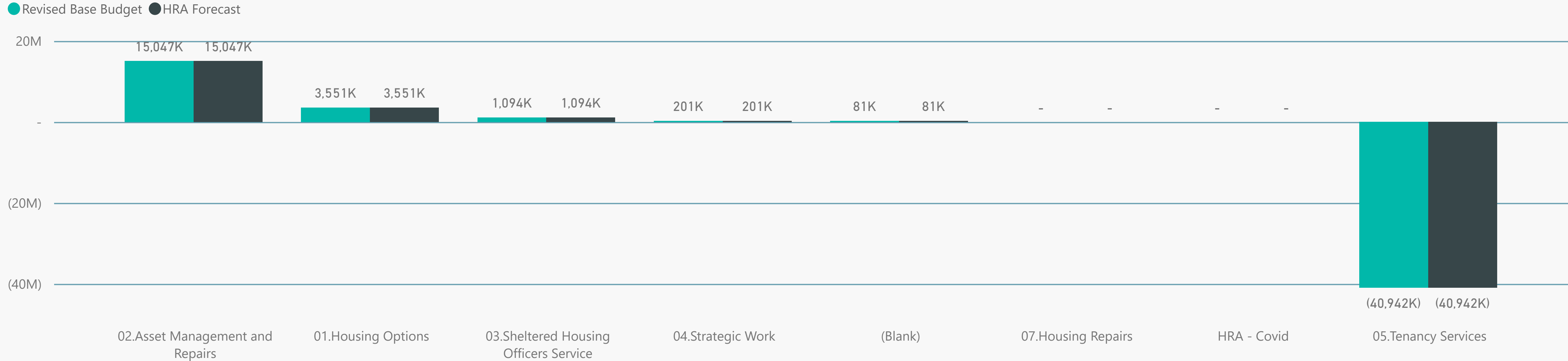
Type of Spend	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	HRA Forecast	Variance Revised Base Budget less HRA Forecast
01.Staff Costs	10,023,900			10,023,900	835,500	1,171,094	10,023,900	-
02.Premises Costs	19,141,500			19,141,500	1,602,900	384,485	19,141,500	-
03.Transport	228,300			228,300	21,800	14,948	228,300	-
04.Supplies & Services	4,667,700			4,667,700	450,600	219,634	4,667,700	-
05.Third Parties	177,100			177,100	14,600	43,379	177,100	-
06.Central	2,906,800			2,906,800	242,300	(68)	2,906,800	-
08.Financing Costs	8,416,000			8,416,000			8,416,000	-
10.Income	(65,329,300)			(65,329,300)	(5,048,700)	(2,162,103)	(65,329,300)	-
11.Other	(1,200,000)			(1,200,000)			(1,200,000)	-
12.Capital				-		675	-	-
<b>Total</b>	<b>(20,968,000)</b>			<b>(20,968,000)</b>	<b>(1,881,000)</b>	<b>(327,955)</b>	<b>(20,968,000)</b>	-



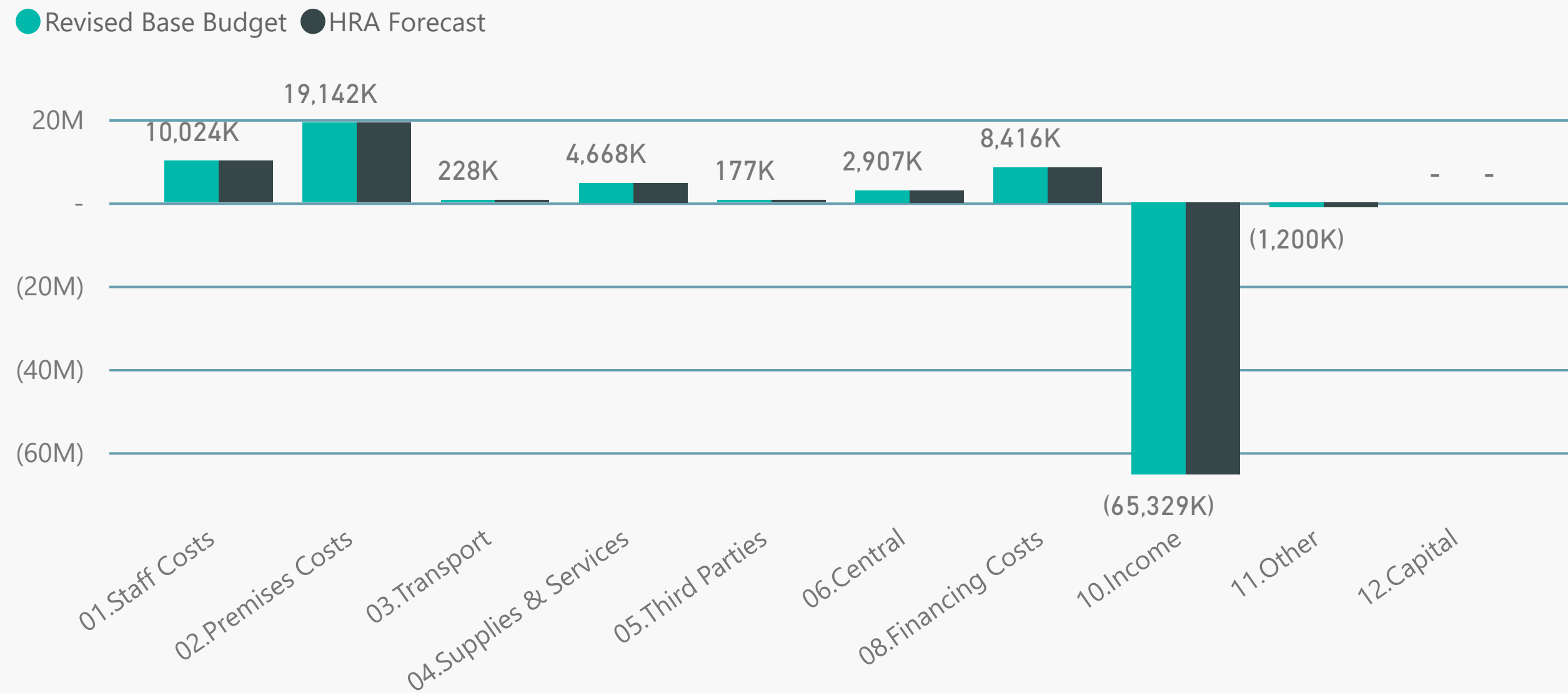
HRA Page	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	HRA Forecast	Variance Revised Base Budget less HRA Forecast
	81,400			81,400	6,700	(159,336)	81,400	-
01.Housing Options	3,550,800			3,550,800	300,000	119,557	3,550,800	-
02.Asset Management and Repairs	15,047,200			15,047,200	1,258,600	698,504	15,047,200	-
03.Sheltered Housing Officers Service	1,093,900			1,093,900	195,400	(6,138)	1,093,900	-
04.Strategic Work	201,100			201,100	16,800	45,649	201,100	-
05.Tenancy Services	(40,942,400)			(40,942,400)	(3,658,500)	(1,636,418)	(40,942,400)	-
07.Housing Repairs				-		609,999	-	-
HRA - Covid				-		228	-	-
<b>Total</b>	<b>(20,968,000)</b>			<b>(20,968,000)</b>	<b>(1,881,000)</b>	<b>(327,955)</b>	<b>(20,968,000)</b>	<b>-</b>



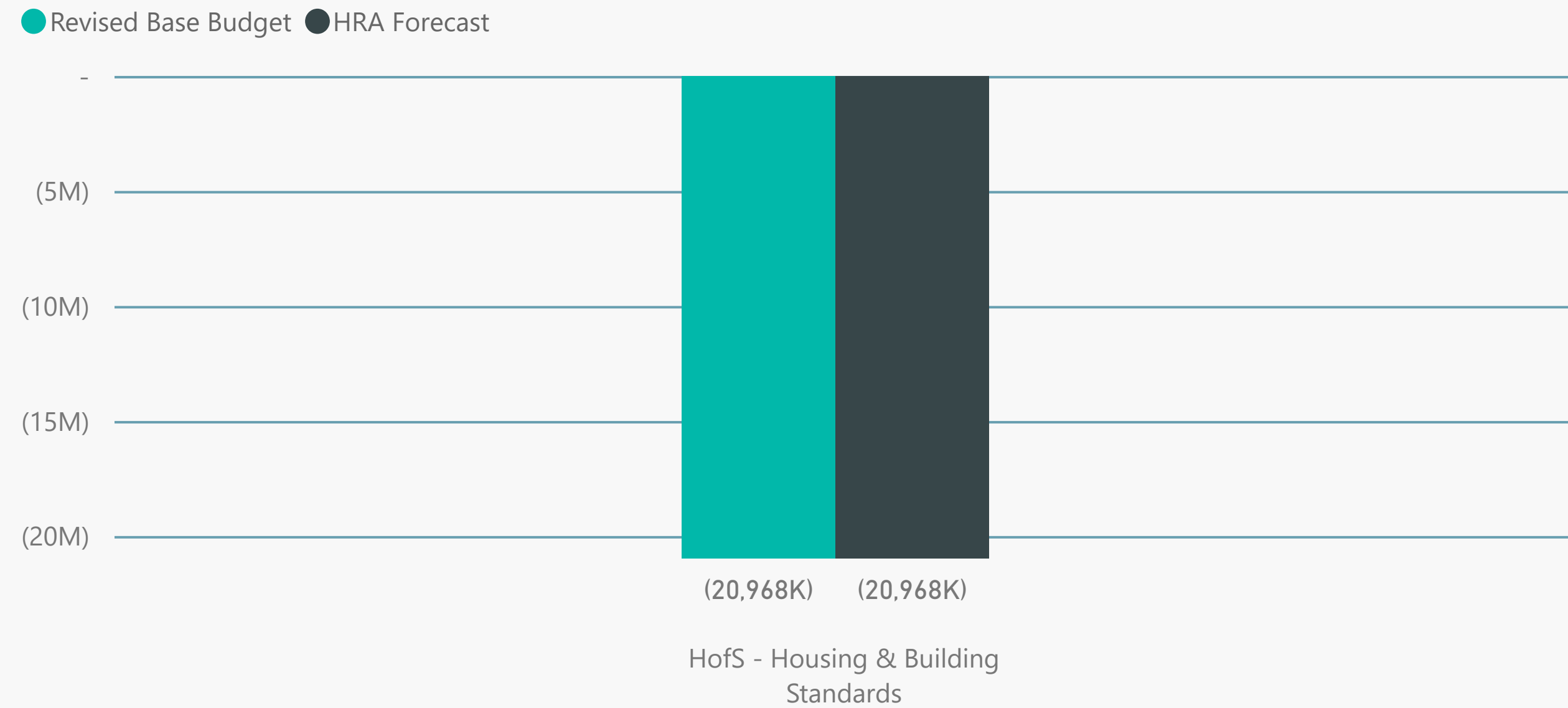
Revised Base Budget and HRA Forecast by HRA Page



Revised Base Budget and HRA Forecast by Type of Spend



Revised Base Budget and HRA Forecast by Head of Service





Communities Committee - HRA - Agreed budget savings 2021/22

Appendix 3

Number	Service area	Service change required to deliver proposed saving		Original saving as agreed at Council 17 March 2021	RAG Status
None					
				£0	



Committee Budget Page	Gross Base Budget	Savings	Net Base Budget as at Mar 2021 Committee	Reallocated Savings	Net Base Budget	MTFS	Additional Scottish Govt Funding	Budget Virements	Reserves Allocated	Revised Base Budget
<b>102.HRA</b>	<b>(20,968,000)</b>		<b>(20,968,000)</b>		<b>(20,968,000)</b>					<b>(20,968,000)</b>
	81,400		81,400		81,400					81,400
01.Housing Options	3,550,800		3,550,800		3,550,800					3,550,800
02.Asset Management and Repairs	15,047,200		15,047,200		15,047,200					15,047,200
03.Sheltered Housing Officers Service	1,093,900		1,093,900		1,093,900					1,093,900
04.Strategic Work	201,100		201,100		201,100					201,100
05.Tenancy Services	(40,942,400)		(40,942,400)		(40,942,400)					(40,942,400)
<b>Total</b>	<b>(20,968,000)</b>		<b>(20,968,000)</b>		<b>(20,968,000)</b>					<b>(20,968,000)</b>



Communities Committee  
Financial Performance Report as at 30th April 2021

Appendix 5

HRA Capital Programme

	2021/22 Approved Budget £,000	2021/22 Revised Budget £,000	2021/22 Actual April 2021 £,000	2021/22 Projected Variance £,000
<b>SUMMARY</b>				
1 New Build Programme	32,361	32,323	212	(6,323)
2 Kitchens, Bathrooms, Windows, Doors, Roofing, Insulation	0	0	0	0
3 Reactive Heating	2,164	1,639	140	0
4 Sheltered Housing Upgrades (Lifts, Boilers)	575	586	0	0
5 Sheltered Housing Sprinkler Programme (Fraserburgh)	1,335	1,407	0	0
6 Scape Projects	0	0	0	0
7 Stock Improvements (non-HIP)	1,079	1,035	5	0
8 Housing Improvement Plan (HIP)	45,200	45,200	61	0
9 Macrae House Type External Wall Refurbishment	138	167	0	0
10 Smart Solar and Battery Storage (LCIPT)	5,000	4,798	2	0
11 Housing Fire and Smoke Detector Upgrades	1,341	1,930	191	0
12 Capital Works done at Void (Housing Repairs)	2,000	1,820	0	0
13 Housing Repairs Service Allocation	460	460	0	0
14 Staff Recharges	686	686	0	0
15 Other (ICT Infrastructure, SH car park upgrades, hard to treat properties)	287	287	0	0
16 Weir Housetype Upgrades, Macduff	790	759	0	0
	<b>93,416</b>	<b>93,097</b>	<b>611</b>	<b>(6,323)</b>

**Communities Committee  
HRA Financial Performance Report as at 30th April 2021**

**Appendix 6**

**Reserves**

**Name of Reserve**

**Balance  
17-Mar-21**

**Working Balances**

Housing Revenue Account

£ 2,000,000

**Total**

**£ 2,000,000**