

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance and Audit Committee

Date: 13 February 2023

Reporting officer: Assistant Director (Corporate Services)

Subject: Housing Revenue Account Budget Monitoring Report – Quarter Three 2022/23

Purpose and summary of report:

To provide Members with information on actual performance against the approved Revenue and Capital budgets for 2022/23, including known variances agreed or identified through budgetary control activity.

To update Members on other key areas of financial performance that may affect the Council's Medium Term Financial Strategy, Medium Term Financial Plan, HRA Business Plan or Financial Statements.

Recommendations:

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 an assessment of performance against approved budgets for the 2022/23 financial year for the first quarter to 30 September 2022 as well as updating Members on other key areas of financial performance.
- 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 all recruitment activity to be considered and approved by Management Team.

2. EXECUTIVE SUMMARY

HRA (Revenue)

- 2.1 At the end of Quarter Three, there is a forecast deficit of £60k on the HRA account. The General HRA Reserve had an opening balance of £729k at the start of the year. The £3m level has been determined as necessary to assist cash flow and mitigate against risks to the Housing Revenue Account Business Plan. After the actions set out in the Quarter 2 report were delivered, the deficit has reduced and the reserve can now fund the smaller amount.

2.2 Housing Capital

The revised budget for the Housing Capital Programme for the year is £26.5m, with expenditure and commitments to the end of Quarter three of £14m. Capital budgets totalling £1.6m have been carried forward to 2022/23, relating to the maintenance of the Council's housing stock and the New Build programme.

3. Housing Revenue Account

3.1 Budget 2022/23

- 3.1.1 The next table sets out the current forecast spend against the original budget for the Housing Revenue Account (HRA), based on variances to 31 December 2022. As of 31 December 2022, the forecast reflects an adverse variance of £60k. The main adverse variances have resulted from an increase in responsive repair costs and capital finance costs as well as a loss of rent due to an increase in the number of property purchases under the Right to Buy scheme. This is largely netted off by favourable variances against supervision and management and depreciation.

Description	Original Budget 2022/23 (£)	Forecast 2022/23 (£)	Variation (£)
Supervision and Management	7,386,750	6,970,200	(416,550)
Repairs and Maintenance	7,832,530	8,349,120	516,590
Depreciation	6,965,120	5,277,110	(1,688,010)
Intensive Management Fund - Expenditure	434,890	434,890	0
Capital Finance	8,206,410	9,075,570	869,160
Sub Total Expenditure	30,825,700	30,106,890	(718,810)
Rents of Dwellings	(27,955,300)	(27,724,660)	230,640
Other Rental Income	(7,550)	(7,550)	0
Service Charges	(1,911,500)	(1,714,470)	197,030
Non Dwelling Income	(119,820)	(119,820)	0
Intensive Management Fund - Income	(434,890)	(434,890)	0
Other Income	(72,620)	(45,620)	27,000
Sub Total Income	(30,501,680)	(30,047,010)	454,670
Contributions to/(from) reserves	(324,020)	(59,880)	264,140
Net Surplus/Deficit	0	0	0

Table 1: Housing Revenue Account 2022/23

- 3.1.2 The HRA original budget for 2022/23 is £30,825,700. An additional £63,260 has been carried forward from 2021/22. The following items from 2021/22 were approved for carry forward to 2022/23 by the Section 151 Officer and the Council's Management Team.

Summary of HRA 2021/22 year end carry forward request			
Directorate	Service	Amount	Reason for Carry Forward request into 2022/23
Housing	Housing Landlord Services	12,000	Much of the planned training for 2021/22 could not be carried out due to covid restrictions
Housing	Housing Landlord Services	4,000	Increased tenant engagement activities are required as a result of increased engagement expectations set out in the Social Housing White Paper and Building Safety Bill. Many engagement activities could not take place due to covid restrictions in 2021/22.
Housing	Housing Landlord Services	7,975	Many of the works planned could not be carried out due to the effects of covid causing delays in Contractors being able to get supplies
Housing	S & M Horticulture	8,320	Continuation of Green Space Improvements on Housing Estates programme
Housing	Fire Door inspections	21,763	Works commenced to carry out fire door inspections 21- 22, did not complete by end march
Housing	Risk Assessment -remedial works	9,200	Works commenced 21-22, these relate to works required to rectify defects/actions highlighted on risk assessments.
Total Carry Forward Requests		63,258	

Table 2: Housing Revenue Account revenue carry forwards - 2022/23

3.2 SUPERVISION & MANAGEMENT – £417k FAVOURABLE VARIANCE

- 3.2.1 **Vacancy Management: £346k Favourable variance** - the HRA staffing budget for 2022/23 incorporates a vacancy allowance of £100k for the year. It is anticipated that this will occur throughout the establishment from natural staff turnover within day-to-day business activities. For the first nine months to 31

December 2022, actual staffing spend was £346k lower than budgeted. This is due to difficulty in recruiting in a buoyant market.

3.2.2 Caretaker budget – £25k Adverse Variance – The overspend on this budget line has occurred due to the cost of maintaining equipment rather than replacing, the increase cost of supplies and the additional cost of buying PPE for agency staff.

3.2.3 Various Headings - £96k Favourable Variance - Budget underspends totalling £96k from a number of headings within the Supervision and Management budget have been vired to offset some of the overspend on the Responsive Repairs budget. This is in line with one of the actions that was identified within the Quarter 2 Budget Monitoring report in response to the forecast overspend.

3.3 REPAIRS & MAINTENANCE - £517k ADVERSE VARIANCE

3.3.1 Responsive Repairs: £486k Adverse variance – The 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 continues to prove challenging. This coupled with the number of voids and size/scope of repair works required has resulted in an overspend. The service started Quarter 1 with a backlog of work due to the severe winds in March, coupled with a high turnover of staff due to the construction market being so buoyant.

3.3.2 The high number of voids experienced during 2021/22 has continued. Void works are carried out on these properties prior to them being available to re-let either by the in-house workforce or external contractors. As at the end of Quarter 3, the external contractor budget of £1.147m has been fully spent on such works meaning reliance will be placed on the in-house workforce to undertake this work in the remainder of the financial year. However, the high number of vacancies within the in-house workforce potentially raises questions about their ability to manage such demand. If void properties are not turned round quickly, there is not only a financial impact in terms of loss of rent and an increase in void council tax charges but there is a reduction in the number of properties available to let to tenants.

3.3.3 At this stage of the financial year an adverse variance of £486k is reported, but the budget will be closely monitored throughout Quarter 4 and during the year. A virement has been processed to move underspent budget to this heading which has eased the financial pressure on this area.

3.3.4 Drainage: £31K Adverse variance - An increase in contractor costs resulting in an overspend of £31k. Below ground drainage issues at Carl Ekman house and The Hive have resulted in additional costs against this budget heading.

3.4 Depreciation – £1.7m Favourable variance

3.4.1 Depreciation: £1.7m Favourable variance – 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 to £8.6m in 2021/22 compared to £6.7m in 2020/21. Whilst 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, a further increase in the valuation of the housing stock in March 2022 resulting in an even higher depreciation charge will place significant pressure on the HRA's ongoing viability.

- 3.4.2 Officers within Finance have reviewed the HRA's depreciation policy, and it has been agreed to amend the policy which in summary sees the housing assets split between land and buildings. We are currently seeking agreement from the Council's External Auditors to this change in policy. Applying the revised policy has resulted in a depreciation charge of £5.2m, which would result in a favourable variance of £1.7m. This is based on applying the UK housing index to the most recently agreed asset values but given the 2019/20 audit has yet to be concluded, this charge is subject to revision.
- 3.4.3 The capital financing for 2022/23 was based on a depreciation charge of £6.965m and therefore a charge of £5.2m will result in a large element of the capital programme will be unfunded. Therefore, it is proposed to increase the revenue contribution to capital by an equal amount to the reduction of up to £1.7m, which would result in nil overall impact on the account.

3.5 Capital Financing - £869K ADVERSE VARIANCE

- 3.5.1 **External Interest Charges: £81k Favourable variance** - The Monetary Policy Committee (MPC) have continued to increase the Bank of England Base rate from an all-time low of 0.10% in December 2021 to the current rate of 2.25% and is expected to increase rates further to around 5% by the end of the financial year. This has pushed up borrowing rates to a level higher than was forecast at the time of setting the budget in February 2022 and considered at Quarter 1. However, despite the rising interest rates, there is a favourable variance of £81k against the original budget. This is the result of a number of new build schemes that were included in the 2022/23 budget not progressing as originally intended and therefore the need to take new borrowing has been delayed to later in the financial year. If the new build schemes do not progress as currently anticipated, this will further reduce the need to borrow and the associated borrowing costs.
- 3.5.2 **Interest: £3k Favourable variance** - The HRA receives interest from the General Fund from the balances the authority holds and invests as part of the Council's treasury management activity. Following the increase in the Bank of England Base rate during the year, it is anticipated this will generate an additional £3k.
- 3.5.3 **Revenue Contribution to Capital (RCCO): - £953k Adverse variance** – As identified in Para 3.4.3, it has been necessary to increase the RCCO contribution to finance the capital programme following the reduction in the depreciation charge. However, given the reduction in spend on the capital programme, only an additional £953k is required rather than the full £1.7m.

3.6 RENTS ON DWELLINGS - £231k ADVERSE VARIANCE

- 3.6.1 **Rental Income: £231k Adverse variance** - Due to the increased number of properties being purchased under the Right to Buy scheme over and above the number assumed at budget setting, it is forecast that there could be a potential loss of rental income resulting in an adverse variance of £231k. The number of properties expected to be sold under the Right to Buy scheme has been reduced from 48 in Quarter 2 to 46.

3.7 SERVICE CHARGES - £197k ADVERSE VARIANCE

- 3.7.1 **Service Charges on Dwellings: £197k Adverse variance** – The increased number of properties being sold under the Right to Buy scheme will also result in a loss of service charge income on dwellings of around 9k. This coupled with a

reduction in contribution from capital and additional refunds to be raised has resulted in an adverse variance of £188k

3.8 OTHER INCOME – £27k ADVERSE VARIANCE

3.8.1 **Other Income: £52K Adverse variance** – As with rental income on dwellings there is an expected shortfall on other income. Lettings income is down and whilst this was taken into account at budget setting, it is anticipated that there will be further losses.

3.8.2 **Interest Earned: £25k Favourable variance** – Additional investment income is due to the HRA following increases in the Bank of England Base Rate resulting in a favourable variance by end of the financial year of some £25k.

3.9 WORKING BALANCES AND RESERVES

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

	£
Balance Brought Forward from 2021/22	3,000,000
Forecast Outturn position 2022/23	(59,880)
Forecast working balances C/Fwd (as at 31 December 2022) including minimum HRA Working Balance	2,940,120
Add: Transfer from HRA General Reserve (Revenue)	59,880
Forecast Usable Working Balances C/fwd (as at 31st Deember 2022)	3,000,000

Table 3: Effect on Housing Revenue Account Working Balances

3.9.2 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 01/04/2022 £	Contributions (Income) £	Use of Reserve (Expenditure) £	Balance 31/03/2023 £
HRA General Reserve (Revenue)	(729,280)	0	59,880	(669,400)
Total	(729,280)	0	59,880	(669,400)

Table 4: Analysis of Specific Reserves – HRA

3.9.3 In the Quarter 2 Budget Monitoring Report, a forecast deficit of £846k on the HRA was identified which was above the amount available in the HRA General Reserve. The HRA does not have any other resources from which the balance of funding required could be met and therefore the remaining £117k would have reduced the HRA Working Balance to £2,883k which is below the minimum level of working balance as determined by the Director (Corporate Services) in her capacity as S151 Officer. The £3m level has been determined as necessary to assist cash flow and mitigate against risks to the Housing Revenue Account Business Plan.

3.9.4 The report identified the following actions that could be taken within the coming weeks and months in order to reverse the position.

- All non-essential expenditure to cease
- All budget lines to be reviewed to identify budget underspends which can provide a source for virements to fund expenditure which is forecast to be above the original budget, approval for which will be agreed in line with the Council's constitution
- All expenditure to be reviewed to identify further opportunities to capitalise costs where allowable
- The purchase order approval process to be reviewed
- Purchase card holders and their corresponding expenditure limits to be reviewed
- All staff vacancies and current recruitment to be reviewed
- Lettings policy for new build developments to be considered

3.9.5 Officers in Finance have worked closely with colleagues in Housing to address each of these actions.

3.9.6 A thorough review of all budget lines has identified £478,410 of savings which can be used as a source for virements. These have been approved in line with the various levels detailed within the Council's constitution.

3.9.7 Costs incurred against the Repairs and Maintenance Budget lines has been reviewed and capitalised where possible.

4 HOUSING CAPITAL PROGRAMME

4.1 The Housing Capital programme for 2022/23 is £25,725,960. This budget includes £1,666,990 that has been carried forward from 2021/22.

4.2 The HRA capital schemes continue to focus on maintaining the minimum decent homes standard for the Council's stock in 2022/23, with a working budget of £6,515,190 earmarked for this purpose within the Replacement, Improvement, Health & Safety Works and Major Void Works Programmes. A further £250,000 was set aside to deal with the refurbishment of major void properties. An additional £1,738,840 capital budgets have been agreed to provide the replacement Housing Computer System, Fire Doors and Replacement Play Equipment. The council also continues its commitment to energy efficiency with £1,476,980 allocated for this purpose and a further £1,235,000. The New Build programme continues its prominence with £14,734,120 budgeted in 2022/23.

4.3 As at the end Quarter 3, £14m has been spent or committed against the capital schemes detailed below. Officers will continue to monitor the impact of Covid-19 as well as the current fiscal and economic situation on the delivery of the capital programme.

HOUSING CAPITAL PROGRAMME							
Ref No:	Project	2022/23 Original Budget (£)	2022/23 Approved C/fwd (£)	2022/23 Working Budget (£)	Expenditure Including Commitments (£)	Forecast as at Q3 (£)	Variance as at Q3 (£)
A	Replacement Programmes	3,368,290	286,630	3,654,920	2,913,036	3,792,630	(137,710)
B	Improvement Programmes	1,921,870	101,570	2,023,440	1,407,990	1,758,680	264,760
C	Health & Safety Works	801,190	35,640	836,830	401,329	443,950	392,880
D	Major Void Works	250,000	0	250,000	606,923	750,000	(500,000)
E	New Build & Acquisitions	13,863,470	870,650	14,734,120	3,456,210	5,744,730	8,989,390
F	Housing Computer Systems	600,000	(10,160)	589,840	540,127	589,840	0
G	Replacement Play Equipment	127,500	0	127,500	101,830	25,670	101,830
H	Bin Housing	49,470	120	49,590	35,938	35,940	13,650
I	CCTV	30,000	19,620	49,620	33,686	33,690	15,930
J	Fire Doors	806,580	214,920	1,021,500	943,966	1,021,500	0
K	LAD2 Grant	0	148,000	148,000	144,623	144,630	3,370
L	Energy Efficiency	1,888,650	0	1,476,980	740,916	876,980	600,000
L	Social Housing Decarbonisation Fund	0	0	1,235,010	113,027	1,235,010	0
M	Structural Surveys	100,000	0	100,000	380	18,000	82,000
N	Independent Living Area Upgrades	116,950	0	116,950	0	116,950	0
O	Cycle Storage	30,000	0	30,000	0	30,000	0
P	Alleyways HRA	105,000	0	105,000	14,568	14,000	91,000
	Total (HRA & GF Capital Programme)	24,058,970	1,666,990	26,549,300	11,454,552	16,632,200	9,917,100

Table 5: Housing Capital Programme

4.4 The following works were undertaken or completed by the end of Quarter 3 2022/23.

4.5 Replacement Programmes (Ref A) – £137k ADVERSE VARIANCE

4.5.1 Rates for materials have increased significantly, partially offset by capitalised staff costs.

- Kitchen renewals: 23 completed on programme, 108 completed on voids programme. Further 28 either pending or in progress on planned programme
- Bathroom renewals: 94 on voids programme. Further 8 in progress on planned programme
- Windows and door renewals: 70 properties completed, 16 properties either in progress or pending on current programme
- Roofing: 37 properties completed, 17 properties and 1 block is either in progress or pending in current programme.
- Electrical tests: 603 properties completed, 626 either in progress or pending in current programme
- Electrical tests: 21 blocks completed, 31 either in progress or pending in current programme

4.6 Improvement Programmes (Ref B) – £265k FAVOURABLE VARIANCE

4.6.1 Reactive boiler works have been below expected levels due to improved boiler programmed work in previous years. This coupled with some work being carried out under energy & sustainability and less work carried out on communal areas has resulted in a favourable variance of £265k. Work to be carried out includes flooring at Ebbsfleet Walk and Carl Ekman House, and Carl Ekman House entrance improvements.

- Central heating systems/boilers installations:
 - 167 completed on programme, 8 either in progress or pending in current programme
 - 12 boilers installed on re-active (boilers not on a planned programme, but broken down and beyond economically repair or unable to repair to repair), £25k forecast for remaining reactive spend
- Major refurbishments: 9 properties completed
- Aids & Adaptions works:
 - Wet room installations: 35 completed, 13 either in progress or pending in current programme
 - Over bath showers: 4 completed 11 either in progress or pending in current programme

- Domestic stair lifts installations: 22 completed, 7 either in progress or pending in current programme

4.7 Health & Safety Works (Ref C) – £393k FAVOURABLE VARIANCE

4.7.1 Lift replacement work that will not be completed in the current financial year will result in an underspend on this heading.

- Fire detection installations in general let properties: 92 completed, 1,663 either in progress or pending in current programme
- Fire detection installations in sheltered properties: 62 completed, 57 either in progress or pending in current programme
- Upgrades to door entry systems: 14 sites completed, works either in progress or planned to:
 - Upgrade door entry systems at 2 further sites
 - Digital switchover at 14 sheltered sites
- LED Emergency lighting upgrades carried out at 4 blocks
- Fire rated front door replacements to flats: 337 installed, 61 either in progress or pending in current programme
- Carl Ekman works in progress to upgrade balconies to meet current standards

4.8 Major Void Works (Ref D) - £500k ADVERSE VARIANCE

4.8.1 Due to the increase in inflation, costs are rising beyond what has been budgeted for. This coupled with the expected continuation in increases in major voids needing extensive work will lead to an overspend on major works. This adverse variance at this level can be offset by savings generated on the replacement and Improvement programmes.

4.9 New Build and Acquisitions (Ref E) – £9m FAVOURABLE VARIANCE

4.9.1 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.

4.9.2 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.

4.9.3 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 170. 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	116
Under Construction	54
Planning Permission Granted	0
In Planning	46
Feasibility/Concept Design	8
Total Number of HRA Properties	224
Investment Partnership Feasibilities (Tenure TBC)	412

Table 6: New Build Delivery

4.9.4 The following is the reported position at the end of Quarter 3:

- 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. Retention being withheld until latent defect works have been completed and an end of defects inspection has been carried out.
- St Patrick’s Gardens (Bishops Court) – Completed 14 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. In defects liability period until March 2023.
- Valley Drive (340/Mariner Court) – Works continuing on site with completion of phase 1 expected February 2023, and phase 2, April 2023. Phase 1 will deliver 15 x 1 bed & 2 bed apartments for general needs and 1 x 3 bed wheelchair dwelling. The phase 2 will deliver 32 x 1 bed apartments for over 55’s including x4 wheelchair compliant homes.
- Constable Road / Rembrandt Drive– Properties completed 30 May 2022. Terrace of 6 x 1 bed bungalows and 1 x 1 bed wheelchair compliant bungalow. The new play area completed July 2022; scheme in defects liability period until May 2023.
- Armoury Drive – The former Milton Barracks site is currently under construction and comprises of 2 x 1 bed detached bungalows and 4 x 2 bed apartments. Works have been delayed on-site due to the discovery of a below ground chamber, increasing the cost of the development progressing, and officers have been working with the contractor to agree a mutually acceptable way forward. A revised programme has been issued with completion expected March 2024.
- St Columba’s Close – This scheme will 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 was undertaken, and a planning application was submitted on 27 October 2022, and is due to be at Planning Committee in February 2023.
- Worcester Close - The proposed scheme for this site consists of 4 x 1 bed and 4 x 2 bed flats. Following a public consultation event in November 2022, the scheme is undergoing some redesign shaped by the feedback received at the public consultation. A planning application for this development will be submitted in February 2023.

4.9.5 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 2022, 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.

4.9.6 Table 7 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 70% 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					
Q1	351,150	819,350	1,170,500	24,189,120	30-Jun-22
Q2	296,150	691,020	987,170	25,176,290	30-Sep-22
Q3	730,460	1,704,420	2,434,880	27,611,170	31-Dec-22
Q4	433,800	1,012,210	1,446,010	29,057,180	01-Jan-23
2018-19					
Q1	694,160	1,619,710	2,313,870	31,371,040	30-Jun-23
Q2	484,630	1,130,800	1,615,430	32,986,460	30-Sep-23
Q3	379,770	886,130	1,265,900	34,252,360	31-Dec-23
Q4	238,610	556,760	795,370	35,047,730	31-Mar-24
2019-20					
Q1	383,470	894,760	1,278,230	36,325,960	30-Jun-24
Q2	1,382,090	3,224,880	4,606,970	40,932,930	30-Sep-24
Q3	544,030	1,269,400	1,813,430	42,746,360	31-Dec-24
Q4	559,730	1,306,040	1,865,770	44,612,130	31-Mar-25
2020-21					
Q1	474,550	1,107,280	1,581,830	46,193,960	30-Jun-25
Q2	39,580	92,350	131,930	46,325,890	30-Sep-25
Q3	400,460	934,410	1,334,870	47,660,760	31-Dec-25
Q4	560,850	1,308,650	1,869,500	49,530,260	31-Mar-26
2021-22					
Q1-Q4	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 7: New Build

4.10 Housing Computer System (Ref F) – NIL VARIANCE

4.10.1 The new housing system went live on 12 September. The first phase focused on Income and Housing Management and enables Housing Staff to streamline the arrears process, with staff only having to use one system as opposed to several. We are now in the second phase and are focussing on asset management, leasehold management, an improved digital offering for our residents and Business Process Mapping (BPM) training is due w/c 16 January so that more of what the Independent Living Officers do can be done directly on the system. This training will give the ability to design and build processes that will make the job of Housing staff easier and provide a more efficient service to tenants. It will also remove the need for paperwork to be carried out on estates, contributing to the green agenda and also reducing any possibility of GDPR breaches.

4.10.2 Further updates will be provided in future reports.

4.11 Replacement Playground Equipment (Ref G) £102k FAVOURABLE

4.11.1 Carl Ekman house consultation has concluded, and a new multi-use games area will be delivered during Quarter 4. Extra play equipment at Fountain Walk will also be delivered in Quarter 4. No further spend is anticipated in this financial year.

4.12 Bin Housing (Ref H) – £14k FAVOURABLE VARIANCE

4.12.1 To support the Council's Climate Action Plan and to work with council tenants to improve recycling rates across the Borough, a survey of all bin areas has been undertaken taking into account ease of disposing of waste, recycling and fly tipping issues to ensure the best use of capital budget. New bin housing at Forder House has been provided in Quarter 3. No further spend is anticipated in 2022/23.

4.13 CCTV (Ref I) – £16k FAVOURABLE VARIANCE

4.13.1 Following the introduction of monitored CCTV last financial year, work has been undertaken to look at priorities to be delivered during the rest of the financial year, considering new schemes and cameras which may need to be upgraded. Additional cameras are being installed at Bishops Court and Wallis Park in January 2023. No further spend is anticipated in this financial year.

4.14 Fire Doors (Ref J) – NIL VARIANCE

4.14.1 The HRA is currently in its second year of replacing all of the flat entrance fire doors to ensure they meet the latest fire safety standards. The programme for year two includes 337 new doors to the Independent Living schemes.

4.15 LAD2 Grant (Ref K) - £3k FAVOURABLE VARIANCE

4.15.1 The Department for Business, Energy and Industrial Strategy (BEIS) has awarded grant funding of £297,000 towards the cost of insulating approx. 100 homes within the Council's housing stock. The council is contributing a further £148,000 towards the project. Total spend by GBC is below the level initially anticipated.

4.15.2 As part of the council's Climate Change Strategy with the use of the above mentioned external funding & GBC contributions, work on 92 properties were carried out in 2022/23 as part of the LAD2 scheme. This included loft and cavity wall insulations, ground and air source heat pumps and solar panels. All works were completed by the end of September 2022.

4.16 Energy Efficiency (Ref L) – £600k FAVOURABLE VARIANCE

4.16.1 The pipeline of energy efficiency projects has been reviewed and the decision has been made to focus on the Government-funded fabric measures for the rest of the financial year, meaning some projects have been put on hold.

4.16.2 The following projects have been initiated, and a number of surveys and feasibility studies are in progress:

- Ground Source Heat Pump: works in progress at Merston and Hermitage works pending at Springvale Court
- Solar Panels installation: works in progress at Carl Ekman and Chantry Court
- Vehicle charger: works completed to install a vehicle charger at Bishops Court and Carl Ekman

4.16.3 Property specific energy efficiency measures

- 95 St Gregory's Crescent – solar panels, air source heat pump
- 6 Haysmead – solar panel, air source heat pump

4.16.4 Social Housing Decarbonisation Works:

- Programme heavily focused on cavity and loft insulations with a contract in place for:
 - Loft insulations: 204 Completed, further 146 in progress or pending
 - Cavity Wall: 49 completed, further 161 in progress or pending

4.17 **Structural Surveys (Ref M) – £82k FAVOURABLE VARIANCE**

4.17.1 A programme of 50 blocks has been identified for this financial year and we are currently halfway through the programme. The undertaking of planned structural surveys allows for any defects that are identified to be dealt with at an early stage. To date 29 surveys have been completed, with no required remedial work identified. The remaining programme has been moved to 2023-24 due to resourcing issues.

4.18 **Independent Living Area Upgrades (Ref N) – NIL VARIANCE**

4.18.1 The Independent Living team is currently in the process of putting together a programme of works in conjunction with the Planned Work team for this capital scheme, which will commence later in the financial year once the replacement fire doors have been completed. The focus of the programme is to provide modern, comfortable facilities for the residents to enjoy.

4.19 **Cycle Storage (Ref O) – NIL VARIANCE**

4.19.1 To support the council's Climate Action Plan and work with council tenants to promote active travel options, cycle storage will be installed on some of our estates, starting with St Patricks Gardens.

4.20 **Alleyways HRA (Ref P) – £91k FAVOURABLE VARIANCE**

4.20.1 Housing Management are working closely with Waste Management on a plan for the priority areas to be delivered this financial year. A number of council-owned alleyways have been cleared including Haynes Road, which has allowed vehicular access for local residents and a gate has been installed to stop unauthorised access. After a review of the activity in the Alleyways programme, some of the expenditure is now being treated as revenue cost.

5 **Capital Resources**

5.1 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 01/04/2022 £	Actual Income 2022/23 £	Forecast Use of Funding 2022/23 £	Final Balance 31/03/2023 £
Capital Receipts - HRA	(1,381,770)	(224,920)	1,047,850	(558,840)
Capital Receipts - GF Housing	(135,390)	0	0	(135,390)
Capital Receipts - PV Panels	(3,573,000)	0	0	(3,573,000)
Major Repairs Reserve - Dwellings	(453,950)	(5,071,750)	4,590,620	(935,080)
Major Repairs Reserve - Non Dwellings	(69,700)	(188,540)	258,240	0
New Build Reserve: 1-4-1 Receipts	(6,582,820)	(4,381,830)	1,635,180	(9,329,470)
Right to Buy Allowable Debt Reserve	0	(1,637,450)	898,330	(739,120)
Social Housing Decarbonisation Grant	0	(823,340)	823,340	0
Meopham Police Station (s106)	(24,500)	0	24,500	0
Total	(12,221,130)	(12,327,830)	9,278,060	(15,270,900)

Table 8: HRA and General Fund Housing Capital Resources 2022/23

6 HRA Business Planning

- 6.1 The HRA Business Plan is reviewed on an ongoing basis in order to take into account longer-term assumptions around inflation rates, central government grants and energy prices, together with building in all known variances to the budget resulting from Management Team and Cabinet decisions.
- 6.2 The HRA Business Plan reflects the current and future financial spend profiles identified in the recent Stock Condition Survey. It also reflects future forecasts of the New Build Programme beyond the existing three-year scheme based on the current assumption on the number of Council Houses sold per annum.
- 6.3 The latest version of the HRA Business Plans for revenue and capital are attached to this report at Appendices one and two.
- 6.4 The current version of the HRA Business Plan reflects the assumption that there will be an increase in the number of properties sold under the Right to Buy scheme compared to the budgeted assumption of 20 per annum. Inflationary increases year on year have also been reviewed to reflect the current challenging economic conditions and supply chain issues.
- 6.5 Officers will continue to work on the Business Plan in conjunction with colleagues in Housing to review and assess the impact of other base assumptions within the model.

7 Wider Unbudgeted Risks to the HRA

- 7.1 The council continues to work within a very challenging and uncertain financial environment compounded by the cost-of-living crisis, which has seen unprecedented rises in everyday costs in recent months. This continued uncertainty makes financial planning far more challenging than previously.
- 7.2 It has recently been announced that inflation surged to 10.1% at the end of September and is expected to climb further, with the Bank of England estimating that inflation could reach 11% by the end of October. The resulting impact of high inflation will put extra pressure on the Bank of England to increase interest rates which will increase the cost of borrowing and add to the challenges on the council's finances.
- 7.3 A "Risks and Financial Pressures" paper was presented to Cabinet on 3 October 2022, updating Members on the financial challenges facing the Council from the

current economic situation, which still remain. A link to the paper is here: [Agenda for Cabinet on Monday, 3 October 2022, 7.30 pm – Gravesham Borough Council](#)

Appendices

The following documents are to be published with the report:

- Appendix One - Revenue Business Plan
- Appendix Two - Capital Business Plan

Background Documents

There are no background documents.

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Secondary Implications	
Risk Assessment	The purpose of this report is to demonstrate financial performance as at 30 December against the original budget set for the 2022/23 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.