

# Non-key Decision Committee Report

---



**PURPOSE:** Non-key decision update report

**COMMITTEE:** Homes and Housing Delivery Committee

**DATE:** 20 September 2024

**TITLE:** 2024/25 P4 Finance Forecast Report – HRA and General Fund Housing

**Officer presenting the report:** Fiona Lester **Job title:** Interim Director Homes and Landlord Services

**Committee Chair:** Cllr Barry Parsons

**Executive Director lead:** John Smith: Executive Director for Growth & Regeneration

**Purpose of Report:**

1. This report presents to the Homes and Housing Delivery Committee, the Housing and Landlord Services financial forecast at period 4 (P4) against the approved budget as at the end of May 2024. The report is for noting.

**Evidence Base / Context**

1. The Housing and Landlord function is a complex service area, split between the Housing Revenue Account (HRA) – a ringfenced account - and General Fund activities such as Housing Options (including Homelessness), Private Sector Housing (including Private Landlord Licencing schemes) and Housing Delivery. There are a variety of funding sources within the function which include:-

**HRA**

- Tenants Rental Income
- Leasehold Service Charges
- Commercial Income
- Revenue and Capital Grants

**General Fund**

- Housing Benefit
- Licencing Scheme Income
- Grants

## 1. General Fund

1.1. For 2024/25 the General Fund element of Housing and Landlord Services has an approved budget of £22.9m. The forecast outturn is £27.5m, giving an overall pressure of £5.4m. This is shown in Table 1.

**Table 1 Summary General Fund Housing Forecast Position 2024/25 Period 4**

SERVICE NET EXPENDITURE SUMMARY	2024/25			
	Approved Budget	Revised Budget	Forecast	Forecast Variance
	£m	£m	£m	£m
<b>Housing and Landlord Services</b>				
131-Housing Options	20.7	20.7	26.1	5.4
132 – Pte Hsng & Accessible Homes	1.2	1.2	1.2	-
135 – Housing Solutions	0.1	0.1	0.1	-
426 – Housing delivery	0.9	0.9	0.9	-
<b>Housing and Landlord Services</b>	<b>22.9</b>	<b>22.9</b>	<b>28.3</b>	<b>5.4</b>

1.2. The Housing Options service is forecasting an adverse variance of £5.4m. This adverse variance is primarily due to an expected increase in Subsidy Loss over budgeted sums, due to increased demand for Temporary Accommodation (TA) across the city, as well as an increase in rates within hotels. Plans are in place to both reduce demand for TA, and increase supply of units available for placements.

## Risks and opportunities – General Fund

1.3. At P4, a number of risks totalling £1.0m (net), have been identified:-

Table 2: General Fund Housing Risks and Opportunities

Division	Risk or Opportunity	Detailed Comment	Net Risk / (Opportunity) £m
Housing Options	Risk	Further Subsidy Loss	1.4
Housing Options	Opportunity	External grant funding – opportunity to redirect funding within the parameters of the grant.	(0.4)

## General Fund - Capital

1.4. The approved capital budget for General Fund Housing for 2024/25 is £35.2m. At P4 an outturn

of £28.3m is forecast, leading to an underspend variance of £6.9m. The following table summarises this position:-

**Table 3: General Fund Housing Capital Programme Summary**

	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
PL30 - Housing Delivery Programme	28.0	21.1	<b>(6.9)</b>
PL34 - Strategic property - Community investment scheme	0.9	0.9	-
NH07 - Private Housing	4.5	4.5	-
PE06C - Local Authority Housing Fund - Refugee Resettlement	2.1	2.1	-
<b>Total</b>	<b>35.5</b>	<b>28.6</b>	<b>(6.9)</b>

1.5. As can be seen from the above, the underspend variance being forecast sits within the Housing Delivery Programme. The variance has arisen due to:-

- Filwood Framework (Recreate Public Realm) – forecast adjusted to reflect latest anticipated spend profile (-£1.2m);
- Filwood Framework (Former Cinema) – Forecast reduced in line with the reallocation of most of the funds towards Cultural Hub to fund the library (-£1.8m);
- Filwood Framework (Cultural Hub) – Forecast reprofiled into 2025/26 as construction not expected to commence before the end of 2024. Library funding forecast re-allocated to this scheme (and profiled in 2025/26) following EDM (-£3.5m);
- Neighbourhood Police Facility Trinity Road – Forecast increased to correctly reflect the expected payment within this year of 85% of the awarded grant amount. This will be paid once the CIL agreement has been signed and sealed (+£0.5m);
- Hengrove Projects– Programme delivery is slower than originally anticipated due to the contractors needing to provide revised programmes spend profiles. This slippage has been agreed with WECA via a formal change request (-£0.9m).

## 2. Housing Revenue Account

2.1. The HRA is legally required to set a balanced budget separate to the General Fund, funded through rents and incomes of the HRA properties, with any surpluses transferred to reserves, and

any deficits transferred from reserves. The 2024/25 budget for the HRA is as follows:-

	£m
Income	(150.3)
Service Costs	132.9
Interest Costs	10.4
Transfer to reserves	(7.0)
<b>Net Budget</b>	-

The forecast position for 2024/25 is detailed in table 4 below:-

**Table 4 – Housing Revenue Account Forecast – P4**

HOUSING REVENUE ACCOUNT	Revised Budget £M	Current Forecast £M	Outturn Variance £M
<b>Income</b>	<b>(150.3)</b>	<b>(147.8)</b>	<b>2.4</b>
Repairs & Maintenance	44.5	47.4	2.9
Supervision & Management	40.2	45.1	4.9
Special Services	14.5	13.3	(1.2)
Rents, rates, taxes and other charges	0.6	0.9	0.3
Depreciation and bad debt provision	33.0	35.2	2.2
<b>Total expenditure - core services</b>	<b>132.9</b>	<b>142.0</b>	<b>9.1</b>
<b>Net cost of core HRA services</b>	<b>(17.4)</b>	<b>(5.9)</b>	<b>11.5</b>
Net interest payable, pension costs and other non operational charges	10.4	11.4	1.0
Capital expenditure funded from revenue	-	-	-
<b>(Surplus) / Deficit for the year on HRA services</b>	<b>(7.0)</b>	<b>5.6</b>	<b>12.5</b>
<b>Transfer To/(From) from reserves</b>	<b>7.0</b>	<b>(5.6)</b>	<b>(12.5)</b>
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>

2.2. Income is reporting a shortfall of £2.4m at the end of P4 compared to budget. The main contributing factors to the negative variance are project delays impacting handover of new schemes, negatively impacting the dwelling rent income forecast and higher than expected void properties and lower than expected service charge income.

2.3. There is a forecast overspend of £2.9m against repairs and Maintenance as a result of the clearing

of a backlog of repairs early in the financial year and hotel dilapidation bill for Barton House.

- 2.4. A pressure of £4.9m is being forecast in relation to Supervision and Management. These pressures are arising as a result of additional security requirements due to delays in the fire alarm installation project - £1.8m, computer licence fees in relation to the Civica CX system which is due for replacement during the year - £0.3m, additional inflationary pressures on insurance premia and recharges - £0.9m and additional staff expenditure relating to the housing and consumer standards programme - £1.9m.
- 2.5. Lower than budgeted electricity costs for communal areas are driving the favourable variance of £1.2m against special services.
- 2.6. Other adverse Variances of £3.5 million in P4.  
£1.4 million additional depreciation – additional depreciation charge.  
£0.3 million additional council tax – additional council tax charges for void properties.  
£1.8 million write off – Modulous project at Romney Avenue Write off as contractor has gone into liquidation.

### **Risks and opportunities - HRA**

- 2.7. All risks and opportunities previously identified within the HRA have now been included within the forecasts.

### **HRA - Capital**

- 2.8. The revised capital budget within the HRA for 2024/25 is £223.4m. At P4 an outturn of £224m has been forecast, leading to a variance of £0.592m. The following table summarises this position:-

### **Table 6: Housing Revenue Account Capital Programme Summary**

## Gross Expenditure by Programme

Ref	Scheme	Current Year (FY2024) - Period 4				Performance to budget	
		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
HRA1	Planned Programme - Major Projects	77,223	14,389	81,870	4,646	19%	106%
HRA2	New Build and Land Enabling	144,683	14,847	139,829	(4,854)	10%	97%
HRA4	HRA Infrastructure	1,302	359	2,102	800	28%	161%
HRA6	HRA Fleet Replacement Programme	200	0	200	0	0%	100%
<b>Total Housing Revenue Account</b>		<b>223,408</b>	<b>29,595</b>	<b>224,000</b>	<b>592</b>	<b>13%</b>	<b>100%</b>

2.9. There is an overall current year forecast overspend of £0.6 million against the Capital Works Revised Budget of £223 million with a year-to-date spend of £29.6million (13%).

2.10. A full review of the Home Improvement Programme is currently being undertaken by the service in relation to compliance and health and safety works. Although not yet quantified, it is anticipated that this review will result in an increased investment requirement in existing stock, thereby utilising some of the slippage and underspends reported at P3. Forecasts will be revised to include this once values are confirmed.

2.11. Explanations for significant variances (over £0.5m) are given below:-

### HRA1 – Home Improvement Programme - HIP

The Planned Programme is reporting an overspend of £4.6 million. The key variances above £0.5 million are detailed below:

Overspends:

- £3.3 million overspend in Rewires works project. Additional works not covered in the original specification are required.
- £1.3 million overspend on Littlecross House energy efficiency works upon revision of forecasts guided by recently received cash-flow forecasts from the delivery partner.

### HRA2 - New Build and Land Enabling.

The New Build and Land Enabling programme is reporting a slippage of £4.8 million, which is made up of the slippages in the following projects:

- £2.8 million slippage reported for the developer led project Dovercourt Depot. Following an updated cashflow, Start on Site (SoS) is now not anticipated until April 25. As the next value due is paid at Golden Brick (that is effectively when SoS has been achieved), we don't expect any further monies to be paid out in this financial year.
- £2 million slippage on the development - delayed progress on Baltic Wharf projects.

**HRA4 – Infrastructure.**

£0.8 million overspend on HRA infrastructure is on account of future years funding being brought forward in order to combat expected delays to current delivery timeframe.

**Officer Recommendations:**

That the Committee for Homes and Housing Delivery notes the report on the P2 forecast for Housing and Landlord Services.

**Corporate Strategy alignment:**

1. The Corporate Strategy underpins the council's budget

**City Benefits:**

1. Cross priority report that covers whole of council's Housing and Landlord Services

**Consultation Details:**

1. N/A

**Background Documents:** [Budget Report 2024/25](#)

## **APPENDICES**

**Appendix A – Further essential background information and detail**

**NO**