

Supplementary report to Agenda No 8

Cabinet - 4 December 2023

Finance & Performance Monitoring 2023/24 – Quarter 2

Public Report of the Chief Financial Officer

Revised Recommendation

- (1) The Council's forecast financial position for 2023/24 be considered;
- (2) 2023/24 budget virements as detailed in section 5 be approved;
- (3) performance information in section 6 be noted; and
- (4) IT BE RECOMMENDED TO COUNCIL THAT a supplementary budget of £0.485m be established to support with the additional costs of Council house void repairs as per appendix 3 of the report.

Further to the publication of the report and Appendix 3, further narrative is provided for Members in relation to voids management which is highlighted in additional paragraph 4.10 below and the revised Appendix 2 (attached).

4.10 Further detail around the work in progress around void management is detailed in Appendix 3 which also includes more details around the reported £0.366m pressure. In order to deal with the volume of work needed, a supplementary budget request of £0.485m is required which will be funded from HRA revenue balances.

Appendix 2 - Housing Revenue Account (HRA) Dashboard - Quarter 2 2023/24

1) Revenue Summary

Service	Current Budget	Total Income/ Expenditure	Forecast	Pending Supplementary Budget /Virement	Pending Reserve Movement Requests	Total Variance
	£000	£000	£000	£000	£000	£000
Rent income from dwellings	(16,968)	(8,038)	(16,797)	0	0	172
Rent income from land and buildings	(115)	(61)	(115)	0	0	0
Charges for services	(1,236)	(558)	(1,131)	0	0	105
Contributions towards expenditure	(142)	(31)	(143)	0	0	(1)
Total Income	(18,461)	(8,688)	(18,186)	0	0	275
Transfer to Housing Repairs Account	4,304	2,259	4,854	0	0	550
Supervision & Management	5,725	4,157	5,695	0	0	(31)
Rent, rates, taxes and other charges	125	82	125	0	0	0
Depreciation and impairment	3,120	3,121	3,120	0	0	0
Debt management costs	24	0	24	0	0	0
Provision for bad or doubtful debts	66	0	50	0	0	(17)
Total Expenditure	13,364	9,619	13,867	0	0	503
HRA share of Corporate/Democratic Core Costs	318	0	318	0	0	0
Net cost of HRA services	(4,779)	931	(4,001)	0	0	778
Interest payable and similar charges	1,104	0	1,104	0	0	0
Interest and Investment Income	(191)	0	(969)	0	0	(778)
Net Operating expenditure	(3,866)	931	(3,866)	0	0	0
Contributions to (+) / from (-) reserves	49	1,100	49	0	0	0
Revenue Contributions to Capital Expenditure	3,817	0	3,817	0	0	0
(Surplus) / Deficit for the Year on HRA Services	0	2,031	0	0	0	0

2) Head Count- Vacancies (HRA)

Budgeted FTE's 23/24	Actual FTE's at Q2	Vacant FTE's at Q2
77.24	65.16	(12.08)

3) Reserves & Balances

Name of reserve / balance	Balance as at 1/04/23	Forecast contribution (to)/from	Forecast balance as at 31/03/24	Forecast contribution (to)/from	Forecast balance as at 31/03/25	Forecast contribution (to)/from	Forecast balance as at 31/03/26
	£000	£000	£000	£000	£000	£000	£000
Housing Revenue Account Balances	(4,085)	0	(4,085)	0	(4,085)	0	(4,085)
HRA Balances (Capital)	(17,436)	5,209	(12,227)	4,445	(7,782)	1,131	(6,651)
HRA Major Repairs Reserve	(5,061)	463	(5,061)	(560)	(5,621)	255	(5,366)
Housing Repairs Account	0	0	0	0	0	0	0
HRA Climate Change Reserve	(976)	0	(976)	0	(976)	0	(976)
HRA - Transformation Reserve	0	(100)	(100)	0	(100)	0	(100)
Sheltered Housing Rent Reserve	(358)	(48)	(406)	(48)	(454)	(48)	(502)
Right to buy Capital Receipts	(12,767)	3,237	(9,530)	2,857	(6,673)	674	(5,999)
	(40,683)	8,298	(32,384)	6,694	(25,690)	2,012	(23,678)

4) Capital Summary

Service	Current Budget	Total Expenditure	Forecast	Pending Supplementary Budget/ Virement/ Reprofiling	Total Variance
	£000	£000	£000	£000	£000
Automated Repairs System	74	0	90		16
Bell House Redevelopment	0	0	0		0
Biart Place - Capital	10,964	584	3,000	7,964	0
Biart Place Demolition	0	0	0		0
Cawston Meadows Houses	0	0	0		0
Garage Site HRA	0	0	0		0
Housing Management System	110	2	87	23	0
Laundries	0	2	0		0
Fire Risk Prevention Works	149	11	149		0
Rewiring	275	70	275		0
Lifeline Renewal Programme	83	48	83		0
Finlock Gutter Improvements	100	23	60		(40)
Rebuilding Retaining Walls	80	6	30		(50)
Replacement Footpaths	100	(2)	25		(75)
Door Security Systems	0	4	0		0
Energy efficiency measures - multi storey flats	0	0	0		0
Electrical Upgrades - Community Rooms	0	0	0		0
Boiler Works - Tanser Court	0	0	0		0
LED lighting	0	0	0		0
Roof Refurbishment - Tanser Court	0	0	0		0
Driveways	50	0	50		0
Fire Risk Prevention works voids	70	35	70		0
Rewiring Unplanned Renewals	100	48	100		0
Fire Risk Unplanned Renewals	90	0	25		(65)
Roofing unplanned renewals	100	0	40		(60)
Disabled Adaptations	250	79	250		0
Kitchen Modifications	1,171	414	875	296	0
Kitchen Modifications Voids	200	32	75		(125)
Kitchens non voids	56	1	40		(16)
Heating Upgrades	155	62	125		(30)
Bathroom Modifications	358	138	358		0
Bathroom Modifications - voids	100	45	90		(10)
Bathrooms non voids	60	14	30		(30)
Patterdale sheltered scheme improvements	0	0	0		0
Housing Window Replacement	10	0	10		0
Carbon Management Plan (HRA)	2,180	0	872	1,308	0
Mobysoft Rentsense Software	0	0	0		0
Purchase of Council Houses	8,093	4,812	8,093		0
Rugby Gateway - Bloor Homes	0	0	0		0
Rugby Gateway - Cala Homes	0	(3)	0		0
Rounds Gardens Capital	1,736	78	500	1,236	0
Rounds Gardens demolition	3,314	3,051	3,314		0
Property Repairs Team Vehicle	86	0	86		0
Overall Total	30,114	9,554	18,802	10,827	(485)

5) Revenue variance narrative

Service	Q2 Variance £000	Reason for variances				
		Pressure/ (saving)	Sub heading	Root Cause Analysis - When you have found a material variance you must first determine the root cause of the variance.	Impact - Next, quantify the impact. This involves not only understanding the impact to the current month; also if no changes are made, what the go-forward impact to the business is for both favourable and unfavourable budget variances.	Action - The final part of any analysis should include an action for the business. What can be put in place to mitigate the impact.
Rent income from dwellings	172	Pressure		There are more major repairs than was anticipated. The current criteria to join the housing waiting list is narrow	properties are taking longer to turnaround and re-let properties are remaining vacant for longer than desired	Currently workK123:S132ing with PRS to profile the current workload housing allocation policy is currently under review
Rent income from land and buildings	0					
Charges for services	105	Pressure		There are more major repairs that expected. The current criteria to join the housing waiting list is narrow	properties are taking longer to turnaround and get re-let properties are remaining vacant for longer than desired	Currently working with PRS to profile the current workload housing allocation policy is currently under review
Contributions towards expenditure	(1)	saving				
Transfer to Housing Repairs Account	550	Pressure	90	The main cause of the pressure is inflation. Over the past 12 months the cost of materials has risen	This has placed pressure on the existing budget	The service is working with the main supplier to look at alternative products. This will include moving away from branded products and investigating the use of non branded alternatives. This will involve current purchasing practices realigning with the proposal
		Pressure	355	PRS don't have internal roofers to carry out the work. There have been several rounds of recruitment where no one has applied for the role. The main barrier to recruitment is the salary that is offered. The market rate for roofers is considerably higher. External roofing companies are also struggling to find candidates. Material costs have also risen with inflation. All repairs apart from a full re-roof are charged to revenue. We currently use one contractor for the majority of the work and a secondary company for smaller works	PRS are having to rely on external contractors to carry out all roofing work. External contractors are an expensive resource	PRS are reviewing the procurement framework with intention of opening out the tender process to encourage completion for the works. The service will also look at the make up of the internal roles to see if there are opportunities to recruit internal roofers.

			Pressure/ (saving)	Sub heading	Root Cause Analysis - When you have found a material variance you must first determine the root cause of the variance.	Impact - Next, quantify the impact. This involves not only understanding the impact to the current month; also if no changes are made, what the go-forward impact to the business is for both favourable and unfavourable budget variances.	Action - The final part of any analysis should include an action for the business. What can be put in place to mitigate the impact.		
			Pressure	366	Pressure in relation to voids, see appendix 3 for more details	see appendix 3 for more details	see appendix 3 for more details		
			saving	(149)	Salary savings within the Property Repairs Service due to staff turnover within this service throughout the year. There is currently one vacancy left to fill.	none	none		
Supervision & Management		(31)	saving		Staff vacancies within the service that is being offset by overtime and agency staff	Recruitment issues have led to increased spend on agency workers	Continue to review the service.		
Rent, rates, taxes and other charges		0							
Provision for bad or doubtful debts		(17)	saving						
HRA share of Corporate/Democratic Core Costs		0							
Interest payable and similar charges		0							
Interest and Investment Income		(778)	saving		Due to an increase in interest receivable, as a result of several rate increases since budget setting. Also, larger than anticipated reserve balances being available to invest.	saving may fluctuate depending on rate changes and the speed of delivery of the capital programme	will continue to be monitored during the year, largely out of the control of officers		
Contributions to (+) / from (-) reserves		0							
Revenue Contributions to Capital Expenditure		0							
TOTAL HRA		0							

6) Capital variance narrative

Service	Q2 Variance £000	Reason for variances
Automated Repairs System	16	provider agreed with initial cost with contingency of £90,000 to be recovered on annual maintenance costs
Biart Place - Capital	0	relates to the Biart Place housing development. Delays in the planning process & subsequent main contractor award have pushed the construction start date into Quarter Three. This has resulted in funds earmarked for construction works in this financial year being transferred to subsequent years.
Housing Management System	0	This is for phase 2 which is likely to complete this year. There is a potential reprofiling of £23,000 for ongoing works.
Fire Risk Prevention Works	0	£50,000 allocated so far, work is generated from fire door inspections which is unknown at the moment
Rewiring	0	Spend is driven by what is required by voids and is not known at present
Lifeline Renewal Programme	0	
Finlock Gutter Improvements	(40)	Following conversation with surveyors there is no committed spend as the majority of the works are non capital
Rebuilding Retaining Walls	(50)	Work is reactive & unpredictable. Only minor works currently highlighted, not yet committed
Replacement Footpaths	(75)	Work is reactive & unpredictable. No works currently committed, remaining budget for ad-hoc requests
Driveways	0	Large jobs planned in next quarter
Fire Risk Prevention works voids	0	
Rewiring Unplanned Renewals	0	54 remedial jobs raises with costs unknown at present
Fire Risk Unplanned Renewals	(65)	Work was delayed while clarity was sought from H&S as to training requirement of operatives, work will begin to be booked in.
Roofing unplanned renewals	(60)	Review of roofing being carried out
Disabled Adaptations	0	Budget is expected to be fully spent by year end
Kitchen Modifications	0	The forecast takes into account £296k to be reprofiled into 24/25. Commitments of £505,000.
Kitchen Modifications Voids	(125)	£75,000 required for multiple void kitchens on planned programme for 23/24. £125,000 to be returned as a saving.
Kitchens non voids	(16)	2 schedules, storage is limited so they are delayed this quarter. £10,000 committed. Procuring contractor for work.
Heating Upgrades	(30)	£75,000 is committed against this with a possible saving of £30,000 due to some older jobs which were billed at older pricing
Bathroom Modifications	0	£247,000 is committed against this so full spend is expected
Bathroom Modifications - voids	(10)	Volume of voids requiring bathroom mods remains steady.
Bathrooms non voids	(30)	Surveyors have jobs to raise following inspections but not as many as originally thought
Housing Window Replacement	0	Full spend is expected by year end
Carbon Management Plan (HRA)	0	40% to be spent in 23/24 and 60% to be reprofiled to 24/25 in accordance with the grant funding. Contract negotiations are nearly finalised with start on site to be during September.
Purchase of Council Houses	0	To date we have acquired 28 properties with a further 9 likely to complete this financial year (2023/24) - these are at conveyancing. A further 20 properties are at various stages in the pipeline, therefore unconfirmed due to the competitive nature of the housing market.
Rounds Gardens Capital	0	
Rounds Gardens demolition	0	
Property Repairs Team Vehicle	0	Expected receipt 23/24 provided there are no delays
	(485)	