

Somerset West and Taunton Council

Tenants' Strategic Group – 25th July 2022

Financial Monitoring – Outturn Position Report 2021/22

This matter is the responsibility of Executive Councillor or Francesca Smith, Portfolio Holder for Housing.

Report Author: Kerry Prisco, Management Accounting and Reporting Lead

1. Executive Summary

1. This report contains information related to Somerset West and Taunton Council's (SWT) Housing Revenue Account's (HRA) financial performance for the 2021/22 financial year. The outturn figures included are provisional subject to the completion of the external audit of the statutory financial statements. The audit is due to be completed between July and September with the findings due to be reported to the Audit and Governance Committee on 27th September this year.

2. Recommendations

The Tenants' Strategic Group is asked to note this report and are invited to ask questions.

3. Report

The challenging economic operating environment, as well as regulatory and political demands have continued to place financial pressure on the HRA during 2021/22. The service has had a backlog of responsive and planned maintenance and compliance works to deliver during the year as well as the rising costs of materials causing further financial pressure.

Covid has continued to impact business operations by causing further delays on the delivery of the capital programme, as such the Housing Senior Management Team have proposed budget returns to realign the capital programme. The reduced spend on the capital programme during the year did have a positive financial impact as this increasing investment income. The impact of Covid has increased costs in other areas of the business such as deep cleaning on sheltered accommodation and staffing requirements to maintain tenancy support.

In addition, there have been two other financial one-off adjustments this year that has helped the outturn position. The first is the successful Open Contractor project that identified major repairs undertaken as part of the voids process that could be capitalised to reduce pressure on the revenue account. The second, is that a debtors imbalance has been resolved resulting in a favourable one-off adjustment.

The unstable economic operating environment along with regulatory and political pressures means that the service is still experiencing high levels of volatility and

financial movements that are high risk. Whilst the year end position is an underspend, resulting in a small increase on general reserves which may look favourable this level may not be sufficient with the level of volatility being experienced. Therefore, the service needs to deliver ongoing efficiency savings and manage spend closely during 2022/23 to provide more financial capacity to enable the business to flex against changing and competing demands.

The **revenue outturn position** for the financial year 2021/22 is as follows:

The HRA Revenue Outturn position for 2021/22 is a net underspend of £170k (0.6% of gross income).

The HRA is a ring-fenced, self-financing account used to manage the Council's Housing Landlord function, which is budgeted to break even (net of approved transfers to/from HRA Reserves). As the HRA Net Budget is net £nil with costs wholly offset by income and reserves, performance is reported against gross income for monitoring purposes.

The **capital outturn position** for 2021/22 is as follows:

The actual spend on the HRA Capital Programme during 2021/22 was £12.708m (see **Appendix A**). The major areas of capital spend during the year related to the capital maintenance for the existing housing stock and the development of new stock.

A budget return of £11.847m is being proposed across the HRA Capital Programme. Section 10 and **Appendix A** provides more information.

A carry forward of £95.022m is being proposed for schemes in 2022/23 and future years (see **Appendix A**).

The **reserves position** for 2021/22 is as follows:

The **unearmarked reserves** are projected to be £3.413m which is £1.413m above the recommended minimum balance of £2m.

The **earmarked reserves** are projected to be £54k and are committed to support spending in future years.

4. Risk Assessment (if appropriate)

A risk assessment is not required to accompany this report.

5. Are there any Finance / Resource, Legal implications directly to do with this report?

There are financial implications as outlined above, no legal implications.

6: Are there any Equality and Diversity Implications?

There are no equality implications directly to do with this report

7. Are there any Data Protection Implications?

There are no equality implications directly to do with this report

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Appendix A: HRA Capital Outturn Position 2021/22

HRA Capital Programme Summary:

	Approved Budget as at 31 March 2022	Actual Capital Outturn 2021/22	Under (-) / Overspend on Completed Projects	Underspend - Budget No Longer Required	Remaining Approved Budget (ongoing projects)	Net 2022/23 Budget Additions Approved (Feb 2022)	Total Approved Budget 2022/23 and future years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Works	14,530	5,662	-0	-4,972	3,896	11,051	14,947
Fire Safety	1,756	315	0	0	1,441	2,133	3,574
Related Assets	130	31	0	-99	0	120	120
Exceptional & Extensive	294	221	0	-73	0	350	350
Vehicles	469	0	0	-404	65	155	220
ICT & Transformation	746	394	0	0	351	200	551
Aids & Adaptations & DFGs	370	158	0	-212	0	370	370
Sub-Total Majors & Improvements	18,294	6,781	-0	-5,760	5,753	14,379	20,132
Social Housing Development	101,145	5,927	138	-6,087	89,269	0	89,269
Total HRA	119,438	12,708	138	-11,847	95,022	14,379	109,401

Note: The approved budget for future years includes all Social Housing Development schemes approved for their duration plus one year of major works and improvements.

Appendix A: HRA Capital Outturn Position 2021/22 (cont.)

HRA Capital Programme Detail Listing:

Scheme Name	Approved Budget as at 31 March 2022	Actual Capital Outturn 2021/22	Under (-) / Overspend on Completed Projects	Underspend - Budget No Longer Required	Remaining Approved Budget (ongoing projects)	Net 2022/23 Budget Additions Approved (Feb 2022)	Total Approved Budget 2022/23 and future years
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Works	14,530	5,662	-	-4,972	3,896	11,051	14,947
HRA C Major Repairs Capital Programme	-	-	-	-	-	-	-
HRA C Major Repairs & Improvements	5,821	182	-1,669	-3,971	-	150	150
HRA C Kitchens	2,095	323	-	-	1,772	1,922	3,694
HRA C Bathrooms	1,020	114	-	-	906	507	1,413
HRA C Roofing	432	213	-	-	219	2,500	2,719
HRA C Windows	640	1,568	928	-	-	1,211	1,211
HRA C Heating Improvements	878	648	-	-	230	1,348	1,578
HRA C Doors	100	128	28	-	-	703	703
HRA C Fascias and Soffits	309	694	385	-	-	192	192
HRA C Air Source Heat Pumps	1,037	722	-	-315	-	-	-
HRA C Door Entry Systems	400	97	-	-	303	57	360
HRA C Community Alarms	-	-	-	-	-	10	10
HRA C Insulation	495	71	-	-424	-	300	300
HRA C Ventilation	40	15	-	-25	-	276	276
HRA C Kitchen rep'd due to dam (voids)	243	443	200	-	-	95	95
HRA C Bathroom rep'd due to da (voids)	86	213	127	-	-	95	95
HRA C Underground Drainage	50	9	-	-41	-	100	100
HRA C Environmental Improvements	100	46	-	-54	-	420	420
HRA C Electrical Testing	466	168	-	-	297	670	967
HRA C Sewerage Treatment Plant	50	-	-	-	50	100	150
HRA C Unadopted Areas	50	0	-	-	50	150	200
HRA C Scaffolding	50	7	-	-43	-	30	30
HRA C Water - Planned Maintenance	100	-	-	-100	-	215	215
HRA C Water - Safety Compliance	69	-	-	-	69	-	69
Fire Safety	1,756	315	-	-	1,441	2,133	3,574
HRA C Fire Safety Works	1,756	315	-	-	1,441	2,133	3,574
Related Assets	130	31	-	-99	-	120	120
HRA C Meeting Halls	35	0	-	-35	-	60	60
HRA C Garages	95	31	-	-64	-	60	60
Exceptional & Extensive	294	221	-	-73	-	350	350
HRA C Asbestos Works	294	221	-	-73	-	350	350
Vehicles	469	-	-	-404	65	155	220
HRA C Building Services Vehicles	469	-	-	-404	65	155	220
ICT & Transformation	746	394	-	-	351	200	551
HRA C IT Development	746	394	-	-	351	-	351
HRA C Transformation	-	-	-	-	-	200	200
Aids & Adaptations & DFGs	370	158	-	-212	-	370	370
HRA C Aids and Adaptations	70	36	-	-34	-	70	70
HRA C DFGs	300	122	-	-178	-	300	300
Sub-Total Majors & Improvements	18,294	6,781	-0	-5,760	5,753	14,379	20,132
Sub-Total Social Housing Development Programme	101,145	5,927	138	-6,087	89,269	-	89,269

Note: The Social Housing Development Programme has not been provided per scheme as some of the detailed content is confidential whilst contracts are still being negotiated.