

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 19 July 2022

Reporting officer: Assistant Director (Corporate Services)

Subject: Housing Revenue Account Provisional Outturn 2021/22

Purpose and summary of report:

To present:

- The 2021/22 provisional Housing Revenue Account Outturn, including movements in the Housing Revenue Account working balances and earmarked reserves
- To present the 2021/22 provisional Housing Revenue Account Capital Outturn

Recommendations:

1. This report is for information only.

Key Implications:	
Item	Implications
Legal	There are no specific legal matters arising from this report.
Finance and Value for Money	The financial implications are contained within the body of this report.
Corporate Plan	Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks
Climate Change	No direct implications

1. INTRODUCTION

- 1.1 The Constitution of the council requires Members to receive reports in respect of the council's finances and financial performance. This report therefore provides details of the provisional budget outturn for the 2021/22 financial year and complements the 2021/22 Financial Statements for the authority which will subsequently be considered by the Finance & Audit Committee.
- 1.2 The council continues to operate robust budgetary control actions to ensure good financial governance and respond to the pressures on the council's finances. In addition to the reporting of financial performance through regular budget monitoring reports, these actions include:
 - Requiring all financial decisions and major acquisitions to be brought to Management Team for discussion and approval;
 - Appropriate controls in approving purchase orders;
 - Requiring recruitment activity, which affects either budgetary provision or results in a permanent change to the staffing establishment to be considered and approved by Management Team.

2. EXECUTIVE SUMMARY

HRA (Revenue)

- 2.1 At the end of the financial year, income and expenditure for the year was balanced albeit with a contribution of £2.034m from reserves to fund revenue expenditure for the year.
- 2.2 Variances identified within the report result in a larger contribution from the HRA General Reserve to balance the budget than originally forecast. A higher depreciation charge for the year and additional spend incurred as a result of void properties have been offset to some degree by savings on staff costs and expenditure on external contractors as more work is now carried out by the in-house workforce.
- 2.3 Despite the potential impact of Covid-19 being taken into account when setting the 2021/22 HRA budget there were some additional variances to expenditure or income to report.
- 2.4 The level of Working Balances at year-end are projected to be £3.0m, the minimum level of Working Balances for the HRA. Movements in the year are projected to result in a net decrease in the General HRA Reserves of £2.034m, with the level of reserves being £2.8m at start of year and projected to be £729k at year-end.
- 2.5 The significant risk to the HRA's financial position is current inflation levels and supply chain issues. These risks were reported in a separate report to Cabinet on 30 May 2022.

Housing Capital

- 2.6 The Housing Capital Programme working budget is £21.1m, with schemes having been re-profiled where necessary as part of the budget-setting process for 2022/23. Expenditure for the year for the year is £18.7m, which includes £7.7m on capital

works to existing HRA stock, £9.7m on the New Build programme and £1.1m on Disabled Facility Grants.

3. HOUSING REVENUE ACCOUNT

3.1 Budget 2021/22

3.1.1 The table below sets out the provisional year end position for the Housing Revenue Account (HRA) against the original budget.

3.1.2 As at 31 March 2022, there was a net adverse variance against the original budget of £1.737m. The main contributing factors to this variance are the adverse variances on depreciation and responsive repairs (contractor and consumable materials).

3.1.3 Depreciation – In 2019/20 the Council's housing stock was valued at £320.8m, following an external valuation, this increased to £409m in 2020/21 (an increase of 27.5%). Depreciation is the process of allocating the cost of an asset over its useful life, so the increase in the overall valuation in March 2021, increased the depreciation charge to the HRA (£8.6m in 2021/22 compared to £6.7m in 2020/21). The depreciation charge credits the Major Repairs Reserve, which the Council is required to maintain and uses as a funding source for future capital works, which includes the cost of repairing and maintaining the Council's Housing stock.

3.1.4 Responsive Repairs - There has been a significant impact on the cost of repairs and maintenance due to national delays in the supply chain and the associated increase in material costs that is affecting both Contractors and the in-house team which are challenging to manage within budget and may affect programme delivery moving forwards. An additional £752k was spent on consumable materials and payments to contractors during the year to provide the responsive repairs service to Council tenants.

Description	Original Budget 2021/22 (£)	Outturn 2021/22 (£)	Variation (£)
Supervision and Management	5,996,680	6,521,120	524,440
Repairs and Maintenance	7,812,020	7,708,180	(103,840)
Depreciation	6,948,300	8,768,590	1,820,290
Intensive Management Fund - Expenditure	589,080	545,650	(43,430)
Capital Finance	7,794,080	7,519,430	(274,650)
Sub Total Expenditure	29,140,160	31,062,970	1,922,810
Rents of Dwellings	(26,273,300)	(26,425,620)	(152,320)
Other Rental Income	(14,700)	(2,880)	11,820
Service Charges	(1,782,900)	(1,967,420)	(184,520)
Non Dwelling Income	(140,000)	(133,380)	6,620
Intensive Management Fund - Income	(521,680)	(479,310)	42,370
Other Income	(110,620)	(20,160)	90,460
Sub Total Income	(28,843,200)	(29,028,770)	(185,570)
Contributions to/(from) reserves	(296,960)	(2,034,200)	1,737,240
Net Surplus/Deficit	0	0	0

Table 1: Housing Revenue Account 2021/22

3.2 SUPERVISION & MANAGEMENT – £524k ADVERSE VARIANCE

3.2.1 **Vacancy Management: £201k favourable variance** – the HRA staffing budget for 2021/22 incorporates a vacancy allowance of £100k for the year. It was

anticipated that this would occur throughout the establishment as a whole from natural staff turnover within day-to-day business activities, as well as posts held vacant pending the re-design of services. In 2021/22 the actual staffing spend was £201k lower than budgeted.

- 3.2.2 **147 Wrotham Road: £33k adverse variance** – this property was purchased in 2020/21 and refurbishment was completed in 2021/22 and is providing interim accommodation. Premises and management costs associated with this property were not included in the 2021/22 budget and therefore there is a resulting adverse variance of £33k. Whilst there is an adverse variance within supervision and management in relation this property, there are compensating favourable variances with the Rents of Dwelling and Service Charges budgets reported in para 3.7.5 and 3.9.2 which means there is an overall nil impact on the HRA outturn position.
- 3.2.3 **New Build Preliminary Costs: £102k adverse variance** – preliminary costs incurred as a result of bringing schemes to planning are incurred in revenue as they cannot be capitalised until there is certainty that the scheme will progress. Once it is confirmed that the scheme will progress, the preliminary costs are then transferred to capital. There is no budget provision for this spend as it is assumed all costs will eventually be capitalised and therefore in 2021/22 there is a net adverse impact of £102k. Once work is started on site, these costs can then be capitalised at a later date.
- 3.2.4 **Council Tax on Void Properties: £70k adverse variance** - 2021/22 has seen a significant increase in the number of void properties compared to last year which, through discussions with other providers, appears to be common across the social housing sector. There have been a number of challenges from an operational perspective such as a national shortage of materials and staff shortages due to Covid-19 both of which has had a consequential impact on the time it has taken to complete the work. Whilst the property remains void, the Council Tax associated with the property must be met from the revenue budget.
- 3.2.5 **Recharges: £326k adverse variance** – the General Fund levies annual charges to the HRA for the services it uses ie the cost of corporate functions such as IT and Finance as well as the use of premises ie the Civic Centre and Brookvale. During the year these charges were reviewed, and additional recharges have been levied on the HRA by the General Fund which were not originally budgeted, resulting in an adverse variance of £326k.
- 3.2.6 **Redundancy & Retirement Benefits: £161k adverse variance** - the Housing Staffing Restructure resulted in some officers being made redundant. Due to the age of three officers, the Council incurred pension strain costs resulting in an adverse variance of £161k.
- 3.2.7 **Legal Fees: £53k adverse variance** – In recent years there has been a significant growth nationally, in the number of legal companies encouraging housing tenants to seek compensation where they believe the landlord has failed to undertake appropriate repairs to their property. These are known as housing disrepair claims and the Council received several during the year. The claim values are very low as they have been for minor issues, but the associated costs the legal companies levy, have been significant which has resulted in an overspend on legal fees of £53k. The current claims experience was fed into the 2022/23 budget setting process and the legal fees budget has been increased accordingly.
- 3.2.8 **Audit Fees: £27k adverse variance** – a provision for audit fees relating to 2021/22 has been made within the budget which is some £27k above budget.

Audit fees for the year are yet to be finalised and therefore given the current situation a provision 60% above current fees has been assumed.

- 3.2.9 **Security Fees: £52k favourable variance** – The additional security patrols at Gravesham Court and Homemead, which were introduced in recent years, ceased in the summer following the installation of new security doors to the blocks. This has resulted in a favourable variance of £52k.
- 3.2.10 **Minor Variances: £5k adverse variance** – there are a number of smaller adverse and favourable variances within the Supervision and Management budget which collectively have resulted in a £5k adverse variance.

3.3 REPAIRS & MAINTENANCE - £104k FAVOURABLE VARIANCE

- 3.3.1 **Insurance Excesses: £55k favourable variance-** In 2020/21 adverse weather conditions caused roof damage to a number of properties in the borough and in the same year, a fire at a property in Palmer Avenue occurred. Repair costs for both events were incurred during the previous financial year and an insurance claim was submitted. Zurich have now reimbursed costs that the Council incurred which were above the insurance policy excess, which has resulted in a favourable variance of £55k. This money has been used as a financing source for the 2021/22 capital programme.
- 3.3.2 **Responsive Repairs: £310k adverse variance** – An additional £752k was spent on consumable materials and payment to contractors during the year to provide the responsive repairs service to Council tenants for the reasons set out in para 3.1.4. An additional £435k of works to any property which have totalled over £12k have been capitalised, but underspends elsewhere within this service have mitigated the overall position and has resulted in an adverse variance of £310k.

The repairs and maintenance programmes continue to be affected.

- 3.3.3 **Recharges: £101k adverse variance** – as per para 3.2.5, additional recharges have been charged by the General Fund to the HRA which were not include in the original budget, resulting in an adverse variance of £101k.
- 3.3.4 **Fire Door Inspections: £72k favourable variance** – This programme was a new addition to the 2021/22 budget. During the year a procurement exercise was undertaken to identify suitable accredited contractors. Inspections planned for 2021/22 were completed to programme and continue into 2022/23 with the expansion into the fire door replacement programme.
- 3.3.5 **Asbestos Management £34k favourable variance** – The original budget for 2021/22 was allocated to support the Asbestos Management policy, which at the time was based on conducting asbestos surveys to ensure all properties (including blocks) had surveys carried out. During the year, the Council's approach has changed and now monitors and manages existing policies, rather than commissioning new ones. Asbestos removals and specific surveys (where required) are still being carried out but the costs for these, in the main, are being allocated within the specific project/programme works to which they relate.
- 3.3.6 **Out of Hours £108k favourable variance** – Expenditure on contractors is lower than budget by £108k due to the majority of out of hours work are being carried out by the in-house workforce.
- 3.3.7 **Gas Servicing £118k favourable variance** – All programmed work for the year was carried out but a favourable variance of £118k has resulted from efficiencies

introduced which has diverted from the traditional servicing programme to a “MOT style” approach. The impact on cyclical servicing will be monitored throughout the forthcoming year and future year budgets will be reduced accordingly.

3.3.8 **Payment to Contractors £134k favourable variance** – the spend on payments to contractors on several budget lines including cyclical painting and decorating, estate improvements, general stock work and servicing has been lower than budgeted resulting in a favourable variance of £134k. This is due to the in-house workforce carrying out much of this work.

3.3.9 **Estate Clearance £18k adverse variance** – additional clearance works were identified as being necessary in year and therefore this has resulted in overspend of £18k.

3.3.10 **Minor Variances: £12k favourable variance** – there are a number of smaller adverse and favourable variances within the Repairs and Maintenance budget which collectively have resulted in a £12k favourable variance.

3.4 DEPRECIATION - £1,820k ADVERSE VARIANCE

3.4.1 **Depreciation – £1,820k adverse variance** – The depreciation charge in 2021/22 has resulted in an adverse variance for the reasons set out in para 3.1.3.

3.5 INTENSIVE MANAGEMENT FUND (EXPENDITURE) - £43K FAVOURABLE VARIANCE

3.5.1 **Intensive Management: £43k favourable variance** – The cost of delivering this service was lower than budget. There has been a corresponding reduction in the income as per 3.11.1 and therefore there is nil overall impact for the HRA.

3.6 CAPITAL FINANCING - £275K FAVOURABLE VARIANCE

3.6.1 **Interest Cost Savings: £144k favourable variance** – due to the Covid-19 related delays in the new build programme, there was a lower external borrowing requirement in 2020/21. This has reduced the associated cost of borrowing in 2021/22, resulting in a favourable variance of £144k against the original budget.

3.6.2 **Revenue Contribution to Capital: £131k favourable variance** – The original budget included a provision to utilise £247k from the HRA general reserve as well as a revenue contribution to capital of £250k. Given the increased amount in the MRR as detailed in para 3.4.1, there was no requirement to draw the budgeted funds from the HRA general reserve and the revenue contribution to capital was £366k (including the use of the insurance excess of £55k reported in para 3.3.1). This has resulted in an overall net favourable variance of £131k.

3.7 RENTS ON DWELLINGS - £152k FAVOURABLE VARIANCE

3.7.1 **Rents on Dwellings – £205k adverse variance** – Several factors have combined which results in a net adverse variance on rental income of £205k.

3.7.2 Due to the Covid-19 impact on the delivery of the New Build programmes from 20/21 into 21/22, there have been delays in the completion of units resulting in a loss of rental income.

- 3.7.3 The number of void properties has increased during the year and the turnaround time taken has also increased, resulting in a higher loss of rent than had been budgeted. A higher void percentage has been assumed in the 2022/23 budget.
- 3.7.4 A total of 32 properties were sold under the Right to Buy scheme, but the budget reflected an expectation that 20 properties would be sold, as it was assumed that Covid-19 would continue to have an impact on the number of properties sold. Therefore, this has also had an adverse impact on the rental income.
- 3.7.5 Conversely, there have been a number of properties re-let at a higher rent than outgoing tenants had been paying so this has had a favourable effect on the overall net position as has the completion and tenancing of 147 Wrotham Road.
- 3.7.6 **Provision of Doubtful Debts - £357k favourable variance** – Analysis of the age of outstanding debt as at 31 March meant that an in-year provision of £173k was required to account for doubtful debts, which was £107k lower than anticipated. A further budget of £250k was made for an additional allocation to account for an increase in provision resulting from the Covid-19 pandemic. Given the standard provision for doubtful debts was not fully required, it was agreed that a further provision of £250k was also not required.

3.8 OTHER RENTAL INCOME - £12K ADVERSE VARIANCE

- 3.8.1 **Other Rental Income: £12k adverse variance** – The budgets for lettings of halls was reduced by £13k at budget setting to reflect a reduction in income due to the Covid-19 pandemic. Despite this reduction in the budget, income received was still below the budgeted amount and there was a resulting £12k adverse variance.

3.9 SERVICE CHARGES - £185K FAVOURABLE VARIANCE

- 3.9.1 **Service Charges on Dwellings: £22k adverse variance** – There are a two main factors that have combined to result in an adverse variance on the Service Charges budget.
- 3.9.2 Following the completion and occupation of 147 Wrotham Road, additional service charges were received during the year.
- 3.9.3 Conversely, the number of void properties has increased during the year and the turnaround time taken has also increased, resulting in a higher loss of service charges than had been budgeted. A higher void percentage has been assumed as part of the 22/23 budget setting process.
- 3.9.4 **Leaseholder Service Charges - £139k favourable variance** – income from service charges to leasehold tenants was higher than budget by £139k. This budget will be reviewed as part of the 2022/23 budget setting process to determine whether a higher income budget can be set going forward.
- 3.9.5 **Contribution to Capital and Redecoration: £68k favourable variance** – invoices raised to recover the leaseholder contributions to capital works and redecoration costs to communal areas were higher than anticipated, resulting in a favourable variance of £68k.

3.10 NON-DWELLING INCOME - £7K ADVERSE VARIANCE

- 3.10.1 **Commercial Rent - £35k favourable variance** – a favourable variance is forecast due to the increased rental income received for the hire of space for

telecommunications masts on HRA land and buildings not known at the time of setting the budget.

3.10.2 **Garage Rent - £55k adverse variance** – The New Build scheme within the HRA capital programme has utilised a number of garage sites for development. This has reduced the number of units available for rent and therefore the potential income from garages has decreased and resulted in an adverse variance in 2021/22 of £55k. An exercise has been carried out as part of the budget setting exercise for 2022/23 to align future garage rental income budgets with the revised potential income.

3.10.3 **Other Non-Dwelling Income: £13k favourable variance** – There are smaller favourable variances within the Non Dwelling Income budget which has resulted in a cumulative effective of a £13k favourable variance.

3.11 INTENSIVE MANAGEMENT FUND (INCOME) - £42K ADVERSE VARIANCE

3.11.1 **Intensive Management Fund: £42k adverse variance** – As per 3.5.1, the reduction in income received is equivalent to a reduction in the cost of delivering this service was lower than budget, resulting in an overall nil impact for the HRA.

3.12 OTHER INCOME – £90K ADVERSE FAVOURABLE

3.12.1 **Investment Income on Internal Balances: £28k adverse variance** – following a year of higher levels of expenditure, reduced income and reduced reserve balances, coupled with lower interest rates on investments, the HRA only received £12k on balances held against a budget of £40k resulting in a £28k adverse variance.

3.12.2 **Other Income – £62k adverse variance** – as with rental income from dwellings there has been an impact on other income as a result of COVID-19. A reduction was anticipated at budget setting and the original budget reduced compared to previous years, however, there has been a further reduction in the actual amounts received resulting in an adverse variance of £62k.

3.13 WORKING BALANCES AND RESERVES

3.13.1 The variances outlined in this report have the following effect upon HRA working balances:

	£
Balance Brought Forward from 2020/21	3,000,000
Provisional Outturn position 2021/22	(2,034,190)
Forecast working balances C/Fwd including minimum HRA Working Balance	965,810
Add: Transfer from HRA General Reserve (Revenue)	2,034,190
Usable Working Balances C/fwd (as at 31 Dec 2021)	3,000,000

Table 2: Effect on Housing Revenue Account Working Balances

3.13.2 The working balances are supplemented by specific reserves established to assist with future funding obligations or initiatives. The table below provides a summary of the forecast movements on these specific reserves during the year.

HRA Specific Reserves	Opening Balance 01/04/2021 (£)	Contributions (Income) (£)	Use of Reserve (Expenditure) (£)	Balance 31/03/2022 (£)
HRA General Reserve (Revenue)	(2,763,470)	0	2,034,190	(729,280)
Total	(2,763,470)	0	2,034,190	(729,280)

Table 3: Analysis of Specific Reserves – HRA

4. HOUSING CAPITAL PROGRAMME

- 4.1 The Housing Capital programme working budget for 2021/22 is £21,089,410, of which £19,000,010 relates to HRA capital schemes and £2,089,400 relates to non-HRA capital schemes. These budgets include £1,869,940 and £1,069,800, respectively that are carried forward from 2020/21.
- 4.2 The HRA capital schemes continued to focus on maintaining the minimum decent homes standard for the Council's stock in 2021/22, with £7,897,620 earmarked for this purpose within the Replacement, Improvement, Health & Safety Works and Major Void Works Programmes. A further £200,000 has been set aside to deal with the refurbishment of major void properties. The council also continues its commitment to build new homes with £10,647,960 allocated for this purpose.
- 4.3 As at the end of March 2021, £18.677m had been spent against the capital schemes detailed below.

HOUSING CAPITAL PROGRAMME									
Ref No:	Scheme	2021-22 Original Budget inc C/fwd	2021-22 Approved Adjustments	2021-22 Working Budget	2021-22 Final Outturn	Variance	C/Fwd and Adj's to 2021-22	2022-23 Approved Budget	2022-23 Original Budget inc C/fwd
A	Replacement Programmes	3,910,190	(420,000)	3,490,190	3,203,560	(286,630)	286,630	3,368,290	3,654,920
B	Improvement Programmes	1,771,480	(148,000)	1,623,480	1,521,910	(101,570)	101,570	1,500,910	1,602,480
C	Health & Safety Works	1,984,950	87,000	2,071,950	2,036,310	(35,640)	35,640	1,222,150	1,257,790
D	Major Void Works	250,000	(50,000)	200,000	405,470	205,470	0	250,000	250,000
E	New Build & Acquisitions	12,582,600	(1,934,640)	10,647,960	9,777,310	(870,650)	870,650	13,863,470	14,734,120
F	Housing Computer Systems	345,080	(345,080)	0	10,160	10,160	(10,160)	600,000	589,840
G	Replacement Play Equipment	127,500	(127,500)	0	0	0	0	127,500	127,500
H	Bin Housing	49,470	0	49,470	49,350	(120)	120	49,470	49,590
I	CCTV	56,960	0	56,960	37,340	(19,620)	19,620	30,000	49,620
J	Fire Doors	811,000	(99,000)	712,000	497,080	(214,920)	214,920	806,580	1,021,500
K	LAD2 Grant Scheme	0	148,000	148,000	0	(148,000)	148,000	0	148,000
-	Energy Efficiency	0	0	0	0	0	0	1,888,650	1,888,650
-	Structural Works	0	0	0	0	0	0	100,000	100,000
-	Sheltered Community Upgrade	0	0	0	0	0	0	116,950	116,950
-	Cycle Storage	0	0	0	0	0	0	30,000	30,000
-	Alleyways - HRA	0	0	0	0	0	0	105,000	105,000
	Sub Total (HRA Capital Programme)	21,889,230	(2,889,220)	19,000,010	17,538,490	(1,461,520)	1,666,990	24,058,970	25,725,960
L	Disabled Facilities Grant	1,902,600	186,800	2,089,400	1,138,200	(951,200)	0	0	0
	Total (HRA & GF Capital Programme)	23,791,830	(2,702,420)	21,089,410	18,676,690	(2,412,720)	1,666,990	24,058,970	25,725,960

Table 4: Housing Capital Programme 2021/22

- 4.4 The following works were undertaken or completed by the end of Quarter 4 2021/22:
- 4.4.1 **Replacement Programmes (Ref A)**

- Kitchen renewals: 199 completed
- Bathroom renewals: 144 completed
- Windows and door renewals: 151 properties and communal windows to 8 blocks completed

- Roofing: 6 Blocks and 24 Properties have had a roof renewal. Work to renew to the roof at Carl Ekman is in progress and 80% complete.
- Electrical tests: 1127 properties completed
- Electrical tests: 48 Blocks completed

4.4.2. Improvement Programmes (Ref B)

- Central heating systems/boilers installations: 276 completed
- Major refurbishments: 25 properties completed
- Aids & Adaptions works completed:
 - Wet room installations: 53
 - Over bath showers: 11
 - Domestic stair lifts installations: 21
 - Other Adaptations: 2

4.4.3. Health & Safety Works (Ref C)

- Fire detection installations in general let properties: 355 completed
- Fire detection installations in sheltered properties: 350 completed
- Upgrades to door entry systems: 50 blocks
- Passenger lift refurbishment: Refurbishment works to two lifts at Carl Ekman completed.
- LED Emergency lighting upgrades carried out at 4 blocks, includes completion of all floors at Homemead.
- Fire rated front door replacements to flats: 320 Properties

The following two programmes resulted from the recommendations from the Hackitt report; works completed:

- Carl Ekman water mains and soil stack renewed; this includes:
 - Replacement of cast iron soil and rainwater pipework
 - Replacement of water mains riser pipework
 - Compliancy Works to upgrade balconies to meet current regulations commenced at Carl Ekman House
- Carl Ekman: Fire Sprinkler upgrade completed following water mains upgrade.

4.4.4. Despite a number of issues faced during 2021/22, including delays with the supply chains, and the knock on effect of the Omicron variant, the majority of the capital programmes have been delivered, albeit with some delays as evidenced by carry forward allocations.

4.5. New Build (Ref E)

4.5.1. In 2012 the authority signed an agreement with the DCLG to retain an element of the Right To Buy (RTB) receipts and use them as part-funding of new build and/or acquisition of additional social housing.

4.5.2. From 1 April 2021, MHCLG amended the rules around the use of RTB receipts, allowing Local Authorities to fund 40% of costs incurred in the delivery of additional housing units from the use of RTB receipts, which is an increase from the previous limit of 30%. This means that Local Authorities are now only required to fund the remaining 60% of costs. MHCLG has also increased the requirement to spend RTB receipts from three to four years after they are generated.

4.5.3. The table below shows a summary of the new build properties that have been delivered since the original agreement was signed in 2012, as well as the number of additional properties, which are at various stages of delivery within the current programme. To date, the total number of new Council homes completed, under construction or with planning permission is 140. The Housing Development Team continue to work on a pipeline of potential development sites to increase the supply of social housing.

HRA Property Development Stage	Number of Properties
Delivered and Completed	72
Under Construction	61
Planning Permission Granted	7
Feasibility/Concept Design	231
Total Number of HRA Properties	371

Table 5: New Build Delivery

4.5.4. The following is the reported position at the end of Quarter 4:

- Whitehill (Admiral Beatty House) and Nansen Road – Scheme completed July 2021; comprising of 8 x 3 bed 5 person houses and 24 x 1 bed & 2 bed apartments. In defects liability period.
- St Patrick’s Gardens (Bishops Court) –Completed 14th March 2022. Comprising of 22 x 1 bed & 2 bed apartments and 1 x 2 bed wheelchair dwelling, including play equipment installed to new amenity space.
- Valley Drive (340/Mariner Court) – Works are continuing on site with completion scheduled in autumn 2022. The scheme will deliver 32 x 1 bed apartments for over 55’s including x4 wheelchair compliant homes to Block A and 15 x 1 bed & 2 bed apartments for general needs and 1 x 3 bed wheelchair dwelling to Block B.
- Constable Road – Completed 30th May 2022. Terrace of 6 x 1 bed bungalows and 1 x 1 bed wheelchair compliant bungalow. The new play area to the open greenspace is expected to complete end of July 2022.
- Armoury Drive – The former Milton Barracks site in Armoury Drive is under construction comprising 2 x 1 bed detached bungalows and 4 x 2 bed apartments. Starting on site 6th June 2022 the 64-week programme is expecting to complete summer 2023.
- St Columba’s Close – Currently under redesign the scheme will now comprise of 13 x 1 bed and 21 x 2 bed apartments, 7 x 3 bed houses and 4 x 4 bed houses with general improvements to the public realm and existing blocks of flats. Community engagement has commenced with design works ongoing with a planning submission expected Autumn 2022.
- 147 Wrotham Road - In 2020/21 the Council purchased this property, to provide interim housing to assist vulnerable residents within the borough. The property includes 10 single rooms with en-suite facilities (including one wet room), and a further 4 multifunctional rooms which can be used as emergency overnight accommodation, shared kitchen, and dining facilities as well as facilities for staff. All major works have been completed and the property has been in occupation since November 2021.

- 4.5.5. The council is permitted to retain part of the RTB receipts to repay the debt incurred in 2012 as part of HRA self-financing. As of 1 April 2021, the RTB Allowable Debt reserve had a nil balance. This was due to the proposal to use any balance from the RTB Allowable Debt reserve to help fund the New Build projects, ahead of any other funding source, as this can either be used to repay debt or finance the capital programme.
- 4.5.6. Table 6 summarises the one for one receipts retained from the sale of Right To Buy properties, since 2012, along with the level of GBC's contributions required to deliver the New Build programme and a summary of when expenditure needs to be delivered to avoid having to return funds to Central Government.

	One for one receipts retained	GBC 60% contribution to new build	Value of new build expenditure expected	Cumulative value of new build expenditure expected	Date of new build expected by
	£	£	£	£	
2012-17 c/f	6,905,580	16,113,020	23,018,600	23,018,620	31-Mar-22
2017-18	1,811,560	4,227,000	6,038,560	29,057,180	31-Mar-23
2018-19	1,797,170	4,193,400	5,990,570	35,047,730	31-Mar-24
2019-20	2,869,320	6,695,080	9,564,400	44,612,130	31-Mar-25
2020-21	1,475,440	3,442,690	4,918,130	49,530,260	31-Mar-26
2021-22	3,072,252	4,608,379	7,680,631	57,210,891	31-Mar-27
	17,931,320	39,279,570	57,210,890		

Table 6: New Build

4.6. Housing Computer System (Ref F)

- 4.6.1. The Council has received a formal response from the supplier following a dispute notice being sent to them for failing to provide a functioning system within the agreed timeframe. The formal response has been reviewed by Legal and Housing colleagues and work is currently underway to implement the new system. During Q4 a reimbursement of £254k was issued to the council for costs incurred in 20/21 and 21/22.
- 4.6.2. The alternative solution from the supplier is expected to better meet the needs of the Council, commercial agreement has been reached and final due diligence is taking place. Officers are also participating in a number of discovery workshops with the supplier in conjunction with initial delivery planning sessions to form a revised project plan.
- 4.6.3 The Council and system supplier are continuing to work collaboratively to implement the new housing management system.

4.7. Replacement Playground Equipment (Ref G)

- 4.7.1. Following the review of playground sites, it was established that they are available for public use and not limited to estate residents and therefore expenditure can be funded from the Contain Management Outbreak Fund (COMF) monies. This expenditure will be reported as part of the General Fund programme and therefore the current budget of £127.5k will be carried forward into 2022/23.

4.7.2. In Q4, four new play parks were successfully delivered at Fountain Walk, Warwick Place, Medhurst Gardens and Park Place and were all funded from the aforementioned Contain Management Outbreak Fund (COMF).

4.8. Disabled Facility Grants (DFGs) (Ref K)

4.8.1. The grant funding awarded to the Council in 2021/22, via the Better Care Fund, was £1.02m, which was higher than the £833k that was forecasted when the budget was set in February 2021. The total funding available for use in 2021/22 was £2.089m, which is inclusive of the £1.07m that was carry forward from 2020/21.

4.8.2. The Council continued to offer the Disabled Facility Grant programme to homes eligible for assistance within the wider remit of the Better Care Fund; and looked to expand on this where possible.

4.8.3. All works previously impacted by Covid-19 have now progressed. As at Quarter 4, 71.1% of the annual budget has been committed/spent, amounting to £1.485m

4.8.4. DFG referrals received to date totals 126 for 2021/22, of which, 74 DFG's have progressed to full application stage. There are 215 DFGs including those ongoing from previous years.

- 106 DFG grant cases were approved
- 83 households had works completed
- 15 applications were aborted or cancelled due to changes in the client's circumstances not including those carried over from the previous year which totalled 31.
- 62 grant cases are currently in progress but have not yet reached the full approval stage

4.8.5. The table below gives a comparison of the current level of DFG's to previous years.

	19-20	19-20	19-20	19-20	20-21	20-21	20-21	20-21	21-22	21-22	21-22	21-22
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Approved	22	14	25	23	4	6	26	22	30	55	68	106
Complete	19	16	11	21	12	8	10	21	15	44	56	83
Cancelled	5	7	11	3	0	2	8	7	1	12	27	15
In Progress	44	48	42	42	47	56	51	86	56	59	52	62
Total	90	85	89	89	63	72	95	136	102	170	203	266

Table 7: DFG Historic Claim Information

4.8.6. From 2022/23 the Disabled Facility Grant budget will be reported as part of the General Fund capital programme. Therefore, the carry forward budget has been removed from Table 4 and will be shown in the equivalent table in the General Fund Outturn Report.

4.9. Capital Resources

4.9.1. Table 8 below, shows the resources available to fund capital projects in future. The use of funding takes into account schemes, which are expected to roll balances forward, as indicated in this report.

Housing Capital Resources	Opening Balance 01/04/2021 (£)	Actual Income 2021/22 (£)	Use of Funding 2021/22 (£)	Final Balance 31/03/2022 (£)
Capital Receipts - HRA	(1,010,350)	(266,310)	96,840	(1,179,820)
Capital Receipts - GF Housing	(135,380)	0	0	(135,380)
Capital Receipts - PV Panels	(3,573,000)	0	0	(3,573,000)
Major Repairs Reserve - Dwellings	(85,380)	(8,579,830)	8,211,260	(453,950)
Major Repairs Reserve - Non Dwellings	(69,700)	(188,540)	188,540	(69,700)
New Build Reserve: 1-4-1 Receipts	(6,349,860)	(3,072,250)		(9,422,110)
Right to Buy Allowable Debt Reserve	0	(889,810)	889,810	0
Disabled Facility Grants	(1,203,630)	(1,019,600)	1,138,200	(1,085,030)
Meopham Police Station (s106)	(24,500)	0	0	(24,500)
General Reserve (revenue)	(2,763,470)	0	2,034,190	(729,280)
Total	(15,215,270)	(14,016,340)	12,558,840	(16,672,770)

Table 8: HRA and General Fund Housing Capital Resources 2021/22

5. Appendices

5.1 There are no appendices.

6. Background Documents

6.1 There are no background documents.

Lead Officer: Alexandra Jarvis

Email: alexandra.jarvis@gravesham.gov.uk

Secondary Implications	
Risk Assessment	The purpose of this report is to demonstrate financial performance as at 31 March 2022 against the original budget set for the 2021/22 financial year, and illustrate how this affects the Working Balances and Earmarked Reserves held by the Council.
Data Protection Impact Assessment	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data ? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. N/A
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk . N/A
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No decision – paper is for information only.
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
Crime and Disorder	No direct implications.
Digital and website implications	No direct implications.
Safeguarding children and vulnerable adults	No direct implications.