

<b>REPORT TO:</b>	<b>Policy and Finance Committee - 8 February 2024</b>
<b>SUBJECT:</b>	<b>Quarter 3 Budget Monitoring Report to 31 December 2023</b>
<b>LEAD OFFICER:</b>	<b>Antony Baden – Group Head of Finance &amp; Section 151 Officer</b>
<b>LEAD MEMBER:</b>	<b>Councillor Matt Stanley, Chair of Policy and Finance Committee</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b>	
The Council's budget supports all the Council's Objectives.	
<b>DIRECTORATE POLICY CONTEXT:</b>	
Budget monitoring and forecasting are key in ensuring sound financial control and control of spending is in place. It is also a major part in ensuring sound governance arrangements.	
<b>FINANCIAL SUMMARY:</b>	
The report shows the Capital, Housing Revenue and General Fund Revenue budget performance for 2023/24 as at the end of Quarter 3.	

## **1. PURPOSE OF REPORT**

1.1. The purpose of this report is to appraise the Policy and Finance Committee of performance against the budgets approved by Full Council at its meeting of the 9 March 2023.

## **2. RECOMMENDATIONS**

2.1. To note the report.

## **3. EXECUTIVE SUMMARY**

3.1. The budget monitoring update appended to this report sets out the General Fund Revenue Budget and Capital Programme forecast out turn performance against budget for 2023/24 as at the end of Quarter 3. The Housing Revenue Account forecast update presented to Housing & Wellbeing Committee on the 25 January 2024 is shown in Appendix B of this report for information.

## **4. DETAIL**

### **Revenue Budget**

4.1. The Council has an approved revised General Fund revenue budget of £33.514 million (including Parish Precepts) and a revised Capital Programme of £30.465 million for the year 2023/24. This report provides a forecast of spending and income against the approved budget for 2023/2024.

4.2. Some minor expenditure is anticipated against the Transformation budget of £3 million, the savings of £2 million that were assumed would be identified in year, will not materialise as a result of initiatives funded from the Transformation budget. Officers are continuing to develop proposals to close the Council's budget funding gap and some of these may be realised in 2023/24. Further work is required to ascertain a more accurate picture, so for the purpose of the Quarter 3 forecast, an overall zero variance has prudently been reported for both.

4.3. The forecast Cost of Service as at Quarter 3 is £28.702 million against a budget of £28.456 million. This would result in an overspend of £246k. Along with an additional £779k forecast overachievement in interest & investment income receivable, netted off by an adverse variance of £328k within other precepts and levies, the overall impact would be a forecast net underspend in total revenue costs of £205k for the year.

4.4. The Committee is requested to note the budget monitoring report in Appendix A. The report provides information on a management by exception basis to enable the reader to understand the overall performance of the council. The report highlights the significant additional expenditure and any loss of income apparent in the third quarter of the financial year to date.

### **Capital Programme**

4.5. Forecast expenditure against the capital programme at the end of Quarter 3 is £20.36 million. This is £10.11 million (33%) below the revised budget of £30.465 million for the year.

4.6. The above forecast underspend has increased by £3.52 million in relation to what was forecasted at Quarter 2 due to slippage during the year. This will be carried forward into the next financial year.

4.7. The following additional approvals have been added to the capital programme since Quarter 2:

- Stock Development - £2.127 million
- Play areas - £144k
- Littlehampton Seafront Other Funding unapproved (additional LUF Funding granted) - £56k.
- These were netted off by other net reductions in capital budget as detailed in Appendix A below (section 4) – (£363k)

### **Housing Revenue Account**

4.8 The Housing Revenue Account Reserve is forecast to have a balance of £551k by the 31 March 2024 which is £632k below the budgeted position of £1,183k. Appendix B includes the full report that was taken to Housing & Wellbeing Committee on the 25 January 2024 setting out the reasons and actions being undertaken to improve the position.

## **5 CONSULTATION**

5.1 Consultation with other stakeholders is not required for this report.

## **6 OPTIONS/ALTERNATIVES CONSIDERED**

6.1 Not applicable.

## **7 COMMENTS BY THE GROUP HEAD OF FINANCE & SECTION 151 OFFICER**

7.1 It is sound governance to monitor spending against budget during the financial year. Such control allows the Council to take prompt corrective action if spending or income significantly varies from the approved budgets.

7.2 The Council continues to incur some additional expenditure due to current inflationary pressures and net expenditure is monitored closely to ensure that corrective action continues to be taken if necessary.

7.3 The HRA balance projection is a significant concern and is forecast to remain below the £2 million recommended minimum balance approved by the Council. A report was presented to the Housing & Wellbeing Committee on 25 January 2024 and is attached in Appendix B.

7.4 Committee will note that the Group Head of Finance & Section 151 Officer will continue to work throughout the financial year with other Group Heads to mitigate any overspends that have been highlighted in the report and to maximise potential income generation opportunities/cost avoidance efficiencies.

## **8 RISK ASSESSMENT CONSIDERATIONS**

8.1 The Regular budget monitoring and forecasting mitigates against the risk of poor financial control and ensures that Members are informed when corrective action is required and what action has been taken.

## **9 COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

9.1 There are no direct legal implications associated with this report.

## **10 HUMAN RESOURCES IMPACT**

10.1 None.

## **11 HEALTH & SAFETY IMPACT**

11.1 None.

## **12 PROPERTY & ESTATES IMPACT**

12.1 None.

## **13 EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1 None.

## **14 CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

14.1 None.

## **15 CRIME AND DISORDER REDUCTION IMPACT**

15.1 None.

## **16 HUMAN RIGHTS IMPACT**

16.1 None.

## **17 FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1 None.

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### **CONTACT OFFICER:**

Name: Antony Baden

Job Title: Group Head of Finance and Section 151 Officer

Contact Number: 01903 737558

### **BACKGROUND DOCUMENTS:**

Budget Book 2023/24

Minute 779, Full Council 9 March 2023 – Arun District Council budget 2023/24

[Minutes](#)

**ARUN DISTRICT COUNCIL BUDGET MONITORING****1. Introduction**

- 1.1. This Appendix sets out the forecast outturn position for the financial year 2023/24 as at Quarter 3, for the Revenue Budget and Capital Programme.
- 1.2 The budget monitoring statements are summarised in Tables 1 to 4 below with additional details on significant variances provided.

**2. Revenue Budget**

- 2.1 The overall Quarter 3 revenue budget forecast performance for the year is £32.981m against the budget of £33.514m which is an underspend of £0.643m.

**3. Forecast variance explanations**

- 3.1 The forecast net overspends are £246,000 at Cost-of-Service level offset by an overachievement of income forecast of £779,000 on Interest & Investment Income which equates to an overall forecast underspend of £643,000 as mentioned in paragraph 2.1. This represents an improved swing of £506,000 since Quarter 2. Significant movements in forecast exceeding £100,000 by service committee are explained in paragraphs 3.2 to 3.4.
- 3.2 **Environment** – £339,000 underspend, representing a favourable increase of £284,000 since Quarter 2. The main reason is outlined below: -
  - (i) Car Parks - £247k favourable variance due to parking charge fee increases as approved at Environment Committee on 31st Jan 2023.
- 3.3 **Policy & Finance** - £314,000 forecast underspend against budget due to: -
  - (i) Chief Executive – £100k underspend due to the continued vacant Chief Executive Officer post.
  - (ii) Levelling Up Project Management costs that can be capitalised will generate an underspend of £221k.
- 3.4 **Housing & Wellbeing** - is reporting an overspend of £158,000 representing an adverse change of £398,000 since Quarter 2. The main changes explained below: -
  - (i) Revenue and Benefits – The Quarter 3 forecast indicates an overspend of £330k, which is an adverse change of £416k from the Quarter 2 forecast. This is due to a net increase in supported accommodation costs.
  - (ii) Supported housing is the provision of accommodation by an external provider for people who require support, supervision, or care to live as independently as possible in the community. The Council pays the client's rent to the external provider and receives housing benefit subsidy from the Department of Work & Pensions. The amount of subsidy is set by legislation

and is dependent on various factors, including location and property type. It often does not cover the rent payable, which leads to a funding gap. The gap is referred to as 'subsidy loss' and is not unique to Arun District Council.

<b>Table 1</b>					
<b>Arun District Council - General Fund Budget Monitoring</b>					
<b>Forecast Outturn 2023/24</b>					
<b>Month 9 (Quarter 3)</b>					
<b>Committee</b>	<b>Revised Budget £'000</b>	<b>Q3 Forecast £'000</b>	<b>Q3 Forecast Variance £'000</b>	<b>Q2 Forecast Variance</b>	<b>Movement between Q2 and Q3 Forecast £'000</b>
<b>Cost of Service</b>					
Corporate Support	6,152	6,373	221	228	(7)
Economy	2,449	2,567	118	42	76
Environment	10,810	10,471	(339)	(55)	(284)
Planning Policy	906	1,308	402	452	(50)
Policy & Finance	2,203	1,889	(314)	(56)	(258)
Housing & Wellbeing	5,937	6,095	158	(240)	398
<b>Total Cost of Services</b>	<b>28,457</b>	<b>28,702</b>	<b>246</b>	<b>371</b>	<b>(125)</b>
<b>Corporate Cost</b>					
Parish Precepts	5,301	5,301	0	0	0
Other precepts and levies	249	249	0	0	0
Interest & investment income	(1,825)	(2,604)	(779)	(508)	(271)
Contingencies /miscellaneous	10	10	0	0	0
Pension deficit contributions	1,323	1,323	0	0	0
<b>Total Corporate Cost</b>	<b>5,058</b>	<b>4,279</b>	<b>(779)</b>	<b>(508)</b>	<b>(271)</b>
<b>Total Revenue Costs</b>	<b>33,514</b>	<b>32,981</b>	<b>(533)</b>	<b>(137)</b>	<b>(396)</b>
<b>Financed By</b>					
RSG / Retained Business Rates	(7,820)	(7,820)	0	0	0
New Homes Bonus	(616)	(616)	0	0	0
Other non ringfenced grants	(1,631)	(1,741)	(110)	0	(110)
Council Tax income - ADC	(12,982)	(12,982)	0	0	0
Council Tax income - T&P	(5,301)	(5,301)	0	0	0
Collection Fund Deficit/(Surplus)	32	32	0	0	0
<b>Total Financed By</b>	<b>(28,318)</b>	<b>(28,428)</b>	<b>(110)</b>	<b>0</b>	<b>(110)</b>
<b>Deficit/(Surplus)</b>	<b>5,196</b>	<b>4,554</b>	<b>(643)</b>	<b>(137)</b>	<b>(506)</b>
<b>Contribution to/(from) Reserves</b>	<b>(5,196)</b>	<b>(4,554)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Position</b>	<b>0</b>	<b>0</b>	<b>(643)</b>	<b>(137)</b>	<b>(506)</b>

#### 4. Capital Programme Monitoring 2023/24

4.1 Forecast programme slippage beyond 2023-24 has increased by £3.52m since Quarter 2 to a total of £10.11m which would result in forecast expenditure for the year against the capital programme of £20.36m (see Table 2) representing an increased underspend against the budget (£30.47m) of 33%.

<b>Table 2</b>			
<b>Capital Programme Forecast Outturn 2023-24</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Q3</b>	<b>Q2</b>	<b>Movement</b>
<b>Original Capital Budget for Year</b>	<b>14,941</b>	<b>14,941</b>	<b>0</b>
<b>Additions</b>			
Carry Forwards from 2022-23	31,311	31,311	0
Additional Approvals In Year	8,668	6,341	2,327
Other Changes	(445)	(82)	(363)
<b>Total - Additional Approvals In Year</b>	<b>39,534</b>	<b>37,570</b>	<b>1,964</b>
Reprofiling beyond 2023-24	(24,010)	(24,010)	0
<b>Revised Capital Budget for 23-24</b>	<b>30,465</b>	<b>28,501</b>	<b>1,964</b>
Projected Slippage beyond 23/24	(10,105)	(6,590)	(3,515)
<b>Forecast Capital Expenditure for 23/24</b>	<b>20,360</b>	<b>21,911</b>	<b>(1,551)</b>

4.2 Approved capital programme expenditure has increased by £1.96m since Quarter 2 giving the revised capital budget for 2023-24 of £30.47m. A detailed explanation of this movement is provided below:-

4.3 **Policy & Finance** – £226k increase from Quarter 2 in capital budget due to :-

- (i) Littlehampton Seafront - the Levelling Up Fund (LUF) grant has been reprofiled to reflect the cashflow as of July 2023 to fit in line with project delivery. The additional ADC contribution relates to the capitalisation of project staff costs.
- (ii) Alexandra Theatre - the Levelling Up Fund (LUF) grant has been reprofiled to reflect the cashflow as at July 2023 to fit in line with project delivery, including the reprofiling of ADC's contribution towards the project. The additional ADC contribution relates to the capitalisation of project staff costs and the addition of a change place facility.
- (iii) 2023/24 updated budget shows Arun's contribution towards Littlehampton Harbour entrance renewal (West Sussex County Council also contributing the same amount).

4.4 **Economy** – £478k net reduction from Quarter 2 in capital budget due to amendments in relation to Asset Management projects :-

- (i) The self-catering holiday accommodation project is not proceeding in its current form.
- (ii) The above has been lessened by in year additions in relation to the Waterloo Square project; the beach hut project at Littlehampton including wheelchair accessible huts; the Arcade pitched roof project which is progressing despite other essential repairs being uncovered (non-essential works will be omitted to keep within budget and delivery timeframes); and the Crown Yard and Rustington changing places facilities project.

4.5 **Environment** – £89k increase from Quarter 2 in capital budget due to :-

- (i) An additional £144k since Quarter 2 within Play Areas funded from S106 and other grants/contributions along with a reduction of £50k in relation to other skate park projects that will allow an enhanced budget provision in 2025/26.
- (ii) The Place St. Maur project is complete apart from a contract retention sum of £5k.

4.6 **Housing & Wellbeing** - £2.127 million increase from Quarter 2 attributable to Stock Development.

Table 3										
Budget Monitoring 2023/24 - Capital Programme										
	Original 2023/24 Budget	Slippage from 2022/23	In Year Additions	Reprofiling & Other Changes	Revised 2023/24 Budget	Forecast Outturn	Variance	2024/25 Budget	2025/26 Budget	2026/27 Budget
Project	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment</b>										
Improvement & Discretionary Grants	1,400	0	0	0	1,400	1,400	0	1,580	1,580	1,580
Keystone Centre	0	250	0	0	250	250	0	0	0	0
Sunken Gardens	0	226	0	(50)	176	176	0	0	0	0
Bersted Brooks Park	0	320	0	0	320	22	(298)	0	0	0
Place St. Maur	0	22	0	(5)	17	17	(0)	0	0	0
Play Areas	255	285	174	(50)	664	463	(200)	120	155	120
Parks Chipper	0	0	0	0	0	0	0	0	0	26
<b>Total Environment Committee Capital</b>	<b>1,655</b>	<b>1,102</b>	<b>174</b>	<b>(105)</b>	<b>2,826</b>	<b>2,329</b>	<b>(498)</b>	<b>1,700</b>	<b>1,735</b>	<b>1,726</b>
<b>Economy</b>										
Littlehampton Public Realm	0	796	0	0	796	796	0	0	0	0
Asset Management	539	2,137	1,000	(478)	3,197	3,197	0	1,233	1,046	784
Bognor Regis Arcade, Upper floors	0	0	781	0	781	781	0	3,550	3,660	0
<b>Total Economy Committee Capital</b>	<b>539</b>	<b>2,933</b>	<b>1,781</b>	<b>(478)</b>	<b>4,775</b>	<b>4,775</b>	<b>0</b>	<b>4,783</b>	<b>4,706</b>	<b>784</b>
<b>Policy &amp; Finance</b>										
Levelling Up Fund Littlehampton Seafront	0	6,938	0	(5,689)	1,249	366	(883)	5,689	0	0
L'ton Seafront Other Funding	0	0	56	0	56	56	0	0	0	0
Levelling Up Fund Alexandra Theatre	0	11,532	0	(8,543)	2,989	599	(2,390)	8,543	0	0
Alexander Theatre ADC	3,750	0	0	(3,000)	750	785	35	3,082	0	0
L'ton Seafront Prj Team	0	0	0	55	55	55	0	54	0	0
Alexandra Theatre Prj Team	0	0	0	115	115	115	0	169	0	0
Littlehampton Harbour Entrance Renewal	0	0	750	0	750	750	0	0	0	0
<b>Total Policy &amp; Finance Committee Capital</b>	<b>3,750</b>	<b>18,470</b>	<b>806</b>	<b>(17,062)</b>	<b>5,964</b>	<b>2,726</b>	<b>(3,238)</b>	<b>17,537</b>	<b>0</b>	<b>0</b>
<b>Housing &amp; Wellbeing</b>										
ALC Wet Change	0	578	0	0	578	578	0	0	0	0
Housing Improvements	2,931	0	0	0	2,931	2,931	0	5,901	5,683	5,516
Decarbonisation (match funding)	3,000	0	0	0	3,000	0	(3,000)	0	0	0
Civica Implementation	467	60	0	(107)	420	419	(0)	579	24	0
Stock Development	0	7,821	5,907	(6,671)	7,057	6,288	(769)	6,671	0	0
Sheltered Accommodation	2,600	0	0	0	2,600	0	(2,600)	2,000	1,400	0
<b>Total Housing &amp; Wellbeing Committee Capital</b>	<b>8,998</b>	<b>8,459</b>	<b>5,907</b>	<b>(6,778)</b>	<b>16,585</b>	<b>10,216</b>	<b>(6,369)</b>	<b>15,151</b>	<b>7,107</b>	<b>5,516</b>
<b>Corporate Support</b>										
ICT	0	347	0	(32)	315	315	0	0	25	225
<b>Total Corporate Support Committee Capital</b>	<b>0</b>	<b>347</b>	<b>0</b>	<b>(32)</b>	<b>315</b>	<b>315</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>225</b>
<b>Total Capital, Asset Management &amp; Other Projects:</b>	<b>14,941</b>	<b>31,311</b>	<b>8,668</b>	<b>(24,455)</b>	<b>30,465</b>	<b>20,359</b>	<b>(10,105)</b>	<b>39,171</b>	<b>13,573</b>	<b>8,251</b>

## 5. Usable Revenue Reserves

5.1 Usable Revenue Reserves are amounts set aside from accumulated General Fund balances to provide financing for specific future expenditure plans and to provide the Council with a cash flow buffer. These reserves are reviewed regularly to ensure they are being drawn down as appropriate and able to support the revenue budget. Table 4 below summarises the current position and the impact of the 2023/24 forecast out turn.

<b>Table 4</b>			
<b>Usable Reserves at 31 March 2023</b>			
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	<b>Q3</b>	<b>Q2</b>	<b>Movement</b>
Earmarked Reserves C/Fwd	27,533	27,533	0
General Fund Revenue Balance C/Fwd	5,000	5,000	0
<b>Opening Usable Reserves 2022-23</b>	<b>32,533</b>	<b>32,533</b>	<b>0</b>
Drawdown from reserves 2022-23	8,434	8,434	0
Less Underspend 2022-23	(1,694)	(1,694)	0
<b>Total Drawdown:</b>	<b>6,740</b>	<b>6,740</b>	<b>0</b>
<b>Closing Usable Reserves at 31 March 2023</b>	<b>25,793</b>	<b>25,793</b>	<b>0</b>
Earmarked Reserves C/Fwd	20,793	20,793	0
General Fund Revenue Balance C/Fwd	5,000	5,000	0
<b>Opening Usable Reserves 2023-24</b>	<b>25,793</b>	<b>25,793</b>	<b>0</b>
Drawdown from reserves	5,196	5,196	0
Less Underspend	(643)	(136)	(507)
<b>Total Drawdown:</b>	<b>4,553</b>	<b>5,060</b>	<b>(507)</b>
<b>Estimated Closing Usable Reserves 31 March 2024</b>	<b>21,240</b>	<b>20,733</b>	<b>507</b>

5.2 The Council held £25.79 million in earmarked reserves at 1 April 2023. This balance is anticipated to reduce to £21.24 million by the end of this financial year which is an improvement of £507k since Quarter 2 due to an increased overall underspend across combined cost of service, corporate costs and income.

<b>REPORT TO:</b>	<b>HOUSING &amp; WELLBEING COMMITTEE</b> 25 January 2023
<b>SUBJECT:</b>	<b>Housing Revenue Account Forecast 2023/24 - Quarter 3 Update</b>
<b>LEAD OFFICERS:</b>	<b>Richard Tomkinson, Group Head of Housing</b> <b>Antony Baden, Group Head of Finance &amp; Section 151 Officer</b>
<b>LEAD MEMBER:</b>	Cllr Carol Birch – Chair of Housing and Wellbeing Committee
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/CORPORATE VISION:</b>	
Delivering the right homes in the right places: Having a sustainable Housing Revenue Account enables the maintenance and growth of our social homes portfolio and supports the welfare of our residents.	
<b>DIRECTORATE POLICY CONTEXT:</b>	
A sustainable Housing Revenue Account supports the breadth of our objectives as set out in the Housing and Homelessness Strategy: <ul style="list-style-type: none"> <li>• Increase housing supply across all tenures</li> <li>• Improve housing conditions across all tenures</li> <li>• Create sustainable communities to meet the needs of all residents</li> </ul>	
<b>FINANCIAL SUMMARY:</b>	
The Housing Revenue Account Reserve is forecast to have a balance of £551k by the 31 March 2024, which is £632k below the position of £1,183k at the beginning of the year. This report sets out the reasons and actions being undertaken to improve the position.	

## 1. PURPOSE OF REPORT

- 1.1 To update members of the Housing and Wellbeing Committee on the Housing Revenue Account “HRA” Forecast for 2023/24

## 2. RECOMMENDATIONS

2.1 It is recommended that the Committee makes observations on and notes this report.

### 3. EXECUTIVE SUMMARY

3.1 Work has continued to assess the 2023/24 forecast outturn for the Housing Revenue Account. Increases in forecast expenditure have driven the extra £351k adverse impact to the HRA reserve as compared to Quarter 2 forecasts.

### 4. DETAIL

4.1 The forecast is summarised in the table below:

Description	Budget 2023-24 £'000	Forecast Q3 £'000	Variance Q3 £'000	Variance Q2 £'000	Movement £'000
<b>Income</b>					
Dwelling Rents	18,345	18,452	(107)	(107)	0
Non-Dwelling Rents	479	442	37	17	20
Voids	(272)	(384)	112	70	42
Write-Offs	(96)	(96)	0	(35)	35
Other Income	764	820	(56)	0	(56)
Interest on Balance	207	330	(123)	(123)	0
<b>Total Income</b>	<b>19,427</b>	<b>19,564</b>	<b>(137)</b>	<b>(178)</b>	<b>41</b>
<b>Expenditure</b>					
Supervision & Management	5,865	6,310	445	396	49
Repairs & Maintenance	5,956	6,141	185	(48)	233
Rent, rates, taxes	186	273	87	0	87
Depreciation	5,808	5,808	0	0	0
Loan Charges	1,952	2,005	53	111	(58)
<b>Total Expenditure</b>	<b>19,767</b>	<b>20,536</b>	<b>769</b>	<b>459</b>	<b>310</b>
Asset Sale Gain/Loss	0	0	0	0	0
<b>(Surplus)/Deficit</b>	<b>340</b>	<b>972</b>	<b>632</b>	<b>281</b>	<b>351</b>
<b>Major Repairs Reserve</b>					
Balance Brought Forward	(3,884)	(3,884)			
(Surplus)/Deficit	(1,334)	(502)	832	832	0
<b>Balance Carried Forward</b>	<b>(5,218)</b>	<b>(4,386)</b>	<b>832</b>	<b>832</b>	<b>0</b>
<b>HRA Reserve</b>					
Balance Brought Forward	(1,523)	(1,523)			
(Surplus)/Deficit	340	972	632	281	351
<b>Balance Carried Forward</b>	<b>(1,183)</b>	<b>(551)</b>	<b>632</b>	<b>281</b>	<b>351</b>

- 4.2 The Council has an established minimum threshold for the Housing Revenue Account reserve of at least £2m. There is a statutory requirement for our Housing Revenue Account balance to maintain a positive balance. The balance on the Housing Revenue Account reserve is now forecasted to fall to £551k by the end of March 2024 which is £632k below the original budgeted year end position of £1,183k.
- 4.3 The position will continue to be monitored by officers each month and updates provided to future Housing & Wellbeing Committee meetings. Looking forward, the 2024/25 budget will be presented to this Committee on 25 January 2024, which will give a clearer picture of the ongoing Housing Revenue Account's financial position. It will also outline the effectiveness of any actions being taken to bring the Housing Revenue Account reserve back to an acceptable and workable level.

### **Explanation of Variances**

- 4.4 Repairs & Maintenance – Despite the establishment of a Dynamic Purchasing System “DPS” framework that had begun to reduce the cost of repairs, the Responsive Repairs element of this budget is projected to have an adverse variance to budget of £185k which represents a swing of £233k compared to Quarter 2 forecasts. This is due to increased demand on the service and contractor inflation. Increased capital spending on planned maintenance will reduce responsive repair costs going forward.
- 4.5 Rent, rates, taxes & other charges - £80k of the adverse variance to budget relates to Council Tax due to void properties.
- 4.6 Loan Charges – £58k favourable variance to budget due to less borrowing being required.

### **Actions to Improve Forecast**

- 4.7 Increased capital spending will reduce responsive repair costs going forward. Additionally, officers are implementing and maintaining close cost control and monitoring, with the escalation of decision-making in respect of expenditure in all but contracted works and health & safety repairs. Post works inspections have now commenced as a result of having a full complement of Technical Officers. Whilst this will not necessarily reduce costs, it will ensure effective practice and value for money.
- 4.8 Action has been taken to improve void turnaround times and we continue to see a reduction in the number of voids which can be made available to re-let. This should result in improved income and reduced void expenditure for year-end outturn.
- 4.9 Managers have undertaken an initial exercise in workstream realignment which will deliver efficiencies by ensuring that the staffing establishment within Housing Services is able to meet current strategic and operational challenges and is future-proofed to address increased external challenges through the changing legislative (building safety) and regulatory landscape. This work will ultimately help the service to move away from its previous reliance on agency staff for specialist expertise and skills gaps.

4.10 A rent arrears workshop has been arranged for 01.02.24 to review working practices and to implement improved processes.

## 5.0 CONSULTATION

5.1 Consultation with other stakeholders is not required for this report.

## 6.0 OPTIONS / ALTERNATIVES CONSIDERED

6.1 Not applicable for this report.

## 7.0 COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

7 It is sound governance to monitor spending against budget during the financial year. Such control allows the Council to take prompt corrective action if spending or income significantly varies from the approved budgets.

7.1 The Housing Revenue Account balance projection is a significant concern and is forecast to decline below the £2m recommended minimum balance approved by the Council. Further reports will be presented to future Housing & Wellbeing Committees on a regular basis.

7.2 Committee will note that the Group Head of Finance & Section 151 Officer will work throughout the financial year with the Group Head of Housing to mitigate as far as possible any overspends that have been highlighted in the report and to maximize income.

7.3 Members will also note that the 2024/25 Housing Revenue Account budget will be reported to the 25 January 2024 Housing & Wellbeing Committee, which will give a clearer indication as to its longer-term financial health.

## 8 RISK ASSESSMENT CONSIDERATIONS

8.1

Risk	Likelihood	Impact	Mitigation
Agency costs are not minimised	3	4	CMT to review remaining agency contracts monthly
Severe weather increases responsive repair costs	4	4	Continue planned programme of roof replacements and triage roof repair work
Damp and mould costs increase	4	3	Undertake inspections and pro-active repairs
DPS may not deliver any in year savings	4	2	The forecast does not include savings from the DPS except for voids, where the contract has already been awarded

The savings identified are not delivered	3	4	CMT to review savings and income projections monthly
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**9 COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

9.1 The Local Government and Housing Act 1989 requires the Council to maintain a Housing Revenue Account that is separate from its General Fund account. The amounts to be credited or debited to the Housing Revenue Account can only be in respect of items detailed in the Act or covered by regulations issued by the Secretary of State. Budgets must be prepared each year for the Housing Revenue Account which will avoid a debit balance on the account, and action must be taken if in any year it appears a debit balance may arise.

**10 HUMAN RESOURCES IMPACT**

Not applicable

**11 HEALTH & SAFETY IMPACT**

Not applicable

**12 PROPERTY & ESTATES IMPACT**

Not applicable

**13 EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

Not applicable

**14 CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

Not applicable

**15 CRIME AND DISORDER REDUCTION IMPACT**

Not applicable

**16 HUMAN RIGHTS IMPACT**

Not applicable

**17 FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS**

Not applicable

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## **BACKGROUND DOCUMENTS**

None