

**Classification:** Public

**Key Decision:** No

## Gravesham Borough Council

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

**Date:** 29<sup>th</sup> January 2024/12<sup>th</sup> February 2024

**Reporting officer:** Director (Corporate Services)

**Subject:** Housing Revenue Account Budget Monitoring Report – Quarter Three 2023/24

### Purpose and summary of the report:

To provide Members with information on actual performance against the approved Revenue and Capital budgets for 2023/24, 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:

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	<b>One Council:</b> a well-run and innovative authority, defined by its skilled and valued workforce, committed to developing its local social impact.  <b>Financial responsibility:</b> a financially sustainable authority, driven by a strong Medium Term Financial Strategy, enforced by a suite of effective financial monitoring controls.
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 2023/24 financial year for the third quarter to 31<sup>st</sup> December 2023 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 the 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 the Management Team.

## 2. EXECUTIVE SUMMARY

### HRA (Revenue)

- 2.1 At the end of Quarter Three, income and expenditure for the year remains balanced. There remains an anticipated contribution to reserves at the year's end.
- 2.2 Financial pressures experienced by the council continued into Quarter Three; a specific paper on these issues was presented to Cabinet in November 2023.
- 2.3 The level of Working Balances at year-end is 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 reserves of £500k.
- 2.4 The Original Budget for the year set out the intention to create two reserves in 2023/24. It was assumed a balance of £4.69m would be placed into a Debt Repayment Reserve which would be used to facilitate the repayment of the HRA's debt in current and future years following an exercise to review the HRA Debt position that was due to be undertaken during the year. This exercise has not been carried out due to the prevailing high interest rates and therefore instead of contributing to a debt repayment reserve, the surplus on the HRA will be utilised to repay some of the debt that is due to mature in the current year.
- 2.5 An HRA Priority Reserve has been set up in this financial year, totalling £500k. This is to be used by the HRA to fund expenditures outside of the normal activity. Managers will be able to bid for funds to finance projects subject to approval by the Director (Housing), in consultation with the Director (Corporate Services).

### Housing Capital

- 2.6 The Housing Capital programme working budget for 2023/24 is £39.507m. This budget includes £3m that was carried forward from 2022/23 and in-year adjustments. Details regarding the capital programme are shown in section 4 of this report.

### 3. HOUSING REVENUE ACCOUNT

#### Budget 2023/24

3.1 Table 1 below sets out current forecast spend against the original budget for the Housing Revenue Account (HRA), based on variances to 31 December 2023.

Description	Original Budget 2023/24 (£)	Forecast 2023/24 (£)	Variation (£)
Supervision and Management	7,805,630	7,639,130	(166,500)
Repairs and Maintenance	7,947,910	8,232,210	284,300
Depreciation	5,330,810	5,330,810	0
Intensive Management Fund - Expenditure	495,060	495,060	0
Capital Finance	6,695,640	11,279,560	4,583,920
<b>Sub Total Expenditure</b>	<b>28,275,050</b>	<b>32,976,770</b>	<b>4,701,720</b>
Rents of Dwellings	(30,608,500)	(30,620,470)	(11,970)
Other Rental Income	(7,600)	(7,600)	0
Service Charges	(2,158,190)	(2,158,190)	0
Non Dwelling Income	(124,730)	(124,730)	0
Intensive Management Fund - Income	(495,060)	(495,060)	0
Other Income	(70,720)	(70,720)	0
<b>Sub Total Income</b>	<b>(33,464,800)</b>	<b>(33,476,770)</b>	<b>(11,970)</b>
<b>Contributions to/(from) reserves</b>	<b>5,189,750</b>	<b>500,000</b>	<b>(4,689,750)</b>
<b>Net Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 1: Housing Revenue Account 2023/24

3.2 As of 31 December 2023, there is a favourable variance of £4.7m against the HRA's revenue budget for 2023/24. This is largely due to debt being repaid in the year rather than establishing a debt repayment reserve as was planned at the time of setting the budget for the year. An overspend on repairs and maintenance is netted down by savings against operative salaries. Rental income is slightly higher than originally budgeted due to a lower-than-expected number of properties sold in the year under the right-to-buy scheme.

3.3 The following items from 2022/23 were approved for carry forward to 2023/24 by the Section 151 Officer and the Council's Management Team:

<u>Summary of HRA 2022/23 year end carry forward amount</u>			
<u>Directorate</u>	<u>Service</u>	<u>Amount</u>	<u>Reason for carry forward request into 2022/23</u>
Housing	HRA - Asbestos managemnet	£10,000	Works in progress to complete the 22/23 asbestos management programme in line with policy
Housing	HRA - Fire Sprinkler Inspections	£3,000	Works in progress to complete the 22/23 fire sprinkler inspection programme

#### 3.4 SUPERVISION & MANAGEMENT – £167K FAVOURABLE VARIANCE

3.4.1 **Vacancy Management: £359k Favourable variance** – the HRA staffing budget for 2023/24 incorporated a vacancy allowance of £150k for the year. It was anticipated that this would be achieved throughout the establishment from natural staff turnover within day-to-day business activities. Having accounted for the pay award, overall actual staff spend was £359k lower than budget. This was due to the high number of vacancies within Housing and the difficulty in recruiting for posts.

- 3.4.2 **Disrepair Claims: £129k Adverse variance** - As highlighted in previous reports, the council saw an increase in the number of no-win no-fee disrepair claims being submitted in 2022/2023. Due to the time it takes to resolve claims it has meant that the impact is on this financial year and therefore there is an estimated overspend of £129k for the year. Management has taken proactive action to respond to the level of claims received and there has been a noticeable drop in the number of claims lodged in more recent times.
- 3.4.3 **Holding Hands: £20k Favourable variance** - this budget is set aside to assist and encourage tenants to move from their existing home to a smaller one to help release much-needed larger family homes for those on the housing register. The number of tenants seeking to downsize has not been at the level expected, creating an underspend.
- 3.4.4 **Legal Fees: £15k Favourable variance** – where possible, officers will make use of the council's Legal Shared Service team as and when legal advice is required rather than making use of external legal support. Greater use of the Legal Shared Service team during the year is expected to produce a favourable variance against this budget.
- 3.4.5 **Direct Insurance: £43k Adverse variance** – The actual insurance premium payable is higher than the original budget. Premiums have increased nationally due to a very difficult and challenging insurance market.
- 3.4.6 **Local Tenant Events: £14k Favourable variance**- due to a lack of resourcing and problems recruiting to the vacant position within this team, there have not been as many tenant events as originally planned in this financial year.
- 3.4.7 **Pest Control: £25k Adverse variance** - Changes in legislation have put more responsibility for controlling vermin onto Landlords, resulting in greater spend on pest control services in the year than was originally anticipated.
- 3.4.8 **Council Tax on Voids: £60k Adverse variance** – additional council tax has been payable on a number of housing units that have remained vacant due to redevelopment of council sites, including St Patricks Gardens and St Columbus Close, that the Housing Development team are progressing. The in-house voids team and contractors continue to strive to bring homes back to standard and ready for relet as soon as possible.
- 3.4.9 **Other Small Variances: £16k Favourable variance** – A number of minor savings have resulted in a favourable variance of £15.7k

### 3.5 REPAIRS & MAINTENANCE - £284K ADVERSE VARIANCE

- 3.5.1 **Vacancy Management: £453k Favourable variance** – As reference at paragraph 3.4.1, the HRA has experienced challenges in recruiting to vacant posts. Having accounted for the 23/24 pay award and the vacancy allowance, staff costs associated with repairs and maintenance activity are some £453k lower than originally anticipated.
- 3.5.2 **Responsive Repairs Contractor: £350k Adverse variance** – As a consequence of the level of vacancies within the service, greater reliance has been required on the use of contractors to respond to responsive repairs requests. The government campaign to encourage tenants to report repairs plus the need to deal with damp and mould quickly has also meant there has been an increased demand from tenants for works in this area. Recruitment activity is

underway, which it is hoped will reduce the council's current reliance on external contractors. Inflationary pressures on spend and an increased focus on reducing voids has also contributed to a projected overspend in this area. Officers are looking at ways to mitigate this through reducing expenditure elsewhere within the HRA budget.

- 3.5.3 **Responsive Repairs Materials: £350k Adverse Variance** – Due to the continued rise in costs, coupled with increased responsibilities on Landlords, the service is predicting a potential overspend on this budget line.
- 3.5.4 **Gas Servicing and Maintenance: £40k Adverse variance** – This budget line relates to statutory work requirements around gas safety and repairs. The contract for these works was procured in 2019 and includes the ability for the supplier to request an annual uplift in payments under the contract, matching March's CPI (which was 10.1%). This is agreed at sole discretion of the council which, due to the current national economic circumstances, has agreed an uplift of 8.1% for the year.
- 3.5.5 **Rubbish Clearance: £31k Adverse variance** – More clearance works than anticipated during the year has resulted in increased costs in the use of skips and disposal of clearance waste.
- 3.5.6 **Drainage: £49k Adverse variance** – The pressure on this reactive budget is increasing as demand for drainage works grows. The service will be working on a longer-term solution for this area which will include surveying the larger drainage systems to have a greater focus on preventative work. This budget is being closely monitored, so that appropriate action can be taken if expenditure looks to increase beyond the budget provision. Some works may be able to be capitalised reducing the stress on this line.
- 3.5.7 **Cyclical decorations & Painting: Nil variance** – The items of work in cyclical decorations have been reviewed and where necessary these have been scaled back, with a programme of works for 14 blocks being progressed during the year; works associated with eight blocks have been completed. The service is currently projecting to complete this year's programmes before the end of March 24.
- 3.5.8 **Domestic Lifts: £12k Adverse variance** - Additional costs have been incurred against this budget heading due to rectification works carried out by the new service provider on the contract which commenced in April 2023.
- 3.5.9 **Adaptations: £87k Favourable variance** -This budget responds to requests from KCC occupational therapists and demand can be hard to predict. The new aids and adaptations policy excludes provision for vehicle crossings which has reduced the expenditure.
- 3.5.10 **Training Expenses: £8k Adverse variance** - Spend on this budget line has increased due to the Housing Operations team undertaking a recognised qualification on building safety and compliance which was a recommendation on the Building Safer future charter action plan.
- 3.5.11 **Fire Door Inspections: £11k Favourable variance** – Fire door inspections are carried out using contractors for flat entrance doors and in-house operatives for communal doors. There has been a variance due to not being able to access all the properties under the schedule. The regulation requires we must use our best endeavours to check all flat entrance doors at least every 12 months.

3.5.12 **Other Small Variances: £5k Favourable Variance** - A number of minor savings have resulted in a favourable variance of £5k.

### 3.6 DEPRECIATION - NIL VARIANCE

3.6.1 **Depreciation: Nil Variance** - Depreciation is the process of allocating the cost of an asset over its useful life. 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.

3.6.2 The HRA deprecation policy was reviewed last year and was amended to show the housing assets split between land and buildings. The forecast charge is expected to be in line with the budget.

### 3.7 CAPITAL FINANCING - £4.584m ADVERSE VARIANCE

3.7.1 **Interest: £217k Favourable variance** - The HRA took on more debt in the previous financial year than anticipated at budget setting, taking advantage of lower interest rates that were available during the early part of 2022/23. Spending on the New Build and Acquisition programme has been slower than assumed at budget setting and therefore external borrowing has been delayed. At the same time, longer dated interest rates have reduced following the reduction in inflation which coupled with the HRA discount rate that is now available for HRA authorities, has resulted in a reduction in the forecast interest costs from external borrowing by £217k.

3.7.2 **Debt Repayment: £4.801m Adverse variance** - As part of the budget setting process for 2023/24 it was proposed to undertake an exercise to review the HRA Debt position during the year, with a debt repayment reserve established to assist this process. This exercise has not been carried out due to the prevailing high interest rates and therefore the debt repayment reserve is not required. The council is required to repay £8.37m of the HRA Self Financing loans in the current year and given the current forecast position, the HRA will be able to repay £4.801m, meaning the remaining £3.569m will be refinanced. Whilst this results in a significant variance against Capital Financing, this is essentially a finance presentational issue which is netted off by an equivalent favourable variance against contributions to (from) reserves.

### 3.8 RENTS ON DWELLINGS - £10k FAVOURABLE VARIANCE

3.8.1 **Rents on Dwellings: £12k Favourable variance** – A number of factors have combined to result in a net favourable variance on rental income of £12k. The slowdown in right-to-buy purchases has resulted in the council retaining more properties than expected, resulting in a favourable variance of £62k. However, this has been offset by an adjustment required to anticipated rental income for the year due to a lower number of properties than expected being held by the council at the start of the year. This was due to a higher number of properties being sold in 2022/23 than anticipated, resulting in an adverse variance of £74k.

### 3.9 WORKING BALANCES AND RESERVES

The variances outlined in this report have the following effect on the HRA working balances and reserves which are illustrated in the tables below:

	£
Balance Brought Forward from 2022/23	3,000,000
Forecast Outturn position 2023/24	500,000
<b>Forecast working balances C/Fwd (as at 31st December 2023) including minimum HRA Working Balance</b>	<b>3,500,000</b>
Add: Transfer from HRA General Reserve (Revenue)	0
Less: Transfer to HRA Priority Reserve (Revenue)	(500,000)
Less: Transfer to HRA Debt Repayment Reserve	0
<b>Forecast Usable Working Balances C/fwd (as at 31st December 2023)</b>	<b>3,000,000</b>

Table 2: Effect on Housing Revenue Account Working Balances

HRA Specific Reserves	Opening Balance 01/04/2023	Contributions (Income)	Use of Reserve (Expenditure)	Balance 31/03/2024
	£	£	£	£
HRA General Reserve (Revenue)	(1,754,310)	0	861,470	(892,840)
HRA Priority Reserve (Revenue)	0	(500,000)	0	(500,000)
<b>Total</b>	<b>(1,754,310)</b>	<b>(500,000)</b>	<b>861,470</b>	<b>(1,392,840)</b>

Table 3: Analysis of Specific Reserves – HRA

### HOUSING CAPITAL PROGRAMME

- 3.10 The Housing Capital programme working budget for 2023/24 is £39.507m. This budget includes £3m that was carried forward from 2022/23 and in-year adjustments.
- 3.11 The HRA capital schemes continued to focus on maintaining the minimum decent homes standard for the Council's stock in 2023/24, with £6.687m earmarked for this purpose within the Replacement, Improvement, and Health & Safety Works Programmes. The council also continues its commitment to build new homes with £28.8m allocated for this purpose.
- 3.12 An additional grant of £810k has been received in-year from the Central Government for the Local Authority Housing Fund. This is to provide accommodation for those who meet the eligibility criteria.
- 3.13 As of 31 December 2023, £12.3m had been committed & spent against the capital schemes detailed below.

Ref No:	Project	2023/24 Original Budget (£)	2023/24 Approved C/fwd & in year additions (£)	2023/24 Working Budget (£)	Expenditure Including Commitments (£)	Forecast as at Q3 (£)	Variance as at Q3 (£)
A	Replacement Programmes	3,892,500	0	3,892,500	2,857,400	3,692,500	200,000
B	Improvement Programmes	1,373,930	175,400	1,549,330	956,500	1,249,330	300,000
C	Health & Safety Works	1,165,000	80,200	1,245,200	532,390	1,205,200	40,000
D	New Build & Acquisitions	11,231,130	17,157,000	28,388,130	4,452,000	11,741,730	16,646,400
E	Housing Computer Systems	0	283,480	283,480	300,600	198,800	84,680
F	CCTV	32,000	0	32,000	34,100	32,000	0
G	Fire Doors	800,000	47,000	847,000	729,000	847,000	0
H	Energy Efficiency	2,000,000	114,550	2,114,550	1,690,800	1,714,550	400,000
I	Social Housing Decarbonisation Fund	0	960,080	960,080	584,100	770,100	189,980
J	Structural Surveys	100,000	0	100,000	68,800	100,000	0
K	Independent Living Area Upgrades	0	94,730	94,730	94,700	94,730	0
	<b>Total (HRA &amp; GF Capital Programme)</b>	<b>20,594,560</b>	<b>18,912,440</b>	<b>39,507,000</b>	<b>12,300,390</b>	<b>21,645,940</b>	<b>17,861,060</b>

Table 4: Housing Capital Programme 2023/24

3.14 The following works were undertaken or completed by the end of Quarter 3 2023/24:

**3.15 Replacement Programmes (Ref A): £200k Favourable Variance**

- Kitchen renewals: 43 completed.
- Bathroom renewals: 26 completed.
- Windows & Doors (UPVC): 34 houses completed.

3.15.1 The favourable variance on this line will be subject to a carry-forward request. There has been slippage in the work schedule and the outstanding items will be completed in the new financial year.

**3.16 Improvement Programmes (Ref B): £300k Favourable Variance**

- Central heating systems/boilers installations: 11 completed. The reactive nature of this budget has meant a saving on this heading. The potential spike in spend during the winter has not yet materialised and therefore a saving is anticipated.
- Aids and Adaptations: 32 flush showers and 15 stair lifts completed.

**3.17 Health & Safety Works (Ref C) – £40k Favourable Variance**

3.17.1 This is a reactive budget and at present an underspend is anticipated. The following works have been carried out this year:

- Fire detection installations in all properties: 337 completed.
- Upgrades to door entry systems: 14
- Passenger lift refurbishment: No Major refurbishment was carried out.
- LED Emergency lighting upgrades were carried out at 6 blocks, the programme for 23/24 is now complete.

**3.18 New Build & Acquisitions (Ref D): £22.3m Favourable Variance**

3.18.1 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 builds and/or the acquisition of additional social housing.

3.18.2 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. For 2022-23 and 2023-24, local authorities are permitted to retain the share of Right to Buy receipts that have been previously returned to the Treasury. These can then be used to fund the delivery of new homes within the borough.

3.18.3 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 224. The Housing Development Team continue to work on a pipeline of potential development sites to increase the supply of social housing. All 331 properties within the investment partnership are at the feasibility stage, the most advanced being Milton Place which it is hoped will move to the planning consent stage early next year.

<b>HRA Property Development Stage</b>	<b>Number of Properties</b>
Delivered and Completed	164
Under Construction	6
Planning Permission Granted	54
In Planning	0
Feasibility/Concept Design	235
Total Number of HRA Properties	459
Investment Partnership Schemes	331

Table 5: New Build Delivery

3.18.4 The reported programme position at the end of Quarter Three is as set out below:

- 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. Block A – Flats 1-32 Mariner Court, 338 Valley Drive, Gravesend, Kent DA12 5FN was completed in July 2023 and is now in defects. Due to the main contractor going into administration the outstanding snagging items and defects will be paid for out of the retention budget.
- 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 date originally set for February 2024. However, this completion date has been delayed whilst technical issues with the quality of construction are resolved. Completion is likely to be Spring 2024.
- 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. Planning permission was granted in April 2023 and, following a competitive tender process, the contract was awarded to Oakwood Construction in December 2023. Demolition of the existing buildings will happen in early 2024 and a start on site is anticipated in April/May 2024.

- Worcester Close – The proposed scheme for this site consists of 4 x 1-bed and 4 x 2-bed flats. Following the planning application in February 2023, a resolution to grant planning consent was made by the Planning Committee on in July 2023. Following a challenge, government decided not to call-in the council's decision and the Planning Notice was issued in November 2023 after the signing of a Unilateral Undertaking to deliver planning-related environmental benefits. An Expression of Interest invitation notice will be posted to the South East Consortium development contractors framework (for projects under £5m) in January 2024 with a tender invitation expected to be issued in February 2024, contract award in April/May 2024 and a start on site in June/July 2024.
- Property Acquisition – Crescent House – This purchase consists of 19 x 2-bedroom apartments, which will be a welcomed addition to our housing stock as this is the most in-demand bedroom size. It is hoped that the sale will be completed by the end of this financial year.
- Local Authority Housing Fund (LAHF) – this is a £500m capital grant fund to support local authorities in England to provide sustainable housing for those unable to secure accommodation that meets the eligibility criteria. GBC has qualified for grant monies and has secured properties to be purchased using the funding provided.

3.18.5 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. If the cumulative expenditure does not reach the level shown in the table below, the Council would be required to return the RTB receipts plus interest to the Government. The forecasted spend of retained 1-4-1 receipts is on target and no money is expected to be returned to the 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
	£	£	£	£	
<b>2012-17 c/f</b>	6,905,580	16,113,020	23,018,600	23,018,620	31-Mar-22
<b>2017-18</b>	1,811,560	4,227,000	6,038,560	29,057,180	31-Mar-23
<b>2018-19</b>	1,797,170	4,193,400	5,990,570	35,047,730	31-Mar-24
<b>2019-20</b>	2,869,320	6,695,080	9,564,400	44,612,130	31-Mar-25
<b>2020-21</b>	1,475,440	3,442,690	4,918,130	49,530,260	31-Mar-26
<b>2021-22</b>	3,072,252	4,608,379	7,680,631	57,210,891	31-Mar-27
<b>2022-23</b>	4,265,120	6,397,680	10,662,800	67,873,691	31-Mar-28
	<b>22,196,440</b>	<b>45,677,250</b>	<b>67,873,690</b>		

Table 6: New Build

### **3.19 Housing Computer System (Ref E): £85K Favourable Variance**

- 3.19.1 The favourable variance on this line will be carried forward to 24/25 subject to approval. The new housing system went live on 12 September 2022. The first phase focused on Income and Housing Management and enabled Housing Staff to streamline the arrears process, with staff only having to use one system as opposed to several. The project has now moved into the second phase which is focussing on asset management, leasehold management, repairs integration and an improved digital offering for our residents. This will provide a more efficient service to tenants as well as making the job of Housing staff easier. It will also remove the need for paperwork to be carried out on estates, contributing to the green agenda, and also reducing any risk of GDPR breaches. Homeswapper and Swaptracker have been introduced and this is free to use for our tenants and supports them if they wish to carry out a mutual exchange.
- 3.19.2 As part of phase two, officers are considering introducing a Customer Management Relationship (CRM) module, to better manage contact and workflows within the teams, which would allow seamless movement of activity between officers. A new offering for dealing with ASB is also being considered as this would improve the way this is managed. A site visit is planned to see the CRM in use and due diligence is currently being undertaken. Work continues to improve reporting ability, and the use of dashboards is currently being reviewed to better manage workloads. These dashboards will show the outstanding and upcoming work and ultimately, improve the service delivered to tenants.

### **3.20 CCTV (Ref F): - £2k Adverse Variance**

- 3.21 An upgrade to the transmission paths for CCTV was committed to during quarter three.

### **3.22 Fire Doors (Ref G): - Nil Variance**

- 3.22.1 The installation of 230 flat entrance doors has been completed to date to a value of £503k with 55 properties remaining to be completed before March 2024.

### **3.23 Energy Efficiency (Ref H): £400k Favourable Variance**

- 3.23.1 The decarbonisation of Springvale Court is nearly completed with all flats now on the new heating systems and solar panels. Some making good and snagging works are outstanding which are expected to be finalised by mid-January.
- 3.23.2 The renewable installations programme is also progressing well with 13 out of the 16 properties now completed and assessed as reaching 'net zero'. The contractor is continuing to undertake energy performance surveys for a large proportion of our housing stock to identify properties that require loft and cavity wall insulation. To date, 800 properties have had surveys undertaken and 250 properties have been identified as requiring insulation upgrades which will be completed this financial year.
- 3.23.3 Due to the Government Heat Pump Ready Funding project timeline being extended, the Council's co-funding contribution of £400k for this financial year has now been identified as a saving due to works not being completed this financial year. The Council has worked with the consortium partners to finalise

designs and budget costings and unfortunately, the budget costings of over £100k per property are not feasible, so the project will not continue as originally intended but exploring other options will be considered in the future.

### 3.24 Social Housing Decarbonisation Fund (SHDF) (Ref I): £190k Favourable Variance

3.24.1 The SHDF project is due to conclude at the end of December and due to a change in the scope of the project, several properties did not meet the scheme criteria. A saving of £190k has therefore been identified.

### 3.25 Structural Surveys (Ref J): Nil Variance

3.25.1 Surveys are in progress and repairs taking place. 50 Surveys are completed.

### 3.26 Independent Living Area Upgrades (Ref K): Nil Variance

3.26.1 There have been no Independent Living Area Upgrades completed in quarter three as the project is now complete.

### 3.27 Capital Resources

3.27.1 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 01/04/2023 £	Forecast Income 2023/24 £	Forecast Use of Funding 2023/24 £	Final Balance 31/03/2024 £
Capital Receipts - HRA	(1,656,430)	(227,170)	198,800	(1,684,800)
Capital Receipts - GF Housing	(159,360)	0	0	(159,360)
Capital Receipts - PV Panels	(3,573,000)	0	0	(3,573,000)
Major Repairs Reserve - Dwellings	(5,497,730)	(5,116,080)	4,399,440	(6,214,370)
Major Repairs Reserve - Non Dwellings	(266,790)	(214,730)	214,730	(266,790)
New Build Reserve: 1-4-1 Receipts	(10,118,460)	(3,436,610)	1,364,680	(12,190,390)
Right to Buy Allowable Debt Reserve	(846,690)	(189,930)	1,036,630	10
Social Housing Decarbonisation Grant	(731,700)	0	420,510	(311,190)
KCC Local Authority Housing Fund Top Up	0	(825,000)	825,000	0
Homes England Grant	0	(2,050,000)	950,000	(1,100,000)
Local Authority Housing Fund	(279,470)	(1,462,090)	1,741,550	(10)
<b>Total</b>	<b>(23,129,630)</b>	<b>(13,521,610)</b>	<b>11,151,340</b>	<b>(25,499,900)</b>

Table 7: HRA and General Fund Housing Capital Resources 2022/23

## 4. HRA Business Planning

4.1 The HRA Business Plan is reviewed on an ongoing basis 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.

- 4.2 The HRA Business Plan reflects the current and future financial spending 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 of the number of Council Houses sold per annum.
- 4.3 The latest version of the HRA Business Plans for revenue and capital are attached to this report in Appendices one and two.
- 4.4 The current version of the HRA Business Plan reflects the assumption that the number of properties sold under the Right to Buy scheme in the current year has reduced to 12 from the budgeted assumption of 35 per annum. Inflationary increases year on year have also been reviewed to reflect the current challenging economic conditions and supply chain issues.
- 4.5 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.

## **5. Appendices - Business Plan**

Appendix one – Revenue Business Plan

Appendix Two – Capital Business Plan

## **6. Background Documents**

- 6.1 There are no background documents.

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<b>Secondary Implications</b>	
<b>Risk Assessment</b>	The purpose of this report is to demonstrate financial performance as at 31 December 2023 against the original budget set for the 2023/24 financial year, and illustrate how this affects the Working Balances and Earmarked Reserves held by the Council.
<b>Data Protection Impact Assessment</b>	<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 <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a> ?  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 <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a> .  N/A
<b>Equality Impact Assessment</b>	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>
<b>Crime and Disorder</b>	<b>No direct implications.</b>
<b>Digital and website implications</b>	No direct implications.
<b>Safeguarding children and vulnerable adults</b>	No direct implications.