

# Arun District Council

<b>REPORT TO:</b>	<b>Housing &amp; Wellbeing Committee – 10 September 2024</b>
<b>SUBJECT:</b>	<b>Draft Final Out-turn – 2023/24</b>
<b>LEAD OFFICER:</b>	<b>Antony Baden – Group Head of Finance &amp; Section 151 Officer</b>
<b>LEAD MEMBER:</b>	Councillor Carol Birch, Chair of Housing & Wellbeing Committee
<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> This report presents the Committee's Revenue budget, Housing Revenue Account and Capital programme 2023/24 draft out-turn position compared to the budget, highlighting any notable differences from the Q3 forecast. The financial summaries can be found in the Appendices.	

## 1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to appraise the Housing & Wellbeing Committee of its draft final out-turn against the 2023/24 budgets which were approved by Full Council at its meeting of 9 March 2023, subject to external Audit. 2022/23 figures are also shown for information.

## 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 draft final outturn position for the 2023/24 financial year and compares this expenditure against the approved budget.

### 3. DETAIL

#### Revenue Budget

3.1. Table 1 below, outlines the Housing & Wellbeing Committee's draft revenue final outturn position for 2023/24, revealing an overspend of £20k. This marks a positive shift of £138k from the £158k overspend recorded in Quarter 3. Detailed insights into the significant deviations from the previous forecast are provided in paragraph 4.2.

**Table 1**

Description	Revised 2023/24 Budget	Out-turn 2023/24	Variance 2023/24	Variance at Q3	Movement Q3 - Q4
	£'000	£'000	£'000	£'000	£'000
Arun Lifeline	(7)	(9)	(2)	19	(21)
Community Safety / Development	772	608	(164)	(135)	(29)
Activities for the Elderly	79	79	0	0	0
Homelessness & Housing Advice	2,427	2,896	469	336	133
Housing Strategy & RSLs	39	24	(15)	(18)	3
Leisure & Culture	(445)	(790)	(345)	(375)	30
Revenues & Benefits	2,781	2,872	91	330	(239)
Voluntary Sector	291	277	(14)	0	(14)
<b>Total Housing &amp; Wellbeing Committee</b>	<b>5,937</b>	<b>5,957</b>	<b>20</b>	<b>158</b>	<b>(138)</b>

3.2. **Homelessness & Housing Advice** – The £133k adverse swing compared to what was forecast at Q3 was due to increased demand for nightly paid accommodation.

3.3. **Revenues & Benefits** – 2023/24 overspend was £239k lower than had been forecasted at Q3 due to:

- £124k in additional savings against salaries budget
- Utilisation of £62k in grants to address Council Tax hardship write-offs
- Expenditure on Postage & Stationery was £53k lower than was previously forecast.

#### General Fund Capital Programme

3.4. Table 2 below outlines the Committee's General Fund 2023/24 draft final capital programme out-turn. The revised capital budget for 2023/24 was £578k which consisted of the slippage carried over from the previous year.

**Table 2**

Project	Revised 2023/24 Budget	Out-turn 2023/24	Variance 2023/24
	£'000	£'000	£'000
ALC Wet Change	578	541	(37)
<b>Total H&amp;W Committee GF Capital</b>	<b>578</b>	<b>541</b>	<b>(37)</b>

3.5. **ALC Wet Change** – Scheme now complete. Expenditure was less than budget.

## Housing Revenue Account (HRA)

3.6. The Council's established minimum threshold of £2m for the Housing Revenue Account reserve faces ongoing challenges. The draft 2023/24 outturn position shows a decrease to £608k, indicating continued pressure on the reserve. New initiatives are ongoing to optimise costs. The balance on the Housing Revenue Account reserve is forecast to increase to £1,471k by the end of March 2025.

3.7. For a detailed review of the HRA draft outturn position, refer to table 3. Significant variances compared to Q3 forecast are detailed further below.

**Table 3**

Description	Revised 2023/24 Budget	Out-turn 2023/24	Variance 2023/24	Variance at Q3	Movement Q3 - Q4
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Dwelling Rents	(18,345)	(18,465)	(120)	(107)	(13)
Non-Dwellings Rents	(479)	(439)	40	37	3
Voids	272	339	67	112	(45)
Write-Offs	96	(138)	(234)	0	(234)
Other Income	(764)	(988)	(224)	(56)	(168)
Interest on Balance	(207)	(326)	(119)	(123)	4
<b>Total Income</b>	<b>(19,427)</b>	<b>(20,020)</b>	<b>(592)</b>	<b>(137)</b>	<b>(455)</b>
<b>Expenditure</b>					
Supervision & Mgt	5,865	6,277	414	445	(31)
Repairs & Maintenance	5,956	6,222	266	184	82
Rent, rates, taxes	186	230	44	87	(43)
Depreciation	5,808	6,113	305	0	305
Loan Charges	1,952	2,092	140	53	87
<b>Total Expenditure</b>	<b>19,767</b>	<b>20,935</b>	<b>1,169</b>	<b>770</b>	<b>400</b>
Asset Sale Gain/Loss	0	0	0	0	0
<b>(Surplus)/Deficit</b>	<b>340</b>	<b>915</b>	<b>576</b>	<b>632</b>	<b>(56)</b>
<b>HRA Reserve</b>					
Balance B/Fwd	(1,523)	(1,523)			
(Surplus)/Deficit	340	915	576	632	(56)
<b>HRA Reserve Balance C/Fwd</b>	<b>(1,183)</b>	<b>(608)</b>	<b>576</b>	<b>632</b>	<b>(56)</b>
<b>Major Repairs Reserve</b>					
Balance B/Fwd	(3,884)	(3,884)			
(Surplus)/Deficit	(1,335)	31	1,366	2,509	1,143
<b>Major Repairs Reserve Balance C/Fwd</b>	<b>(5,219)</b>	<b>(3,853)</b>	<b>1,366</b>	<b>2,509</b>	<b>1,143</b>

3.8. **Voids** – Rent lost due to properties lying empty out-turned at £45k more favourable than was previously forecasted. This was due to a drive to refurbish a number of properties in the latter part of the year enabling them to be revenue generating.

3.9. **Write-Offs** – A year-end review resulted in a release of bad debt provision leaving adequate budget for future consumption.

3.10. **Other Income** – Higher than anticipated utility recharges resulted in a £169k favourable swing than what was forecasted at Q3. The de-pooling review will seek to address year on year timing difference on charging going forwards.

3.11. **Repairs & Maintenance** – Increased demand stemming from new housing regulations and contractor inflation led to a £266k adverse budget variance for the year, seeing a deterioration of £82k from the Q3 forecast.

3.12. **Depreciation** – This was £305k higher than anticipated budget in line with increased capital spend.

3.13. **Loan Charges** – These were £87k higher than was forecasted charges at Q3 following year-end review of internal borrowing rates of interest.

3.14. **Major Repairs Reserve** – Capitalisation reviews contributed to the increased financing of capital spend through this reserve.

### HRA Capital Programme

3.15. Table 4 below outlines the Committee’s HRA 2023/24 draft final capital programme out-turn. The revised capital budget for 2023/24 was £16m which includes £8.5m slippage carried over from the previous year.

3.16. Notably, there was an additional £5.9m allocated to Stock Development in-year, leading to a £13.7m capital programme for this area. However, £6.7m was later reprofiled to future years alongside £107k linked to the Civica implementation.

**Table 4**

Project	Revised 2023/24 Budget	Out-turn 2023/24	Variance 2023/24
	£'000	£'000	£'000
Stock Development	7,057	2,267	(4,790)
Decarbonisation	3,000	0	(3,000)
Housing Improvements & Energy Efficiencies	2,931	4,476	1,545
Sheltered Accommodation	2,600	0	(2,600)
Civica Implementation	420	342	(78)
<b>Total H&amp;W Committee HRA Capital</b>	<b>16,007</b>	<b>7,085</b>	<b>(8,923)</b>

### 4.17. Stock Development:

In-year completed schemes:

- Summer Lane (10 units)
- Chichester Road (8 units)
- The Mews (7 units).

Project carry forwards where feasibility studies will be required to profile the budget:

- £3.77m Warwick & Boweries to be delivered 24/25
- £769k is currently unallocated to an approved scheme
- £251k relates to any final payments for schemes already delivered.

- 4.18. **Decarbonisation** – As the Council's bid to the Social Housing Decarbonisation fund (SHDF) was unsuccessful, the £3m budget allocated to this scheme as match funding was not required at this stage.
- 4.19. **Housing Improvements & Energy Efficiencies** – £1.25m of the increased capital spend followed recent legislative and regulatory changes including The Fire Safety (England) Regulations 2022 and the Building Safety Act 2022 together with enhanced standards under the Regulatory regime of the Regulator of Social Housing. Additionally, there was a net overspend of £295k, attributed to an unbudgeted £424k enhanced roofing programme combined with underspends in other areas.
- 4.20. **Sheltered Accommodation** – The unspent £2.6m budget will be carried forward as part of a larger £6m programme to be funded by borrowing. Some feasibility work has been taking place (charged to revenue) to help inform the future scheme.

#### 4. CONSULTATION

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

#### 5. OPTIONS / ALTERNATIVES CONSIDERED

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

#### 6. COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 6.1. It is crucial for effective governance to closely monitor spending against budget throughout the financial year. This practice enables swift corrective measures by the Council in case spending or income deviates significantly from the approved budgets.
- 6.2. 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 with a forecast reserve of £1.5m for year ended 2024/25.

#### 7. 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

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

8.1. 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.

## **9. HUMAN RESOURCES IMPACT**

9.1. None.

## **10. HEALTH & SAFETY IMPACT**

10.1. None.

## **11. PROPERTY & ESTATES IMPACT**

11.1. None.

## **12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

12.1. None.

## **13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

13.1. None.

## **14. CRIME AND DISORDER REDUCTION IMPACT**

14.1. None.

## **15. HUMAN RIGHTS IMPACT**

15.1. None.

## 16. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

16.1. None.

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### **CONTACT OFFICER:**

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### **BACKGROUND DOCUMENTS:**

[Policy & Finance Committee July 24 – updated](#)

[Budget Book 2023/24](#)

[Minute 779, Full Council 9 March 2023 – Arun District Council budget 2023/24.](#)