

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Report for Cabinet
Report for Finance and Audit Committee

Date: 26 June 2023 / 18 July 2023

Reporting officer: Assistant Director (Corporate Services)

Subject: Housing Revenue Account Provisional Outturn 2022/23

Purpose and summary of report:

To present:

- The 2022/23 provisional Housing Revenue Account Outturn, including movements in the Housing Revenue Account working balances and General Reserve.
- To present the 2022/23 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 2022/23 financial year and complements the 2022/23 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 with a contribution of £1.025m to reserves to fund future revenue and/or capital expenditure. This is a significant movement from the forecast outturn reported in previous monitoring reports and whilst this is a positive year end position, it is important to understand that whilst Housing Officers have worked hard to prioritise spend, where possible, this has been largely driven by finance year end accounting transactions. This is explained further below.
- 2.2 External borrowing was based on Q3 forecasts and as capital outturns were significantly lower, all additional borrowing was applied to the HRA capital scheme, resulting in the HRA benefiting from some cheaper borrowing. This has meant that the use of the Major Repairs Reserve (MRR) to finance the HRA capital programme along with use of a Revenue Contribution to Capital (RCCO) (which was expected to be in the region of £1.5m at Q3) was minimal. This is a one-off saving and is unlikely to be repeated as additional RCCO's and the carry forward MRR will be used to finance the capital programme in 2023/24, reversing the action taken in 2022/23.
- 2.3 The above action, coupled with a review of the depreciation policy at the start of 2022/23 resulted in an in year saving of almost £1.7m, led to accounting adjustment savings of £2.289m being generated.
- 2.4 There was still, however, an overspend on delivering the HRA service of £940k, with revenue repairs and maintenance costs adversely impacted by the cost of materials, supply chain issues and labour shortages and a shortfall in rental income due a net decrease in the number of properties within the HRA during the year. This overspend demonstrates the continued difficulties Officers face in delivering the service to tenants. Finance Officers will continue to work closely with the Director (Housing) and Housing Officers on work streams which will ensure the ongoing financial viability of the service.

- 2.5 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 increase in the General HRA Reserves of £1.025m, with the level of reserves being £729k at start of year and projected to be £1.7m at year-end.
- 2.6 The significant risks to the HRA's financial position remain. These risks were reported in a separate report to Cabinet on 30 May 2022.

Housing Capital

- 2.7 The Housing Capital Programme working budget was £26.9m, with outturn showing at £13.8m. Capital budgets totalling £1.6m were carried forward into 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 Table 1 below sets out the provisional year end position for the Housing Revenue Account (HRA) against the original budget.

Description	Original Budget 2022/23 (£)	Outturn 2022/23 (£)	Variation (£)
Supervision and Management	7,386,750	7,232,320	(154,430)
Repairs and Maintenance	7,832,530	8,546,430	713,900
Depreciation	6,965,120	5,254,780	(1,710,340)
Intensive Management Fund - Expenditure	434,890	405,420	(29,470)
Capital Finance	8,206,410	7,748,580	(457,830)
Sub Total Expenditure	30,825,700	29,187,530	(1,638,170)
Rents of Dwellings	(27,955,300)	(27,439,780)	515,520
Other Rental Income	(7,550)	(308,330)	(300,780)
Service Charges	(1,911,500)	(1,788,200)	123,300
Non Dwelling Income	(119,820)	(110,550)	9,270
Intensive Management Fund - Income	(434,890)	(474,310)	(39,420)
Other Income	(72,620)	(91,380)	(18,760)
Sub Total Income	(30,501,680)	(30,212,550)	289,130
Contributions to/(from) reserves	(324,020)	1,025,020	(1,349,040)
Net Surplus/Deficit	0	0	0

Table 1: Housing Revenue Account 2022/23

- 3.1.2 As at 31 March 2023, there was a favourable variance against the original budget of £1.025m. As mentioned above, this has been generated by savings on depreciation, capital financing and an increase in non-rental income. However, overspends on responsive repairs and a shortfall in rental income have reduced the favourable variances to produce the outturn position.
- 3.1.3 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	

3.2 SUPERVISION & MANAGEMENT – £154K FAVOURABLE VARIANCE

- 3.2.1 **Vacancy Management: £223k Favourable variance** – the HRA staffing budget for 2022/23 incorporated a vacancy allowance of £100k for the year. It was anticipated that this would be achieved throughout the establishment from natural staff turnover within day-to-day business activities. Despite the pay award which was higher than had been budgeted, and the need to engage temporary staff to cover the vacant Assistant Director post, overall actual staff spend was £223k lower than budget. This was due to the high number of vacancies within Housing and difficulty in recruiting to posts.
- 3.2.2 **Disrepairs Claims: £86k Adverse variance** – The Council has seen an increase in the number of no win no fee disrepair claims being submitted resulting in a total cost of £106k in the year. Whilst the total claim values are relatively small and only account for a combined value of £25k, the fees charged by the solicitors dealing with these claims' accounts for £74k of the total spend. Housing Officers regularly remind tenants to report disrepair issues in order that the problems can be rectified to minimise the potential for claims arising and Legal Services challenge costs where possible when claims are received.
- 3.2.3 **Subscriptions to Organisations: £27k Adverse variance** - The unexpected increase in the Housing Ombudsman fees has resulted in an overspend on this heading.
- 3.2.4 **Pest Control: £16k Adverse variance** – Recent changes in legislation have put more responsibility onto the Landlord for controlling vermin and reduced the onus on tenants to deal with pest control.
- 3.2.5 **Third party Software: £93k Favourable variance** – The introduction of the new housing management system has allowed the service to rationalise third party software historically used by the service, as the new system has enhanced capabilities that negate the need for other systems. For example, one standalone system used by the service for a number of years had an annual licence fee of £50k, but this is no longer needed as the new system already has the same functionality, if not more.

- 3.2.6 **Community Wardens Security Patrol: £79k Favourable Variance** – The installation of new security doors has reduced the requirement for security patrols.
- 3.2.7 **IT Equipment: £31k Favourable variance** – The budget provision included a provision for the purchase of new iPads, however these costs were capitalised as part of the Housing Computer Systems capital scheme.
- 3.2.8 **New Build Preliminary Costs: £40k 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 2022/23 there is a net adverse impact of £40k. Once work is started on site, these costs can then be capitalised at a later date.
- 3.2.9 **HRA Sundry Debt Impairment Provision: £137k Adverse variance** – Following analysis of the year-end provision for HRA sundry debt position, an increase in the provision for bad debts is required in 2022/23. The net impact is an adverse variance of £137k.
- 3.2.10 **Audit Fees: £15k Adverse variance** – audit fee scales have been revised and therefore the main audit fee has increased and this is HRA share
- 3.2.11 **Insurance Recharge: £22k Favourable variance** – Due to the recent insurance retendering exercise, the overall cost of insurance for the Council was reduced, resulting in a saving for the HRA.
- 3.2.12 **Wrotham Road £16k: Adverse variance** – Expenditure for Wrotham Road is offset by a contribution from the General Fund as shown in paragraph 3.7.
- 3.2.13 **Costs Recovered £49k: Favourable variance** – Recharging tenants for the costs of unexpected works such as lock changes and replacement fobs plus and underspend on staff budget required to carry out the works has resulted in an underspend on this service. The amount of court costs that have been received has also been greater than expected.
- 3.2.14 **Other Net Variances: £6k Adverse variance** - there are a number of smaller adverse and favourable variances within the Supervision and Management budget which collectively have resulted in a £6k adverse variance.

3.3 REPAIRS & MAINTENANCE - £714K ADVERSE VARIANCE

- 3.3.1 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 £714k was spent on consumable materials and payments to contractors during the year to provide the responsive repairs service to Council tenants.
- 3.3.2 **Drainage: £199k Adverse variance** - Due to an unprecedented level of work that was required to be carried out such as blocked drains and the repair of pipes, which could not be capitalised, has resulted in an overspend on this budget heading.

- 3.3.3 **Repairs Consumable Materials: £244k Adverse variance** - Due to the current high levels of inflation, which was not known at the time of budget setting, coupled with other difficult external market conditions has resulted in the purchase of materials being more expensive than anticipated. This has been difficult to mitigate and has resulted in an adverse variance of £244k.
- 3.3.4 **Repairs Payments to Contractors: £1m Adverse variance** - Difficult market conditions has made using contractors more expensive. There has been both an increase in material costs, coupled with a shortage of labour, both outside the Councils control. The high level of void properties requiring repairs has exacerbated the overspend coupled with the high level of staff vacancies within this service has meant an over reliance on expensive contractors. This has resulted in external contractors passing the increased costs onto the HRA.
- 3.3.5 **Hire Vehicles and Plant: £135k Adverse variance** - Budget provision for 2022/23 was based on previous years activity. However there has been an increase in the yearly spend for 22/23 resulting in more expenditure than anticipated. This has been taken into account during the 2023/24 budget setting process.
- 3.3.6 **Gas Servicing and Maintenance: £110k Favourable variance** - Due to low spend on CO alarm replacements, TOTs and non-contractual repairs. Scheduled replacement of gas carcass at Springvale court not commenced and the heating to be replaced with a non-gas alternative have resulted in a favourable underspend.
- 3.3.7 **Fire Door Inspections: £73k Favourable variance** - Some of the work on fire doors will now be carried out in 2023/24 which has resulted in a favourable variance in 2022/23.
- 3.3.8 **Rear Accessways: £52k Favourable variance** – Of the 10 alleyway sites identified, a total of eight HRA alleys were cleared as part of the project. Two of these alleys involved major clearances which were at Haynes Road that included gating the alley and the clearance of vegetation in the alley between Taunton Vale and St Albans Close. Two site were removed from the programme in year due to the budgetary pressures on the HRA as reported to Cabinet in the 2022/23 Quarter 2 update.
- 3.3.9 **Aids & Adaptations: £46k Favourable variance** - The budget for 2022/23 was based on previous years provision. Activity on this line was less than previous years and has resulted in an underspend.
- 3.3.10 **Recharges to Capital: £606k Favourable variance** - Increase in the cost of materials and the difficulties in the labour market have led to an increase in the costs being recharged to capital.
- 3.3.11 **Other net variances: £23k Adverse variance** - there are a number of smaller adverse and favourable variances within the Repairs and Maintenance budget which collectively have resulted in a £23k adverse variance.

3.4 DEPRECIATION - £1.7M FAVOURBALE 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 (£8.6m in 2021/22 compared to £6.7m in 2020/21). The depreciation charge credits the

Major Repairs Reserve (MRR), 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, which includes the cost of repairing and maintaining the Council's Housing stock.

- 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.

3.5 INTENSIVE MANAGEMENT FUND (EXPENDITURE) - £29K FAVOURABLE VARIANCE

- 3.5.1 **Intensive Management: £29k Favourable variance** – At the time of setting the budget, assumptions were made as to the level of income that would be generated. However, during the year it became apparent these assumptions had been cautious and as a result more income was generated, resulting in a favourable variance.

3.6 CAPITAL FINANCING - £458K FAVOURABLE VARIANCE

- 3.6.1 **Revenue Contribution to Capital: £427k Favourable variance** – The original budget included a provision to utilise £427k from the HRA general reserve as well as a revenue contribution to capital. At Q3, the Revenue Contribution to Capital (RCCO) was expected to increase to £1.5m to meet the shortfall in the Major Repairs Reserve following the change in the depreciation policy. However, due to additional external borrowing being used to finance the capital programme, an RCCO at this level was not required and therefore it has resulted in a favourable variance.
- 3.6.2 **Interest: £31k 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, this has increased the amount of interest received and therefore the HRA's share has increased.

3.7 RENTS ON DWELLINGS - £515k ADVERSE VARIANCE

- 3.7.1 **Rents on Dwellings: £569k Adverse variance** – Several factors have combined to result in a net adverse variance on rental income of £515k, despite void losses being less than anticipated at budget setting. At budget setting there was an assumption that the number of HRA dwellings would increase during 2022/23 by 24. However, due to the reasons detailed below there was actually a net reduction of 23, which is an overall negative movement of 47.
- 3.7.2 Due to the impact of Covid-19 on the delivery of the New Build programme in previous years, there were less HRA dwellings at the start of the year than had been expected at the time of setting the budget and this has had a negative impact on rental income in 2022/23. This will continue to affect rental income in future years and officers are currently assessing the impact on 2023/24 compared to budget.

- 3.7.3 The Council intended to purchase 9 properties from the market, this did not go ahead as planned in order to reduce the need for external borrowing in the wake of the interest rate rises. This then resulted in a loss of budgeted rental income.
- 3.7.4 A total of 39 properties were sold under the Right to Buy scheme, over and above the 20 assumed in the budget setting. Therefore, this has also had an adverse impact on the rental income.
- 3.7.5 **Provision of Doubtful Debts: £38k Favourable variance** – Analysis of the age of outstanding debt as at 31 March 2023, meant that an in-year provision of £264k was required to account for doubtful debts, which was £38k lower than anticipated.
- 3.7.6 **Rent for Wrotham Road: £16k Favourable variance** – This was received from the General Fund as a contribution for the running of Wrotham Road, which provides temporary accommodation. This was not budgeted resulting in a favourable variance. The costs of Wrotham Road are borne elsewhere in the HRA and this income will offset them (see 3.11.2).
- 3.8 OTHER RENTAL INCOME - £301K FAVOURABLE VARIANCE**
- 3.8.1 **Other Rental Income: £301k Favourable variance** – The Council received two grants in year that had not been budgeted: LAD2 £186k and Social Housing Decarbonisation Fund £116k which have been used to finance amongst corresponding schemes in the capital programme.
- 3.9 SERVICE CHARGES – £123k ADVERSE VARIANCE**
- 3.9.1 **Leaseholder Charges: £123k Adverse variance** - This is an accounting adjustment between capital and revenue expenditure that is offset by the underspend in capital financing (see section 3.6 capital financing).
- 3.10 NON-DWELLING INCOME - £9K ADVERSE VARIANCE**
- 3.10.1 **Commercial Rent: £16k Favourable variance** – a favourable variance is due to the increased rental income received for the hire of space for telecommunications masts on HRA land.
- 3.10.2 **Garage Rent: £33k Adverse variance** – this is a result of a reduction in year of the number of units available to rent plus an increase in non-payment has reduced the potential income from garages and resulted in an adverse variance in 2022/23 of £33k.
- 3.10.3 **Other Net Variances: £8k Favourable variance** there are a number of smaller adverse and favourable variances within the Non-Dwelling Income budget which collectively have resulted in a £8k favourable variance.
- 3.11 INTENSIVE MANAGEMENT FUND (INCOME) - £39K FAVOURABLE VARIANCE**
- 3.11.1 **Intensive Management Fund: £39k Favourable variance** – The budget was set using previous years activity. The in-year support charge income was subsequently greater than expected. This has been taken into account in the budget setting process for 23/24.
- 3.12 OTHER INCOME – £19k FAVOURABLE VARIANCE**

3.12.1 **Investment Income on Internal Balances: £39k Favourable variance** – Higher interest rates have resulted in a greater than expected return on investments.

3.12.2 **Other Income: £20k Adverse variance** – Demand for rent of facilities has reduced and therefore has not matched budgeted income.

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 2021/22	3,000,000
Provisional Outturn position 2022/23	1,025,030
Forecast working balances C/Fwd including minimum HRA Working Balance	4,025,030
Less: Transfer to HRA General Reserve (Revenue)	(1,025,030)
Usable Working Balances C/fwd (as at 31 March 2023)	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 the HRA general reserve 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)	(1,025,030)	0	(1,754,310)
Total	(729,280)	(1,025,030)	0	(1,754,310)

Table 3: Analysis of Specific Reserves – HRA

4. HOUSING CAPITAL PROGRAMME

4.1 The Housing Capital programme working budget for 2022/23 was £26.9m. This budget includes £1.6m that was carried forward from 2021/22.

4.2 The HRA capital schemes continued to focus on maintaining the minimum decent homes standard for the Council's stock in 2022/23, with £6,515,190 earmarked for this purpose within the Replacement, Improvement, Health & Safety Works and Major Void Works Programmes. A further £250,000 has been set aside to deal with the refurbishment of major void properties. The council also continues its commitment to build new homes with £14,734,120 allocated for this purpose.

4.3 As at the end of March 2023, £13.8m had been spent against the capital schemes detailed below.

HOUSING CAPITAL PROGRAMME									
Ref No:	Project	2022/23 Original Budget (£)	2022/23 Approved Cfwd (£)	2022/23 Working Budget (£)	Final Outturn (£)	Variance (£)	CFwd	2023-24 Approved Budget	2023-24 Original Budget inc Cfwd
A	Replacement Programmes	3,368,290	286,630	3,654,920	3,560,530	94,390	0	3,892,500	3,892,500
B	Improvement Programmes	1,921,870	101,570	2,023,440	1,626,560	396,880	175,400	1,373,930	1,549,330
C	Health & Safety Works	801,190	35,640	836,830	405,080	431,750	80,200	1,997,000	2,077,200
D	Major Void Works	250,000	0	250,000	690,780	(440,780)	0	0	0
E	New Build & Acquisitions	13,863,470	870,650	14,734,120	4,907,040	9,827,080	447,000	11,231,130	11,678,130
F	Housing Computer Systems	600,000	(10,160)	589,840	306,360	283,480	283,480	0	283,480
G	Replacement Play Equipment	127,500	0	127,500	101,830	25,670	0	0	0
H	Bin Housing	49,470	120	49,590	35,670	13,920	0	0	0
I	CCTV	30,000	19,620	49,620	17,790	31,830	0	0	0
J	Fire Doors	806,580	214,920	1,021,500	969,330	52,170	47,000	0	47,000
K	LAD2 Grant	0	148,000	148,000	144,620	3,380	0	0	0
L	Energy Efficiency	1,888,650	0	1,888,650	752,060	1,136,590	114,550	2,000,000	2,114,550
M	Social Housing Decarbonisation Fund	1,235,000	0	1,235,000	274,920	960,080	960,080	0	960,080
N	Structural Surveys	100,000	0	100,000	16,480	83,520	0	100,000	100,000
O	Independent Living Area Upgrades	116,950	0	116,950	18,200	98,750	94,730	0	94,730
P	Cycle Storage	30,000	0	30,000	0	30,000	0	0	0
Q	Alleyways HRA	105,000	0	105,000	14,420	90,580	0	0	0
	Total (HRA & GF Capital Programme)	25,293,970	1,666,990	26,960,960	13,841,670	13,119,290	2,202,440	20,594,560	22,797,000

Table 4: Housing Capital Programme 2022/23

4.4 The following works were undertaken or completed by the end of Quarter 4 2022/23:

4.5 Replacement Programmes (Ref A) – Favourable Variance £94k

- Kitchen renewals: 68 completed
- Bathroom renewals: 25 completed

4.6 Improvement Programmes (Ref B) – Favourable Variance £397k

- Central heating systems/boilers installations: 193 completed

4.7 Health & Safety Works (Ref C) – Favourable Variance £432k

- Fire detection installations in all properties: 141 completed
- Upgrades to door entry systems: 13 blocks
- Passenger lift refurbishment: No refurbishment carried out.
- LED Emergency lighting upgrades carried out at 16 blocks.

4.8 Major Void Works (Ref D) – Adverse Variance £441k

4.8.1 Additional capitalisation of repairs and maintenance costs has contributed to the overspend.

4.9 New Build (Ref E) – Favourable Variance £9.8m

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 Feasibility (Tenure TBC)	412

Table 5: New Build Delivery

- 4.9.4 The following is the reported position at the end of Quarter 4
- 4.9.5 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. The scheme is out of defects but a latent defect to the external walkway has meant that the final retention is being withheld until all repairs are complete and a final inspection of the scheme is carried out.
- 4.9.6 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. EOD expired in March 2023 and inspections have been carried out and remedial works are almost complete. On completion of these works and receipt of tenant satisfaction forms, the final retention will be released. In addition, flats 1, 2 & 3 have been affected by water damage and the contractor is currently on site undertaking rectification works.
- 4.9.7 Valley Drive (340/Mariner Court) – Block B – Flats 1-16, 340 Valley Drive, Gravesend, Kent DA12 5FL completed 28th February 2023 and now in defects. Works continue to Block A – Flats 1-32 Mariner Court, 338 Valley Drive, Gravesend, Kent DA12 5FN with an expected completion of June 2023.
- 4.9.8 Constable Road/Rembrandt Drive – Completed 30th May 2022 with End of Defect inspections scheduled for Friday 2nd June 2023.
- 4.9.9 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 with an expected completion of February 2024.
- 4.9.10 St Columba’s Close – This scheme will comprise of 15 x 1 bed and 19 x 2 bed apartments, 4 x 3 bed houses and 2 x 4 bed houses with general improvements to the public realm and existing blocks of flats. Community engagement was undertaken, and final planning permission granted on 6th April 2023. Consultants now preparing the scheme for Invitation to Tender.
- 4.9.11 Worcester Close - The proposed scheme for this site consists of 4 x 1 bed and 4 x 2 bed flats. A planning application was submitted for consideration in A planning application for this development was submitted in February 2023 with an estimated planning committee date, where the application will be considered, of June 14th 2023. 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.

4.9.12 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
2022-23	4,265,120	6,397,680	10,662,800	67,873,691	31-Mar-28
	22,196,440	45,677,250	67,873,690		

Table 6: New Build

4.10 Housing Computer System (Ref F) Favourable Variance £283k

4.11 The new housing system went live on 12 September. The first phase focused on Income and Housing Management and enables Housing Officers to streamline the arrears process, with Officers only having to use one system as opposed to several. As at 31 March the project was in the second phase, focussing on asset management, leasehold management, repairs integration and an improved digital offering for our residents. This provides a more efficient service to tenants and removes the need for paperwork to be carried out on estates, contributing to the green agenda and also reducing any possibility of GDPR breaches. The next phase will be to launch HomeSwapper, a service that is free for our tenants to use if they are interested in a mutual exchange. Both the digital portal and the HomeSwapper access will be advertised in the next edition of Your Home. Officers are also looking at a Customer Relationship Management (CRM) process to better manage contact and workflows within the teams, to allow seamless movement of activity between officers. Work continues on reporting capability and Officers are looking at dashboards to better manage workloads, ultimately, improving the service delivered to tenants.

4.12 Replacement Playground Equipment (Ref G) – Favourable Variance £26k

4.12.1 Consultation was completed for the playground at Carl Ekman House and equipment was purchased and installed. The playground at Fountain Walk was also improved with the addition of further equipment.

4.13 Bin Housing (Ref H) – Favourable Variance £14k

4.13.1 Due to the pressure on the HRA budget, the decision was taken to not progress any further schemes during the financial year.

4.14 CCTV (Ref I) – Favourable Variance £32k

4.14.1 No further CCTV upgrades were identified during the financial year.

4.15 Fire Doors (Ref J) - Favourable Variance £52k

4.15.1 The fire doors at Chichester Rise referred to the 23/24 schedule due to the lack of funds to complete the scheme in full.

4.16 Energy Efficiency (Ref L) - Favourable Variance £1.1m

4.16.1 The following elements have been delivered as part of this capital scheme during the year

- Installation of ground source heat pumps (GSHP's) to 16 flats and the communal area at Merston Court and Hermitage Road.
- Completion of 5 Net Zero homes consisting of air source heat pumps(ASHP's), Solar panels and loft and cavity wall insulation.
- Installation of solar panels and battery storage at Carl Ekman House and Chantry Court to power the communal electricity supply.
- Installation of Electric Vehicle charge points at Carl Ekman House and Bishops Court.

4.16.2 block had been identified for the installation of GSHP's due to the age of the boilers and the need to upgrade the gas pipework. Due to some delay with finalising the design and agreeing a suitable approach to new heating, the project was delayed resulting in a saving of £600k and has now been included within the capital programme of 23/24, with works due to start on site in June.

4.17 Social Housing Decarbonisation Fund (SHDF) (Ref M) – Favourable Variance £960k

4.17.1 The SHDF scheme received a national extension by the Department of Net Zero & Energy Security due to nationwide under delivery by the original target date of March 2023 with the Council being granted an extension until end of October 2023. As of the end of 22/23, 350 properties have been successfully surveyed and just over 200 have received insulation.

4.18 Structural Surveys (Ref N) – Favourable Variance £84k

4.18.1 The structural repair work was only carried out at blocks in the cyclical decs programme due to limited staff resources. The remaining blocks still have to be surveyed and repaired as required.

4.19 Independent Living Area Upgrades (Ref O) – Favourable Variance £99k

4.19.1 48 projects were completed under Independent Living Area Upgrades programme consisting of new furniture, redecoration, new flooring, new blinds, new washing lines, new kitchens, new bathrooms, and relocation of scheme offices. Some of the main projects completed under the scheme were

4.19.2 Refurbishment of the communal hall at Johnson Close including the installation of French doors to a newly created garden area which was previously not accessible for residents, redecoration, new blinds and new flooring.

- 4.19.3 Redecoration of the communal corridors and hall at Cleveland House.
- 4.19.4 Refurbishment of the communal hall at Racefield Close including redecoration, new flooring, new blinds and new kitchen.
- 4.20 **Cycle Storage (Ref P) – Favourable Variance £30k** – as part of the budgetary pressures identified in the 2022/23 Quarter 2 budget report, and the recognised need to make in-year savings, this initiative was paused to help mitigate those pressures.
- 4.21 **Capital Resources**
- 4.22 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 £	Use of Funding 2022/23 £	Final Balance 31/03/2023 £
Capital Receipts - HRA	(1,381,770)	(279,170)	4,510	(1,656,430)
Capital Receipts - GF Housing	(135,390)	(23,970)	0	(159,360)
Capital Receipts - PV Panels	(3,573,000)	0	0	(3,573,000)
Major Repairs Reserve - Dwellings	(457,870)	(5,040,400)	540	(5,497,730)
Major Repairs Reserve - Non Dwellings	(69,700)	(197,090)	0	(266,790)
New Build Reserve: 1-4-1 Receipts	(6,582,820)	(4,265,120)	729,490	(10,118,450)
Right to Buy Allowable Debt Reserve	0	(849,570)	2,880	(846,690)
Social Housing Decarbonisation Grant	0	(823,340)	91,640	(731,700)
Meopham Police Station (s106)	(24,500)	0	24,500	0
Total	(12,225,050)	(11,478,660)	853,560	(22,850,150)

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

5. Appendices

- 5.1 There are no appendices.

6. Background Documents

- 6.1 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 31 March 2023 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.