

Non-key Decision Committee Report



PURPOSE: Non-key decision update report

COMMITTEE: Homes and Housing Delivery Committee

DATE: 01 November 2024

TITLE: 2024/25 P5 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 5 (P5) 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 £27.6m, giving an overall pressure of £4.7m. This is shown in Table 1.

Table 1 Summary General Fund Housing Forecast Position 2024/25 Period 5

SERVICE NET EXPENDITURE SUMMARY	2024/25			
	Approved Budget	Revised Budget	Forecast	Forecast Variance
	£m	£m	£m	£m
Housing and Landlord Services				
131-Housing Options	20.7	20.7	25.4	4.7
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	-
Housing and Landlord Services	22.9	22.9	27.6	4.7

1.2. The Housing Options service is forecasting an adverse variance of £4.7m. 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 P5, 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 £35.5m. At P5 an outturn

of £26.1m is forecast, leading to an underspend variance of £9.4m. The following table summarises this position:-

Table 3: General Fund Housing Capital Programme Summary

	Budget £m	Forecast £m	Variance £m
PL30 - Housing Delivery Programme	28.0	18.6	(9.4)
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	-
Total	35.5	26.1	(9.4)

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) (£2m) – forecast adjusted to reflect latest anticipated spend profile.
- Filwood Framework (Former Cinema) (£1.9m) – Forecast reduced in line with the reallocation of most of the funds towards Cultural Hub to fund the library.
- Filwood Framework - Multi Use Games Area (MUGA) (£0.5m) – Project paused while engaging with Fields in Trust/Bristol Robins regarding alternative plans.
- Filwood Framework (Cultural Hub) (£3.5m) – 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.
- BCC RP Grant (£0.8m) – Spend slippage on revision of forecast to align with most updated forecast milestones.
- Hengrove Work package 2 (Plot E2 Public Realm and Highways Works) (£1m) – 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.

Forward Slippage:

- Neighbourhood Police Facility - Trinity Road (Strategic CIL) £0.5m forward slippage due to upward revision of forecasts to account for anticipated 85% grant disbursement this year.

Besides the above key variances, individual variances below half a million on miscellaneous other schemes make up a total slippage of £0.2m.

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	(150.1)
Service Costs	132.7
Interest Costs	10.4
Transfer to reserves	(7.0)
Net Budget	-

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

Table 4 – Housing Revenue Account Forecast – P5

HOUSING REVENUE ACCOUNT	Revised Budget £M	Current Forecast £M	Outturn Variance £M
Income	(150.1)	(148.0)	2.1
Repairs & Maintenance	44.3	46.8	2.5
Supervision & Management	40.2	48.2	8.0
Special Services	14.5	13.2	(1.3)
Rents, rates, taxes and other charges	0.6	0.9	0.3
Depreciation and bad debt provision	33.0	35.2	2.2
Total expenditure - core services	132.7	144.3	11.7
Net cost of core HRA services	(17.4)	(3.6)	13.8
Net interest payable, pension costs and other non operational charges	10.4	11.4	1.0
Capital expenditure funded from revenue	0.0	0.0	0.0
(Surplus) / Deficit for the year on HRA services	(7.0)	7.8	14.8
Transfer To/(From) from reserves	7.0	(7.8)	(14.8)
Net	-	-	-

2.2. Income is reporting a shortfall of £2.1m at the end of P5 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 £2.5m 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 £8m is being forecast in relation to Supervision and Management. Summary of this is provided below:

- +£4.2 million – delay in fire alarm project and other capital projects, and Barton House resource draw has resulted in additional Security/Waking watch costs. This represents an extension of existing contracts totalling circa £3.8m, with a further £0.4m in relation to new arrangements as a precautionary measure at St. Judes. In order to bring the installation of fire alarms back on track, the service are engaging pro-actively with contractors to ensure they meet performance requirements. In some instances, where performance has been below required levels, the contractor has been charged for the relevant waking watch costs. The service is further exploring the use of additional resource through the existing third party frameworks. At present, it is envisaged that a small budget will be required for 2025/26 of circa £0.3m, though this remains under review.
- +£0.3 million - Additional computer licensing fees in relation to the Civica CX system which is due for replacement during the year
- +£0.9 million - Additional recharge costs not previously budgeted for.
- +£0.3 million - Additional Insurance costs.
- +£2.3 million - Additional staff expenditure mostly related the Housing and Consumer Standards Programme Board

2.5. Lower than budgeted electricity costs for communal areas are driving the favourable variance of £1.3m against special services.

2.6. Other adverse Variances of £3.5 million in P5.

£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. At P5, Opportunities totalling £1.8m have been identified:-

Table 5: HRA Risks and Opportunities

Division	Risk or Opportunity	Detailed Comment	Net Risk / (Opportunity) £m
HRA	Opportunity	Capitalisation of repairs: Potential opportunity to capitalise some high value repairs.	(1.8)

HRA - Capital

2.8. The revised capital budget within the HRA for 2024/25 is £223.4m. At P5 an outturn of £195.4m has been forecast, leading to a variance of £28m. The following table summarises this position:-

Table 6: Housing Revenue Account Capital Programme Summary

Gross Expenditure by Programme		Performance to Budget					
Ref	Scheme	Budget	Expenditure to Date	Budget Manager Forecast	Variance	Expenditure to date	Forecast
		£000s	£000s	£000s	£000s	%	%
HRA1	Planned Programme - Major Projects	77,223	20,083	75,311	(1,912)	26%	-2%
HRA2	New Build and Land Enabling	144,683	25,167	117,748	(26,935)	17%	-19%
HRA4	HRA Infrastructure	1,302	502	2,102	800	39%	61%
HRA6	HRA Fleet Replacement Programme	200	0	200	0	0%	0%
Total Housing Revenue Account		223,408	45,752	195,361	(28,047)	20%	-13%

2.9. There is an overall current year forecast underspend of £28 million against the Capital Works Revised Budget of £223 million with a year-to-date spend of £45.7million (20%).

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

HRA1 – Home Improvement Programme - HIP

The Planned Programme is reporting a slippage of £1.9 million. The key variances above £0.5 million are detailed below:

Overspends:

- £1.6 million overspend on Kitchen Relets and Bathroom Relets. The forecast full year spend has been revised upwards considering the higher year-to-date spend. The project team attribute this to prior year underinvestment in these workstreams and relative worse condition of properties being received back on becoming void.

- £1.7 million overspend on Fire Alarm Installations arising from additional blocks added to the programme to curb high Waking Watch Costs and also considering slippages from 23/24 that had not been carried across into this financial year. This spend will be funded by grant income to the Building Safety Team
- £0.6 million overspend on Rewires works project. The forecast is to reflect the additional work required work upon clarity about the scope of work.
- £2.4million overspend on Littlecross House energy efficiency works upon revision of forecasts based on recently received cash-flow from the delivery partner and further assurance from them about the robustness and achievability of the projected works pace
- £0.6million overspend on JCH, Haviland, etc. energy efficiency works upon revision of forecasts to reflect anticipated costs from structural surveys, fire performance assessments and costs associated with resident decants

Underspends/Slippages:

- £2.9 million underspend on Staffing Cost. The forecast has recently been revised downwards after a proper calculation of anticipated full year staff cost charge has been made.
- £0.5 million slippage on Lifts in Blocks. The spend has been delayed for generating savings in the current year.
- £0.9 million slippage on Barton Hill refurbishments due to delivery delays caused by building safety approval delays.
- £0.5 million slippage on Francombe, Under down and Waring due to ongoing delays in contract finalisation and signing.
- £1.7 million slippage on Sprinklers Installation project. There has been a major delay to programme due to delays in BSR applications.
- £0.6 million underspend on Fire Door Replacement project. This is for correcting overestimate of forecast spend due to incorrect totals supplied by the DLO previously. We have obtained assurance from the budget manager that proper control has been in place to prevent similar instances repeating.
- £0.6 million slippage on Easiforms energy efficiency works upon revision of forecasts by the contractor driven by delays caused from issues around access to properties.
- Besides the above key variances, individual variances below £0.5 million on miscellaneous other schemes make up a total slippage of £1.1 million.

HRA2 - New Build and Land Enabling.

The New Build and Land Enabling Programme is reporting a slippage of £26.9 million. The key variances above £0.5 million are detailed below:

- Leinster Avenue (£1.5m) – Reprofile of spend to 2025/26 after receipt of updated delivery plan to realign the forecast to the most updated position of work progress
- Branwhite (£1.4m) - Reprofile of spend to 2025/26 after receipt of updated delivery plan to realign the forecast to the most updated position of work progress
- Greville (£2.7m) – Spend slippage owing to start on site delays on account of contractor’s capacity issues
- Filwood Cinema (£2.4m) - Reprofile of spend after receipt of updated delivery plan from the contractor to realign the forecast to the most updated position of work progress

- Romney House (£2.0m) - Reprofiled of spend after receipt of updated delivery plan with forecast full year cost from the contractor
- Embleton (£0.6m) - Reprofiled of spend given the slower progress of scheme whilst we await a decision and negotiate conditions
- Hengrove Future Phases (£3.0m) – Forecast being removed from the current year given a proposal is being progressed to withdraw Hengrove 1b from the programme
- AHDP EDAROTH (£5.0m) – This significant reduction in forecast reflects the ongoing delays caused by the scheme being under review due to issues with planning
- Dovercourt Depot (£2.8m) – Forecast reprofiled to 2024/25 to reflect the forecast delayed Start on site of April 2025, when further money will be due to Goram
- New Fosseyway (£2.8m) - Reprofiled of spend after receipt of updated delivery plan to realign the forecast to the most updated position of work progress
- Baltic Wharf (£2.0m) - Reprofiled of previously forecasted deposit payments as the scheme is currently on hold, with the possibility that BCC may not proceed with it
- SHAP funded Units (£2.8m) – Forecast spend reduced by half on downward revision of forecast acquisition number from 30 to 15 units

Besides the above slippages, forward slippage is reported for the below project:

- Hengrove Apartments £2m – Forecast increased to align with the most updated status of scheme progress. Scheme started on site in April '23 and work is progressing well

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 P5 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