

Arun District Council

REPORT TO:	Housing & Wellbeing Committee – 10 September 2024
SUBJECT:	Budget Monitoring Report to 30 June 2024
LEAD OFFICER:	Antony Baden – Group Head of Finance & Section 151 Officer
LEAD MEMBER:	Councillor Carol Birch, Chair of Housing & Wellbeing Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's budget supports all the Council's Objectives.	
DIRECTORATE POLICY CONTEXT: 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.	
FINANCIAL SUMMARY: This report provides a detailed overview of the Committee's Revenue budget progress, Approves Savings against the planned budget, and forecasts for the Housing Revenue Account and Capital programme for 2024/25 as at the end of Quarter 1.	

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to appraise the Housing & Wellbeing Committee of its forecast out-turn against the 2024/25 budgets, which were approved by Full Council at its meeting of the 21 February 2024.

2. RECOMMENDATIONS

- 1.2. Members are asked to consider the report and comment.

2. EXECUTIVE SUMMARY

- 2.1. The report sets out in further detail the Committee's Revenue, Housing Revenue Account (HRA) and Capital programme budget performance projections to the 31 March 2025.

3. DETAIL

Revenue Budget

- 3.1. Table 1 below details the 2024/25 forecast revenue budget out turn as at the end of Quarter 1 and anticipates an overspend of £95k. The significant variances are explained in paragraph 4.2 below.

Table 1

Description	Original 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3
	£'000	£'000	£'000
Arun Lifeline	19	19	0
Community Safety / Development	690	696	6
Activities for the Elderly	80	73	(7)
Homelessness & Housing Advice	2,490	2,915	425
Housing Strategy & RSLs	42	42	0
Leisure & Culture	(1,024)	(1,023)	1
Revenues & Benefits	3,208	2,873	(335)
Voluntary Sector	280	286	6
Total Housing & Wellbeing Committee	5,785	5,881	95

3.2. **Homelessness & Housing Advice** – Continued increased demand on homelessness, compounded by unknowns from enhanced prisoner release schemes has led to a full year forecast overspend of over £500k. In addition, there is a £150k pressure on the budgeted savings target along with a £50k budget pressure following a review of the allocation of salaries between this general fund area and the HRA.

3.3. The above budget pressures have been lessened by receipt of £287k grant income above what was budgeted for.

3.4. **Revenue and Benefits** – The Quarter 1 forecast indicates a £335k salary underspend. This will be monitored and addressed in 2025/26 Budget setting.

General Fund Savings

3.5. Table 2 below shows progress made against approved savings targets incorporated into this year's budgets and forecasts. These targets are under regular monitoring and are planned to be reported on a quarterly basis.

Table 2

Description	Original 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3
	£'000	£'000	£'000
Approved Savings	580	430	(150)
Total Housing & Wellbeing Committee	580	430	(150)

3.6. There is an £150k shortfall on the budgeted £580k savings target for 2024/25 due to the following reasons:

- £74k – Further review has identified two budgeted savings against software subscriptions (£49k Mobyssoft and £25k Aereon) relate to the HRA rather than General Fund. No alternative savings options identified at present

- £72k – Budgeted savings included seven new Local Authority Housing Fund (LAHF) properties for 2024/25 to help avoid Emergency and Temporary Accommodation costs. However, only three properties were available at the start of the financial year, with another three expected from July, resulting in the shortfall in forecasted savings of £72k
- £4k – There was an under-achievement in saving from a planned upgrade to CCTV transmission.

4.7. Addressing the savings challenges proactively is essential to realign savings target for the fiscal year.

General Fund Capital Programme

4.8. Table 3 below, details the Committee's General Fund 2024/25 forecast capital programme out-turn as at Quarter 1. The total revised capital budget for 2024/25 is £152k consisting of in-year additions as detailed below.

Table 3

Project	Revised 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3
	£'000	£'000	£'000
Swimming Pool Support Fund	135	135	0
General Fund Housing	17	17	0
Total Housing & Wellbeing	152	152	0

4.9. **Swimming Pool Support Fund** – This additional budget was approved at Housing & Wellbeing Committee in March 2024 and is split as follows:

- £45k Littlehampton Wave for photo voltaic (PV) panels
- £90k for Arundel Lido pool cover and PV panels.

4.10 **General Fund Housing** – £17k relates to the transfer of Section 106 funds to Arundel Community Land Trust for provision of affordable housing.

Housing Revenue Account (HRA)

4.11. The balance on the HRA reserve is forecast to increase to an estimated £1.5m from an opening balance of £600k subject to Audit, by the end of March 2025, with an in-year surplus circa £300k higher than the original budget target. However, the Council has an established minimum reserve threshold for the HRA of at least £2m, so the pressure remains. The forecast out-turn position for the HRA is summarised in Table 4 below.

4.12. For a detailed review of the HRA draft outturn position, refer to table 4, with variances detailed further below.

Table 4

Key Areas	Revised 2024/25 Budget	Full Year Forecast	Variance at Q1 P3 (Forecast vs Budget)	23/24 Actuals	22/23 Actuals
	£'000	£'000	£'000	£'000	£'000
Income					
Rents	(20,796)	(20,812)	(16)	(18,905)	(17,420)
Voids	405	417	11	339	258
Service Charges	(829)	(1,128)	(300)	(972)	(345)
Other (Writes offs /	(195)	(236)	(42)	(482)	(314)
Total Income	(21,414)	(21,760)	(346)	(20,020)	(17,821)
Supervision & Management	6,009	6,956	947	6,277	6,116
Repairs & Maintenance	6,613	5,413	(1,200)	6,222	6,801
Depreciation & Loan Charges	8,074	8,328	255	8,205	7,845
Rents, rates, taxes & other	186	199	13	230	143
Total Expenditure	20,882	20,897	15	20,935	20,906
Gain or Loss on sale of HRA					(717)
Net HRA (Surplus)/Deficit	(532)	(863)	(332)	915	2,368
HRA Reserve					
HRA Reserve - Balance	(608)	(608)	0	(1,523)	(3,891)
Contingency / Savings		0	0		
In-Year Net HRA	(532)	(863)	(332)	915	2,368
HRA Reserve - Balance	(1,140)	(1,471)	(332)	(608)	(1,523)

4.13. **Rents** – These have increased by £1.9m year on year due to: £1.5m - 7.7% increase in rents £360k due to 2024/25 being a 53-week year £95k - new properties.

4.14. **Voids** – Voids are being managed proactively and currently remain within budget.

4.15. **Service Charges** – £300k favourable variance due to back dated increases in utility costs due to billing in arrears, the de-pooling service charge review will seek to address year on year timing difference on charging going forwards.

4.16. **Investment Income** – A higher interest rate than budgeted is forecast on projected HRA balances. Note this will change subject to actual interest rates and changes in balances.

4.17. **Supervision & Management – Key Pressures:**

- £120k Anticipated increases in utility cost, recovered in the future and part of service charge de-pooling exercise.
- £500k Increased cost from insourcing repairs contract which are netted off to deliver an anticipated net saving of £700k with £1.2m reduced Repairs and Maintenance.

- Agency and staffing pressures of £221k while work in being completed to determine fit for purpose structure going forwards.
- £376k savings identified during the 2023/24 budget setting process remain a risk with further work required to determine achievability and which financial year.

4.18. **Repairs & Maintenance** – The target savings anticipated on the in-house R&M contract is estimated at £1.2m. This will offset the R&M staffing costs of £500k delivering a net saving of £700k.

4.19. **Depreciation & Loan Charges** – Loan charges are based on estimated opening and closing balances and includes cost of new borrowing in year.

4.20. **Rent, rates, taxes & other charges** – Higher than anticipated void costs will impact recovery of council tax and water rates.

HRA Capital Programme

4.21. Table 5 reveals the Committee’s 2024/25 forecast HRA capital programme out-turn as of Quarter 1. The total revised capital budget stands at £26.9m, incorporating £10.4m slippage from the previous year. Efforts are underway to ascertain profiling on key major projects, with reprofiled budgets scheduled for future reporting. Additionally, there have been in-year changes, with an extra £1.4m attributed to Stock Development. Detailed insights are available below.

Table 5

Project	Revised 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3
	£'000	£'000	£'000
Stock Development	12,812	5,188	(7,624)
Housing Improvements & Energy Efficiencies	5,901	5,901	0
Sheltered Accommodation	4,600	0	(4,600)
Decarbonisation	3,000	0	(3,000)
Civica Implementation	584	584	0
Total Housing & Wellbeing Committee	26,897	11,673	(15,224)

4.22. **Stock Development** – This area has a revised budget of £12.8m following the carry forward of £4.8m from 2023/24 and additional in-year approvals of £1.4m relating to the acquisition of 4 properties at Hampton Park - funded by £624k from the local authority housing fund (LAHF), £350k affordable housing Section 106 contribution & £377k HRA borrowing. The scheme was approved at H&W Committee in March 2024 and handover of units is expected imminently. Further feasibility studies are also required to profile remaining budget.

4.23. Actual and committed expenditure to date of £4.1m relates to the Warwick & Boweries project. Handover of these 14 units is also expected imminently.

- 4.24. £6.7m of the original 2024/25 budget was allocated for the redevelopment of garages & other sites. This budget is to be reprofiled once feasibility work has been undertaken. Until then, only £5.2m of the revised £12.8m budget is expected to be used.
- 4.25. **Housing Improvements & Energy Efficiencies** – Spend on this area is expected to be as per budget.
- 4.26. **Sheltered Accommodation** – Including the carry forward of the £2.6m budget from 2023/24 the spend profile of the £4.6m revised 2024/25 budget needs review following feasibility studies.
- 4.27. **Decarbonisation** – £3m budget was carried forward from 2023/24. This project requires external funding before commencing. Submission of a bid to round 3 of the social housing decarbonisation fund is progressing.
- 4.28. **Civica Implementation** – Phase 1 of this systems implementation went live in June 2024. Phase 2 delivery is now in progress, with expenditure expected to be utilised as per budget.

4. CONSULTATION

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

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1. There are no alternative options to this report.

7. COMMENTS BY THE INTERIM 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. Despite ongoing efforts to enhance the HRA reserve balance projection, it remains a notable concern. To address this, new initiatives are being implemented to significantly enhance the current situation.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1.

Risk	Likelihood	Impact	Mitigation
Strategies to reduce agency costs are not in place	3	4	Agency staffing cost to reduce with Housing staffing restructure
Severe weather increases responsive repair costs	4	4	Continue planned programme of roof replacements and triage roof repair work

Damp and mould costs increase due to adverse weather	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

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

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.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

[Budget Book 2024/25](#)

[Special Full Council 21 February 2024 – Arun District Council budget 2024/25.](#)