

REPORT TO COMMUNITIES COMMITTEE – 9 DECEMBER 2021

FINANCIAL PERFORMANCE AS AT 31 OCTOBER 2021 HOUSING REVENUE ACCOUNT (HRA)

1 Executive Summary/Recommendations

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

1.2 Recommendations

The Committee is recommended to:

1. Consider and discuss the financial information and forecast position as at 31 October 2021

2 Decision Making Route

2.1 The purpose of this report is to provide the Committee with the financial information in relation to expenditure and income for the HRA.

2.2 Full Council on the 18th of November 2021 have considered and approved the financial performance information to the end of September 2021.

2.3 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.

2.3 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:** 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 4:** sets out the elements of the Council's approved Capital Plan, which fall within the remit of the Committee.
- **Appendix 5:** details of the reserves held by the Council, which are specifically related to the services within the Committee's remit.

3 Discussion

- 3.1 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 March 2021.

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

3.2 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 stage in the financial year the HRA year-to-date actuals are within the year-to-date budget position.

ii. **Service Commentary**

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.

3.3 **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.

3.4 **Capital**

i. **Financial Facts**

The approved Capital Budget for 2021/22 in respect of HRA amounted to £93.416 million. **Appendix 4** details the Capital Performance and highlights an underspend of £28.459 million.

ii. **Service Commentary**

Housing continually monitor the Capital Plan 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 £18.5m lower than expected predominantly due to the challenges facing the development industry as Covid 19 restrictions ease, including supply chain difficulties across a variety of materials and volatility in both labour and materials costs, causing contractors concerns about their ability to fulfil contractual obligations. Some projects have encountered delays in obtaining statutory permissions and site acquisition.

The Housing Improvement Plan (HIP) contractors reaffirmed with Property Service that they will achieve planned expenditure. However, due to the unpredictability of the ongoing impact of COVID19 and the current global difficulties with supply of materials and labour shortages Housing Service believes this target is ambitious and expect that the HIP will be £7.249m within forecast.

The Sheltered Housing Sprinkler Programme is also showing a forecast underspend of £0.825m. This is due to delays in access to properties due to Covid 19. The affected works programmed for this financial year will be reprogrammed to be undertaken in 2022/23.

For the Stock Improvements (Non HIP) , following a review of the programme of works, £0.728m has been identified as not required for the remainder of this financial year. The impact on future years budget will be assessed going forward.

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 £18.5 million from New Build Housing will be re-profiled and utilised in future years. Any slippage will likely have a knock-on effect upon the ability to drawdown Scottish Government grant which cannot be carried forward into future years. This will have implications for the affordable housing sector as a whole across Scotland.

3.5 **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 5 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 31st October 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.

4 **Council Priorities, Implications and Risk**

4.1 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"> • Education • Health & Wellbeing
Our Environment	<ul style="list-style-type: none"> • Infrastructure • Resilient Communities
Our Economy	<ul style="list-style-type: none"> • Economy & Enterprise • Estate Modernisation

4.2 This report sets out the financial resources which have been responsibly used to deliver the Strategic 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

4.3 An integrated impact assessment is 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.

4.4 There are no staffing or children and young people's wellbeing implications arising from this report.

4.5 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.

5 Scheme of Governance

5.1 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.

5.2 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 Environment & Infrastructure Services

Report Prepared by Moira Beverley, Finance Business Partner
Date: 16th November 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 - previously agreed revenue budget movements

Appendix 4 - Capital Plan

Appendix 5 - Reserves



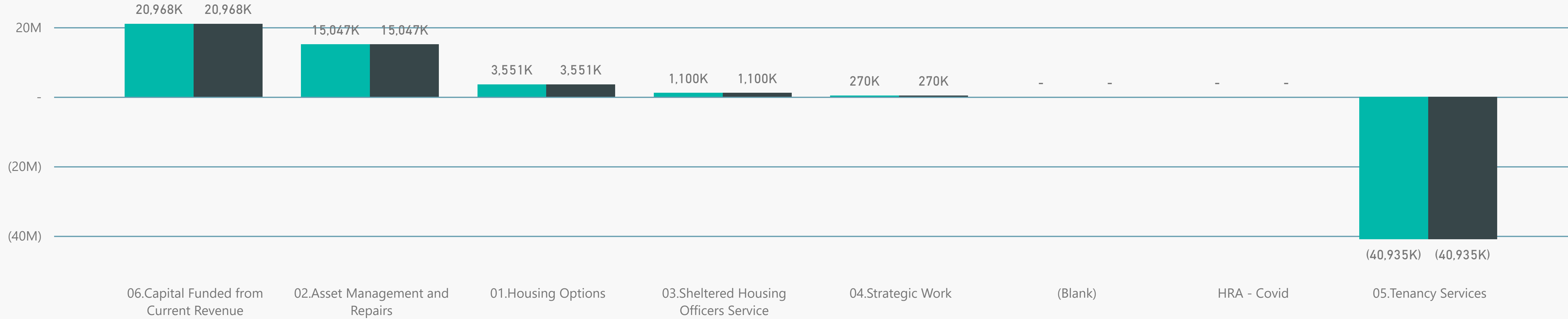
Type of Spend	Gross Base Budget	Savings	Other Budget Movements	Revised Base Budget	YTD Budget	YTD Actual	HRA Forecast	Variance Revised Base Budget less HRA Forecast
A	(20,968,000)		-	(20,968,000)	(17,389,700)	(19,465,937)	(20,968,000)	-
01.Staff Costs	10,023,900			10,023,900	5,846,400	5,355,555	10,023,900	-
02.Premises Costs	19,141,500		-	19,141,500	9,657,400	7,687,258	19,141,500	-
03.Transport	228,300			228,300	134,300	73,820	228,300	-
04.Supplies & Services	4,667,700		-	4,667,700	2,701,900	2,777,699	4,667,700	-
05.Third Parties	177,100			177,100	103,300	98,450	177,100	-
06.Central	2,906,800			2,906,800	1,695,700	1,695,633	2,906,800	-
08.Financing Costs	8,416,000			8,416,000			8,416,000	-
09.Grants				-		(54,500)	-	-
10.Income	(65,329,300)		-	(65,329,300)	(37,528,700)	(37,099,852)	(65,329,300)	-
11.Other	(1,200,000)			(1,200,000)			(1,200,000)	-
B	20,968,000			20,968,000	17,389,700	19,465,937	20,968,000	-
12.Capital	20,968,000			20,968,000	17,389,700	19,465,937	20,968,000	-
Total	(0)		-	(0)	(0)		(0)	-

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
A	(20,968,000)		-	(20,968,000)	(17,389,700)	(19,465,937)	(20,968,000)	-
01.Housing Options	3,550,800		-	3,550,800	2,120,500	2,153,032	3,550,800	-
02.Asset Management and Repairs	15,047,200		-	15,047,200	7,284,700	6,211,726	15,047,200	-
03.Sheltered Housing Officers Service	1,099,600		-	1,099,600	567,700	(126,387)	1,099,600	-
04.Strategic Work	269,800			269,800	157,400	173,262	269,800	-
05.Tenancy Services	(40,935,400)		-	(40,935,400)	(27,520,000)	(27,915,499)	(40,935,400)	-
HRA - Covid				-		37,929	-	-
B	20,968,000			20,968,000	17,389,700	19,465,937	20,968,000	-
06.Capital Funded from Current Revenue	20,968,000			20,968,000	17,389,700	19,465,937	20,968,000	-
Total	()		-	()	()		()	-



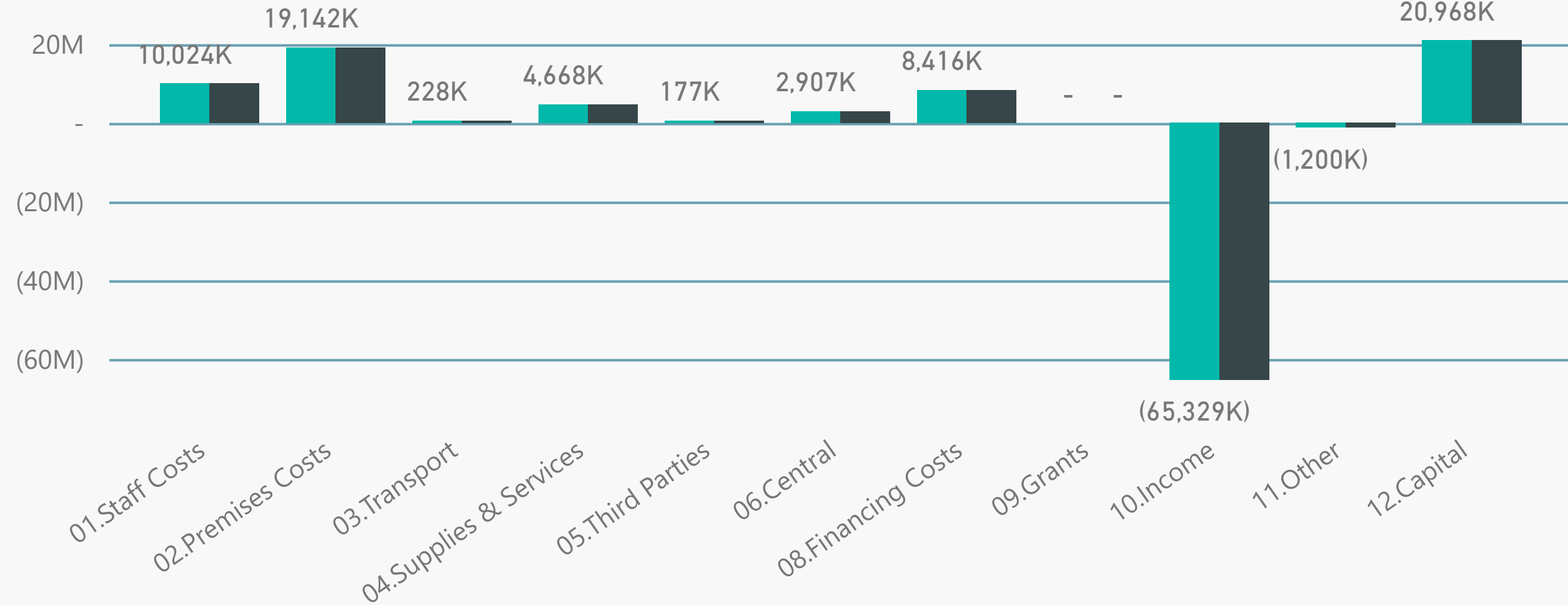
Revised Base Budget and HRA Forecast by HRA Page

● Revised Base Budget ● HRA Forecast



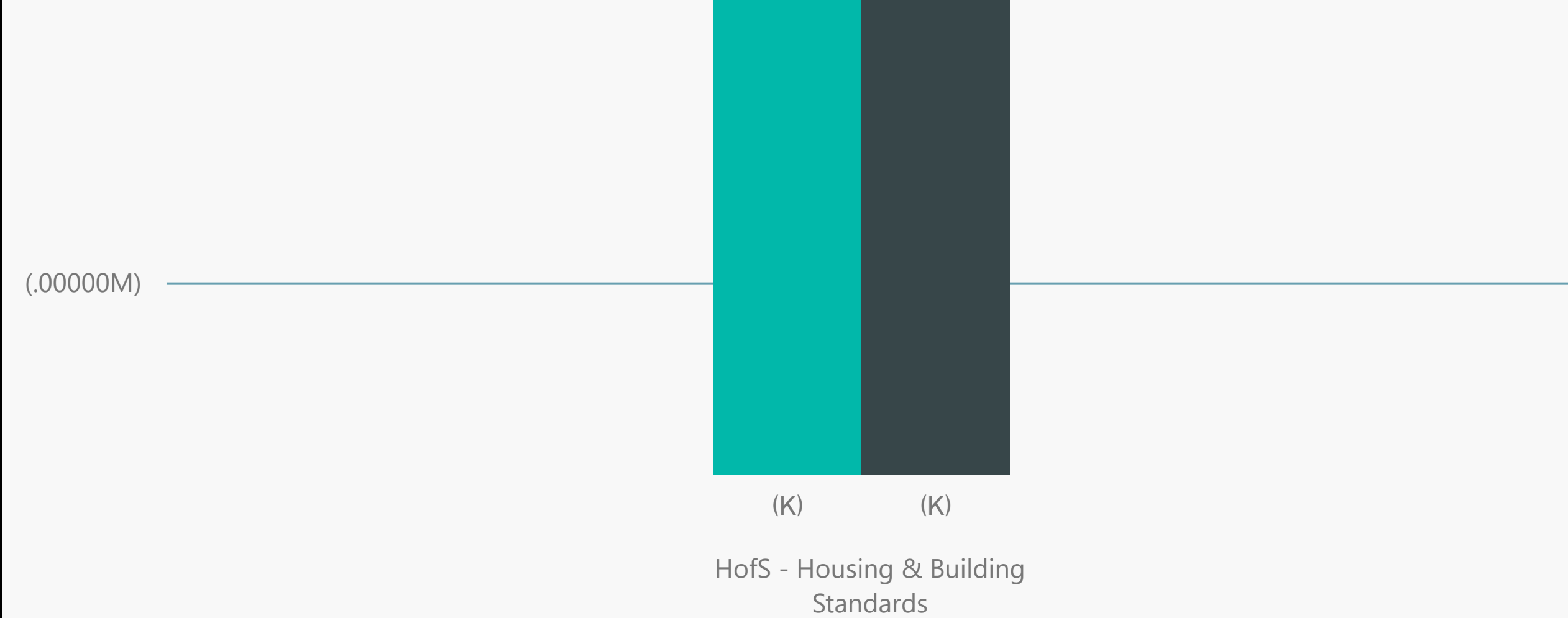
Revised Base Budget and HRA Forecast by Type of Spend

● Revised Base Budget ● HRA Forecast



Revised Base Budget and HRA Forecast by Head of Service

● Revised Base Budget ● HRA Forecast



Committee Budget Page	Gross Base Budget	Savings	Net Base Budget as at Mar 2021 Committee	Reallocated Savings	Voluntary Severance	Net Base Budget	MTFS	Additional Scottish Govt Funding	Budget Virements	Reserves Allocated	Revised Base Budget
102.HRA	()		()			()					()
A	(20,968,000)		(20,968,000)			(20,968,000)					(20,968,000)
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	1,099,600		1,099,600			1,099,600					1,099,600
04.Strategic Work	269,800		269,800			269,800					269,800
05.Tenancy Services	(40,935,400)		(40,935,400)			(40,935,400)					(40,935,400)
B	20,968,000		20,968,000			20,968,000					20,968,000
06.Capital Funded from Current Revenue	20,968,000		20,968,000			20,968,000					20,968,000
Total	()		()			()					()

APPENDIX 4

**HOUSING REVENUE ACCOUNT
CAPITAL PERFORMANCE REPORT - OCTOBER 2021**

	2021/22 Approved Budget £,000	2021/22 Actual October 2021 £,000	2021/22 Full Year Forecast £,000	2021/22 Projected Variance £,000
SUMMARY				
1 New Build Programme	32,361	5,386	13,861	(18,500)
2 Reactive Heating	2,164	668	2,157	(7)
3 Sheltered Housing Upgrades (Lifts, Boilers)	575	75	504	(71)
4 Sheltered Housing Sprinkler Programme (Fraserburgh)	1,335	213	510	(825)
5 Stock Improvements (non-HIP)	1,079	148	351	(728)
6 Housing Improvement Plan (HIP)	45,200	14,859	37,951	(7,249)
7 Macrae House Type External Wall Refurbishment	138	1	1	(137)
8 Smart Solar and Battery Storage (LCIPT)	5,000	724	3,920	(1,080)
9 Housing Fire and Smoke Detector Upgrades	1,341	947	1,841	500
10 Capital Works done at Void (Housing Repairs)	2,000	726	2,000	0
11 Housing Repairs Service Allocation	460	0	460	0
12 Staff Recharges	686	360	686	0
13 Other (ICT Infrastructure, SH car park upgrades, hard to treat properties)	287	4	287	0
14 Weir Housetype Upgrades, Macduff	790	4	428	(362)
	93,416	24,115	64,957	(28,459)

**Communities Committee
HRA Financial Performance Report as at 31st October 2021**

Appendix 5

Reserves

Name of Reserve	Balance 17-Mar-21
Working Balances	
Housing Revenue Account	£ 2,000,000
Total	£ 2,000,000