

STROUD DISTRICT COUNCIL

HOUSING COMMITTEE

16 DECEMBER 2014

AGENDA ITEMS 8 AND 9

- 8. HOUSING REVENUE ACCOUNT (HRA) REVISED ESTIMATES 2014/15 AND ORIGINAL ESTIMATES 2015/16**
- 9. BUDGET MONITORING REPORT 2014/15 – Q2**

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**AGENDA
ITEM NO**

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8

Report Title	HOUSING REVENUE ACCOUNT REVISED ESTIMATES 2014/15 AND ORIGINAL ESTIMATES 2015/16
Purpose of report	To present to the Housing Committee revised estimates for the Housing Revenue Account for 2014/15 and the original estimates for 2015/16.
Decision(s)	<p>The Committee RECOMMENDS to Strategy and Resources Committee:</p> <ul style="list-style-type: none">a) The revised HRA budget for 2014/15 and original HRA revenue and capital budgets for 2015/16 are approvedb) That from 1 April 2015 the following increases to existing rent and service charges as detailed in Appendix A are applied.<ul style="list-style-type: none">i) Dwelling rents increase by 3%, being CPI of 1.2% + 1.8% for growth. (For an explanation of rents please see Appendix F)ii) Garage rents increase by CPI, i.e. 1.2% (see details in Appendix A);andiii) Other landlord service charges increase by CPI i.e. 1.2% (see details in Appendix A)iv) Landlord service charges at Sheltered Housing Schemes are increased by CPI i.e. 1.2% (see details in Appendix A).c) That the Capital Programme for 2015/16 be approved <p>NB. Decisions from Strategy & Resources regarding the budget will need to be recommended to Council for resolution.</p>
Consultation and Feedback	Stroud Council Housing Forum have been presented with the main points on the revised 2014/15 outturn, the 2015/16 budget and the five year MTFP in a presentation on the 3 rd December 2014.

Financial Implications & Risk Assessment	<p>The HRA strategy is to continue delivering an ambitious programme of works in 2015/16 and the coming years. This objective must be balanced by ensuring there are suitable financial resources to deliver those programmes. Key to this is the level at which dwelling and non dwelling rents are set as they comprise the main source of funding to the HRA. Adjusting the level of rent could impact on the timescales of the delivery of the programme.</p> <p>Ian Garrett, Principal Accountant Tel: 01453 754344 Email: ian.garrett@stroud.gov.uk</p>
Legal Implications	<p>The recommendations set out in this report regarding budget approvals, subject to any amendments by the Strategy and Resources Committee, will need to be referred to full Council for resolution as part of the annual Budget Meeting on 29 January 2015.</p> <p>Karen Trickey, Legal Services Manager Tel: 01453 754639 Email: Karen.Trickey@stroud.gov.uk</p>
Report Author	<p>Ian Garrett, Principal Accountant Tel: 01453 754344 Email: ian.garrett@stroud.gov.uk</p>
Options	<p>(a) Reducing expenditure in other areas of the capital programme to fund catch up repairs</p> <p>(b) Defer the proposed timescales for replacement homes</p> <p>Additionally, the authority has the freedom to set rent increases as it sees as appropriate. Paragraph 3 (page 4) illustrates the options and financial consequences of those options.</p>
Background Papers	<ol style="list-style-type: none"> 1. Report to council 24 January 2014 (budget meeting) 2. HRA housing committee reports 24th June, 16th September and 16th December 2014
Appendices	<ul style="list-style-type: none"> A - Summary of proposed rent and service charge increases B - Original estimates 2015/16 C - HRA balances D - Medium Term Financial Plan E - Capital Programme F - Rent setting

1. BACKGROUND

- 1.1 Each year the council is required to set a balanced budget for the forthcoming year. 2015/16 will be the fourth year that the HRA will operate under Self Financing, which since its introduction in April 2012, has resulted in a significant increase in resources available to the HRA.
- 1.2 As well as proposing a 2015/16 budget, this report also summarises the changes made to the 2014/15 budget as reported to Housing Committee, Strategy and Resources Committee and Council and presents the revised budget based on the latest forecast of the financial performance for the 2014/15 year.
- 1.3 The assumptions made in proposing the 2015/16 budget are set out in detail within the report. The HRA Medium Term Financial Plan illustrating the income and expenditure within the HRA over the next 5 years is shown at Appendix D.

2. REVISED BUDGET 2014/15

- 2.1 The HRA budget for 2014/15, approved by Council in February 2014, was £10,000 net. The budget was subsequently revised to (£1,019,400) by member decisions which are summarised in table 1. This report sets out some further changes to the 2014/15 budget, as reported to Housing Committee in the Q2 budget monitoring report presented separately at this meeting. For consistency, it has been assumed that those proposed budget changes presented at this meeting will be approved.

Reconciliation of 2014/15 HRA Budget changes	Budget (£)
Original Net Budget 2014/15	10,000
[a] Bringing forward of New Homes spend - Housing Committee 20th March	105,000
[b] Carry forwards and slippage - Strategy & Resources 26th June	382,600
[c] Transfer to Reserves -Strategy & Resources 2nd October	(1,517,000)
Revised Net Budget	(1,019,400)
[d] Budget Amendments December 2014 Housing Committee	(1,523,000)
Revised Net Budget	(2,542,400)

- 2.2 The revised estimates for 2014/15 as set out in this report will result in a balance on the HRA of £5.965m by March 2015. This is an appropriate balance given that the proposed value of the programme of works in 2015/16. It is also proposed to maintain balances at £2.445m at the end of 2015/16. Please refer to Appendix C, page 10 for further detail on balances.

3 PROPOSED RENT AND SERVICE CHARGES FROM APRIL 2015

- 3.1 From 2015/16 the rent convergence agenda has finished and government recommendations are that rents should increase by the consumer price index (CPI) at the end of September plus a further 1% increase for growth. However, members can choose to increase rent as they wish.
- 3.2 Several rent options and their financial consequences are set out below for consideration. The effect on income from each option is compared to using a 3% increase as the benchmark as 3% is the assumed 2015/16 increase as per the business plan. For clarity, on average, each 1% change in the 2015/16 rent increase equates to 81 pence per week per property (£42.12 a year) and alters total income to the HRA by approximately £211,000 in the first year and £9.5m over 30 years assuming rent increases are 3% thereafter.

Basis	Rent increase %	Average weekly rent £	Increase on previous years average rent £80.77 £	1 year (loss) / gain compared to 3% £	5 year (loss) / gain compared to 3% £	30 year (loss) / gain compared to 3% £
zero increase	0%	£80.77	£0.00	(632,000)	(3,375,000)	(28,430,000)
CPI of 1.2% +1% for growth	2.20%	£82.54	£1.77	(169,000)	(900,000)	(7,581,000)
previous business plan assumption	3%	£83.19	£2.42	0	0	0
4%	4%	£84.00	£3.23	211,000	1,125,000	9,476,000
Limit rent increase	5.44%	£85.18	£4.41	514,000	2,745,000	23,122,000

- 3.3 The recommended rent increase is 3%. This consists of CPI for September of 1.2% + 1.8% for growth. The result is an average weekly rent increase of £2.42 and consequently an average weekly rent of £83.19. As CPI is currently very low it is recommended to follow the HRA business plan assumption of 3% for 2015/16. The difference between a 2.2% increase and 3% will be a year one loss of £169,000 and loss of nearly £7.6m over 30 years.
- 3.4 It is recommended that garage rents continue to be increased in line with the September CPI rate of 1.2%.
- 3.5 It is recommended that landlord service charges is continue to increased in line with the September CPI rate of 1.2%. Service charges cover the costs of gas and electricity prices for communal areas; television relay systems and IT services at sheltered housing schemes
- 3.6 Charges at sheltered housing schemes also include a charge for landlord services which relates to caretaking and cleaning services and the provision of communal facilities.
- 3.7 Appendix A sets out all current and proposed levels of rents and service charges

4 ASSUMPTIONS MADE IN CALCULATION OF ESTIMATES 2015/16

- 4.1 The assumptions and methodologies used in calculating the current estimate of the 2015/16 HRA budget are as follows:-
- 4.2 The proposed average increase of 3% is below the housing benefit 'limit rent' which is the maximum rent the housing benefit system will pay for those tenants on partial or full benefit.
- 4.3 Maintaining a 2014/15 year-end HRA balance of £5.965m to mitigate any potential financial variation possible from an increased capital programme.
- 4.4 The balance of £7.762m of the £10.7m Self Financing 'headroom' borrowing will be taken in 2015/16 in order to support the replacement homes programme. It is expected it can be achieved at an interest rate of 3.5%, based on the current public works loan board (PWLB) long-term rates. However, the treasury management officer will explore alternatives that maybe more favourable, such internal borrowing, in order to ensure the most cost effective option is used.
- 4.5 10 'Right to Buy' sales have been budgeted for in 2015/16. The popularity of the Right to Buy is currently still exceeding Government estimates (15 sales so far in 2014/15). However, it is important the financial plan does not over rely on future income from sales in case they should significantly decrease.
- 4.6 The original estimate included provision for a 1% pay award for 2014/15. A pay award for local government employees was agreed on 14 November 2014 and is a 15 month settlement effective from 01 January 2015 largely increasing pay by 2.20%. It is estimated that the overall effect on 2014/15 will be contained within existing budgets. For 2015/16 salary budgets have been increased by an initial further 1% as the full-year effect of the pay award was not able to be calculated in detail for this report.
- 4.7 Current service pension costs are likely to remain at 13.7% of salary costs in 2015/16.
- 4.8 The next phase of the changes to the benefit system, the 'Universal Credit' remains a key government objective and the consequences of it could present some challenges for the HRA. Although the timing of its implementation in the south-west is still uncertain, the national rollout between 2014 and 2017 remains the overall timescale for completion.
- 4.9 'Universal Credit' will bring previously separate benefits together into a single payment directly to the claimant. The change presents a risk for both the tenants on benefit and the authority. Tenants will be handed personal responsibility to pay their rent to the landlord to maintain their tenancy. The authority also needs to ensure it continues to effectively collect rent as it is primarily rent which funds the HRA. To address these issues a financial

inclusion strategy is being implemented which provides a range of advice and assistance to tenants in order to lessen the impact on them. These measures include moving to a 52 week rent year rather than a 48 week year, which will help align benefits payments and rent weeks.

5 HRA REVENUE PROGRAMME 2015/16

- 5.1 Excluding the capital programme and associated funding the HRA has gross revenue income budget of £23.5m and gross revenue expenditure of £15m. Income consists mainly of dwelling and non dwelling rents and service charges from sheltered housing schemes. The combined income forms the main source of funding for both the revenue and capital expenditure.
- 5.2 The main constituents of the revenue expenditure budget of £15m are £4.1m on repairs of existing properties, £3.5m in meeting the self financing debt interest and £4.8m million in the supervision & management. This budget, amongst other items contains the staffing budgets for tenant services. Additionally a number of other key activities including asset management, tenant participation and performance improvement are funded from here.

6 HRA CAPITAL PROGRAMME 2015/16

- 6.1 Capital expenditure of £21.252m is planned for 2015/16 on existing and new capital programmes. The capital budget is split between £10.1m on expenditure on existing stock and £11.125m on new build and regeneration. The major schemes on existing stock in terms of budget will be kitchens and bathrooms and central heating. On new build and regeneration the greatest expenditure will be seen at Leonard Stanley and the Top of Town the 'first division' elements of the programme should deliver an increase of 61 properties to the council's housing stock through a combination of purchases and new build.
- 6.2 Appendix E provides a breakdown of the capital programme for 2015/16 and beyond, detailing those elements that relate to new homes and other work on the existing housing stock.

7 HRA MEDIUM TERM FINANCIAL PLAN (MTFP)

- 7.1 A summary of the HRA Medium Term Financial Plan (MTFP) is included as Appendix D. The plan covers a five year period up to 2018/19 and proposes a broad strategy for allocating rents, as well as other financial resources in order to fund the various work programmes undertaken by the HRA. Beyond the next 5 years options available to those set out in the plan include the potential to repay part of the £94.7m Self Financing debt or to expand the new build programme.

- 7.2 It is recommended to continue to repay only interest on the £94.7m HRA debt within the next five years of the MTFP. As well as the initial £91.7m self financing loan, the authority has borrowed a further £1m and £2m on a medium term basis. These additional loans are repayable within the life of the MTFP, in March 2018 and February 2019 respectively. However, it maybe considered as favourable to renew those loans at the point they mature and therefore no provision has been made for their repayment at this point. Should members wish to repay the medium term loans as they mature, provision will need to be made in the years 2017/18 and 2018/19 and a corresponding reduction in expenditure will be required and/or a reduction in reserves for those years. For the borrowing of the remaining £7.6m of headroom in the MTFP, due to take place in the next year, an assumed rate of 3.5% for long-term borrowing has been used to calculate interest payable.
- 7.3 The MTFP illustrates the ambition and scope of the HRA over the next 5 years. Much of the capital works as set out in the plan originate from the work that the stock condition survey of the authority's properties indicates is required. Compared to many other authority's, Stroud's level of completed surveys is particularly high and provides a strong basis on which to plan its capital programmes in the medium and long term. It is also intended to undertake a 25% external warranted stock condition survey during 2015 to validate the extensive expenditure that has taken place since HRA self Financing commenced.

Due to the volume of information and complexity of some of the issues within this report, it would be helpful where members have questions on matters of detail if they could be referred to the report author or appropriate budget holder prior to the meeting.

PROPOSED LEVEL OF RENTS AND SERVICE CHARGES			
On a weekly basis over 52 weeks for dwelling rents & 48 weeks for all others			
	Current 2014/15	Proposed 2015/16	increase over current rents
<u>Rents</u>			
Dwelling Rents - average	£80.77	£83.19	£2.42
Garage **	£12.56	£12.71	£0.15
** subject to VAT for non-Council tenants			
<u>Landlord Service Charges:</u>			
TV Relay (communal aerials)			
- basic IRS	£0.35	£0.35	£0.00
- comprehensive IRS	£0.90	£0.91	£0.01
Cleaning Charges - typical (communal hallway to flats)	£2.52	£2.55	£0.03
Sheltered Housing (communal facilities, caretaking, cleaning)	£24.92	£25.22	£0.30

Housing Revenue Account Revised Estimates 2014/2015 and Original Estimates 2015 /2016 Service Expenditure			
	2014/15 Original £	2014/15 Revised Dec £	2015/16 Original £
HRA Income (rents and charges)			
Dwelling Rents	(21,225,100)	(21,225,100)	(21,815,000)
Non Dwelling Rents	(363,700)	(363,700)	(368,100)
Leasholder Service charges	(48,900)	(48,900)	(49,500)
Interest	(25,000)	(25,000)	(25,000)
Income and other charges	(86,000)	(86,000)	(87,100)
Transfers from General Fund	(170,000)	(170,000)	(170,000)
Subtotal income	(21,918,700)	(21,918,700)	(22,514,700)
Expenditure			
General Management	4,926,200	4,837,000	5,193,100
Special Services	2,532,200	2,869,000	1,938,300
Sheltered Housing Charges	(1,420,000)	(1,420,000)	(1,112,100)
Repairs & Maintenance	3,186,000	3,178,000	4,128,800
Capital	21,095,000	13,650,500	21,252,200
Subtotal expenditure	30,319,400	23,114,500	31,400,300
Other income and expenditure			
FRS17 Pension Cost Adjustment	(220,500)	(271,500)	(271,500)
Contribution to past service cost	363,600	363,600	363,600
Bad Debt Provision	135,000	135,000	135,000
Self Financing	3,581,200	3,272,400	3,517,400
Subtotal other income and expenditure	3,859,300	3,499,500	3,744,500
Funding			
Borrowing of HRA Headroom	(5,400,000)	0	(7,762,000)
Capital receipts	(750,000)	(1,200,000)	(500,000)
Decent Homes Funding	(6,000,000)	(5,900,000)	0
Homes & Communities Agency Grant		(1,465,500)	(641,000)
Renewables Management	(100,000)	(50,000)	(100,000)
New Homes - Shared ownership income		(139,200)	(1,624,400)
Appropriation to reserves		1,517,000	962,000
Subtotal funding	(12,250,000)	(7,237,700)	(9,665,400)
Net Budget	10,000	(2,542,400)	2,964,700

Housing Revenue Account Revised Estimates 2014 /2015 and Original Estimates 2015 /2016 Balances				
	2013/14 Original £	2014/15 Original £	2014/15 Revised £	2015/16 Estimates £
Housing Revenue Account				
Opening Balance	(3,181,100)	(1,905,500)	(1,905,500)	(5,964,900)
Added to/(Drawn from) Balances	1,275,600	10,000	(4,059,400)	3,519,700
Closing revenue Balance	(1,905,500)	(1,895,500)	(5,964,900)	(2,445,200)
<u>Detail of balances</u>				
General Reserve	(1,905,500)	(1,895,500)	(4,447,900)	(1,890,200)
New Homes Reserve			(1,517,000)	
New IT system reserve				(555,000)
Total	(1,905,500)	(1,895,500)	(5,964,900)	(2,445,200)

Housing Revenue Account Medium Term Financial Plan (MTFP) 2014/15 to 2018/19

	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
HRA income (Rents and Charges)					
Dwelling Rent Income	(21,225,100)	(21,815,000)	(22,974,400)	(24,082,800)	(24,847,900)
Non-dwelling rents	(363,700)	(368,100)	(379,100)	(390,500)	(402,200)
Leaseholder Service charges	(48,900)	(49,500)	(49,500)	(49,500)	(50,500)
Income and Other charges	(86,000)	(87,100)	(87,100)	(87,100)	(88,800)
Interest	(25,000)	(25,000)	(25,000)	(25,000)	(25,500)
Transfers from General Fund	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)
Subtotal HRA income (Renst and Charges)	(21,918,700)	(22,514,700)	(23,685,100)	(24,804,900)	(25,584,900)
Supervision & Management - Divisional spend					
Strategic head of tenant services	79,400	79,800	79,800	79,800	79,800
Head of Housing contracts	73,700	75,500	75,500	75,500	75,500
Head of housing management	73,700	73,900	73,900	73,900	73,900
Business development team	79,800	79,800	79,800	79,800	79,800
Housing asset management team	1,514,900	1,567,600	1,567,600	1,567,600	1,567,600
Allocations team	130,500	115,000	115,000	115,000	115,000
Performance & Improvement team	973,800	894,200	894,200	894,200	894,200
Tenancy management team	845,100	873,700	873,700	873,700	873,700
Right to buy administration team	74,600	64,700	64,700	64,700	64,700
	3,845,500	3,824,200	3,824,200	3,824,200	3,824,200
Supervision and Management - Direct spend					
HRA Strategic Policy	222,500	222,600	222,600	222,600	222,600
Contingency	103,900	104,000	104,000	104,000	104,000
Development Plan	13,500	13,500	13,500	13,500	13,500
Performance & Improvement	399,300	469,800	469,800	469,800	469,800
Tenant Participation	233,800	209,800	209,800	209,800	209,800
Tenancy financial inclusion	13,500	13,500	13,500	13,500	13,500
Tenancy fraud	5,000	2,500	2,500	2,500	2,500
Supervision & Management	991,500	1,035,700	1,035,700	1,035,700	1,035,700
Sheltered housing management and teams	1,660,400	941,100	941,100	941,100	941,100
Sheltered housing support	12,500	12,500	12,500	12,500	12,500
SH schemes - expenditure	464,300	596,100	596,100	596,100	596,100
SH communal areas - expenditure	398,600	388,600	388,600	388,600	388,600
SH schemes - income	(1,417,900)	(1,110,000)	(1,132,200)	(1,154,800)	(1,177,900)
SH communal areas - income	(2,100)	(2,100)	(2,100)	(2,100)	(2,100)
Subtotal Sheltered Housing	1,115,800	826,200	804,000	781,400	758,300
Repairs & Maintenance - responsive	1,510,000	1,847,000	1,831,000	1,731,000	1,681,000
Repairs & Maintenance - general voids	824,000	867,500	867,500	867,500	867,500
Repairs & Maintenance - cyclical	844,000	1,414,300	1,414,300	1,414,300	1,414,300
Subtotal repairs and maintenance	3,178,000	4,128,800	4,112,800	4,012,800	3,962,800
Capital expenditure funded by the HRA	13,650,500	21,252,200	12,996,000	9,578,000	11,905,000
Corporate, democratic & unallocated costs	333,200	333,200	333,200	333,200	333,200
Subtotal HRA net service expenditure	1,195,800	8,885,600	(579,200)	(5,239,600)	(3,765,700)

Medium Term Financial Plan (MTFP) 2014/15 to 2018/19

Housing Revenue Account Medium Term Financial Plan (MTFP) 2014/15 to 2018/19					
	2014/15	2015/16	2016/17	2017/18	2018/19
	£	£	£	£	£
Other HRA income and expenditure					
FRS17 retirement benefit adjustments	(271,500)	(271,500)	(271,500)	(271,500)	(271,500)
Contribution to Pension past service cost	363,600	363,600	363,600	363,600	363,600
Provision for Bad Debts	135,000	135,000	135,000	135,000	135,000
Self Financing Debt management	3,272,400	3,517,400	3,544,100	3,544,100	3,544,100
Subtotal other HRA income and expenditure	3,499,500	3,744,500	3,771,200	3,771,200	3,771,200
New Homes and Regen- Shared ownership and other receipts	(139,200)	(1,624,400)			
Decent Homes funding	(5,900,000)				
Renewables management	(50,000)	(100,000)	(100,000)	(100,000)	(102,000)
Borrowing of HRA Headroom		(7,762,000)			
Capital receipts	(1,200,000)	(500,000)	(400,000)	(300,000)	(300,000)
Homes & Communities Agency Grant	(1,465,500)	(641,000)	(678,500)		
Subtotal funding	(8,754,700)	(10,627,400)	(1,178,500)	(400,000)	(402,000)
Appropriation to / (from) Housing Reserve	1,517,000				
Appropriation (to) / from New build		(1,517,000)			
Appropriation to / (from) ICT reserve		555,000			
HRA outturn (Surplus) / Deficit	(2,542,400)	1,040,700	2,013,500	(1,868,400)	(396,500)
BALANCES					
(Increase)/Decrease in HRA general balances	(2,542,400)	1,040,700	2,013,500	(1,868,400)	(396,500)
Revenue balance b/f	(1,905,500)	(4,447,900)	(3,407,200)	(1,393,700)	(3,262,100)
Revenue Balances c/f	(4,447,900)	(3,407,200)	(1,393,700)	(3,262,100)	(3,658,600)
RESERVES					
Specific new homes and regen reserve	(1,517,000)	1,517,000	0	0	0
Specific IT system reserve	0	(555,000)	(555,000)	(555,000)	(555,000)
Total other reserves	(1,517,000)	962,000	(555,000)	(555,000)	(555,000)
Total Reserves and Balances	(5,964,900)	(2,445,200)	(1,948,700)	(3,817,100)	(4,213,600)

Capital Programme	unit numbers	Projected 2014/15 £	Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	TOTAL £
NEW HOMES							
Hanover (2013/14)	18		19,400				39,500
Woolaways - Minchinhampton		20,100					4,559,900
Woolaways-Leonard Stanley	32	705,000	4,095,500	113,400	(354,000)		6,756,500
Woolaways-Top of Town	20	965,000	2,791,500	3,000,000			457,000
The Corriett	6	198,000	259,000				434,700
Berkeley	4	188,100	246,600				476,900
Hillside, Coaley	2	207,000	269,900				622,100
Southbank, Woodchester	1	272,700	349,400				1,587,000
Chapel Street, Cam	14	397,700	578,000	611,300			991,300
Wharfdale Way	7	50,000	392,200	549,100			2,333,600
Littlecombe	22	388,200	1,945,400				474,000
Sheltered Housing	23			474,000			133,000
Units to reach 150 units	1			133,000			
150 units programme	150	3,391,800	10,946,900	4,880,800	(354,000)	-	18,865,500
Additional units to stay within £19.5m budget	12			266,000	1,330,000		1,596,000
Additional units beyond the £19.5m budget	10			133,000	1,197,000		4,837,500
Contingency		47,700	178,600	111,200		4,500,000	
Total	172	3,439,500	11,125,500	5,391,000	2,173,000	4,500,000	26,629,000

Capital Programme	Projected 2014/15 £	Budget 2015/16 £	Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	TOTAL £
NON NEW HOMES						
Void - Other	1,600,000	1,400,000	1,100,000	1,000,000	1,000,000	6,100,000
Door Entry		100,000				100,000
Electrical Works	300,000	120,000	100,000	100,000	100,000	720,000
Suited Locks		140,200				140,200
Doors & Windows - Doors	575,000	500,000	275,000	275,000	275,000	1,900,000
Central Heating	1,910,000	1,598,000	358,000	358,000	358,000	4,582,000
Central Heating - installs for DSO		312,000	312,000	312,000	312,000	1,248,000
Estate Works	545,000	800,000	500,000	500,000	500,000	2,845,000
Professional Fees	15,000	50,000	15,000	15,000	15,000	110,000
Disabled Adaptations	325,000	250,000	220,000	220,000	220,000	1,235,000
Asbestos	200,000	400,000	28,000	28,000	28,000	684,000
Kitchen & Bathroom	2,245,000	2,025,000	2,600,000	2,500,000	2,500,000	11,870,000
Roofing	330,000	600,000	500,000	500,000	500,000	2,430,000
Insulation	90,000		90,000	90,000	90,000	360,000
Heating, Fuel Switch & Renewable Heating	1,955,000	805,000	1,017,000	1,017,000	1,017,000	5,811,000
Scheme Renovations	50,000	430,000	240,000	240,000	240,000	1,200,000
Non traditional properties		550,000	250,000	250,000	250,000	1,300,000
Gas In-House Provider	171,000	46,500				217,500
Efficiency savings	(100,000)					(100,000)
Non new build	10,211,000	10,126,700	7,605,000	7,405,000	7,405,000	42,852,700
Total Capital Gross Spend	13,650,500	21,252,200	12,996,000	9,578,000	11,905,000	69,481,700

Actual Rent

Following the ending of the rent convergence approach in 2014/15, rents are now advised to increase by CPI at the end of September each year plus 1% for growth. CPI for September 2014 was 1.2%. However, due to such low inflation at present the recommended rent increase is 3% (1.2% CPI+1.8% for growth). This equates on average weekly rent £83.19 over 52 weeks, an average £2.42 weekly increase on the previous year

Target / Formula Rent

Property Type	SDC average actual rents (over 52 Weeks)	Limit Rents (over 52 Weeks)
Bedsits	£64.07	£85.18
1 bed	£73.33	£85.18
2 beds	£83.98	£85.18
3 beds	£92.35	£85.18
4 beds	£100.70	£85.18
5 beds	£103.52	£85.18
6+ beds	£128.77	£85.18

Limit Rent

This is the maximum rent which the Department of Work and Pensions is willing to pay in terms of Housing Benefit for a dwelling. Tenants who qualify for Housing Benefit currently receive a rebate based on the Actual Rent regardless of whether it is above Limit Rent or not.

If the rent rebates paid exceed on average the Limit Rent then the excess is not eligible for Rent Rebate Subsidy but is charged to the Housing Revenue Account.

The Limit Rent for 2015/16 is likely to be £85.18. As the proposed average rent is £83.19 is below the Limit rent and no rent is lost from the Housing Benefit claim

HOUSING COMMITTEE

16 DECEMBER 2014

9

Report Title	BUDGET MONITOR REPORT 2014/15 - Q2
Purpose of Report	To present to the Housing Committee a forecast of the outturn position for the Housing Revenue Account and Capital Programme for 2014/15.
Decision(s)	<p>The Committee RESOLVES:</p> <p>a) to note the outturn forecast for the Housing Revenue Account and the Capital Programme for 2014/15;</p> <p>b) Housing Committee to recommend to Strategy and Resources committee to approve the virements and transfers to earmarked reserves as set out in Table 4.</p> <p>c) Housing Committee to recommend to Strategy and Resources committee to recommend to Council to approve the creation of a New Homes and Regeneration contingency budget as detailed in paragraph 28, page 19.</p>
Consultation and Feedback	Budget holders have been consulted about the budget issues in their service areas. Their feedback has been incorporated in the report to explain differences between budgets and forecast outturn income and expenditure.
Financial Implications & Risk Assessment	<p>There are a number of variances between Housing Revenue budgets and the projected outturn. Overall, a net surplus of (£2,542,400) has been predicted, compared to a budgeted surplus of (£1,019,400).</p> <p>It is estimated the Housing Capital Programme will have slippage of (£6,074,000). This is net of a £83,000 saving on the gas in-house provider scheme. Slippage has increased by a net (£381,000) on the previous report tabled at Housing Committee in September 2014 and split between an increase of (£549,000) for New Homes & regeneration and a decrease of £168,000 for other capital works.</p>

Financial Implications & Risk Assessment	The slipped funding remains committed against capital schemes and will be carried forward to 2015/16. Ian Garrett, Principal Accountant Tel: 01453 754344 Email: ian.garrett@stroud.gov.uk
Legal Implications	As the report sets out relevant budget forecasts there are no legal implications Karen Trickey, Legal Services Manager & Monitoring Officer Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk
Report Author	Ian Garrett, Principal Accountant Tel: 01453 754344 Email: ian.garrett@stroud.gov.uk
Options	None.
Performance Management Follow Up	Budgets will be monitored on a monthly basis by budget holders, supported by Finance. Further updates will be reported to the Committee in March 2015, with the outturn position in June 2015.
Background Papers and Appendices	None Appendices A and B

1.0. **Background**

1. This report provides the second monitoring position for the financial year 2014/15. Its purpose is to notify members of any known significant variations to budgets for the current financial year, highlight any key issues, and to inform members of any action to be taken, if required.
2. The report includes transactions up to 31 October 2014, with a projection of income and expenditure to the end of the financial year based on an assessment of known and predicted variables. There is, however, a degree of risk or uncertainty within the outturn forecast which is discussed further in paragraphs 8 and 9.
3. The contents of this report should be considered in conjunction with the associated paper presented to Housing Committee at this meeting which details the 2015/16 HRA budget and the 5 year Medium Term Financial Plan (MTFP). That paper sets out the resources available to HRA over the next 5 years and the planned areas of expenditure.
4. **Due to the volume of information contained in this report, it would be helpful if members with questions on matters of detail could contact the report author or the appropriate service manager before the meeting.**

HRA Budget position

5. The original Housing Revenue Account net budget for 2014/15 was £10,000 (Net of £35.423m expenditure, £35.413m income) as approved by Council at their meeting on 23rd January 2014. This was revised to (£1,019,400) by subsequent member decisions. Table 1 provides a reconciliation of the original budget to the latest budget.

6. The position at 31 October 2014 shows a projected net underspend of (£2,542,400). This is a variance of (£1,523,000) on the budgeted position of (£1,019,400). The variance is the net of (£6,535,300) expenditure related variances and £5,012,300 income related variances.

Table 1 – Reconciliation of Budget movements

	Total Budget (£)
2014/15 Budget changes	
Original Gross Expenditure	35,423,000
Original income	(35,413,000)
Original Net Budget	10,000
Add: Capital Programme adjs (Council 10/04/2016)	105,000
Add: Carry Forwards (S&R 26/06/2014)	382,600
Less: Movement to Reserves (S&R 2/10/2014)	(1,517,000)
Latest Budget as at 31 October 2014	(1,019,400)

Table 2 – Outturn Forecast

Housing Committee	2014/15 Latest Budget (£)	Budget Year to date (£)	Actual to 31 October 2014 (£)	Variance to 31 October 2014 (£)	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
HRA Income (Rents & Charges)	(21,918,700)	(14,485,558)	(10,736,365)	3,749,193	(21,918,700)	0
HRA Supervision and Management - Divisional	3,845,500	2,004,261	1,800,305	(203,956)	3,845,500	0
HRA Supervision and Management - Direct Spend	1,061,500	585,320	222,585	(362,735)	991,500	(70,000)
HRA Sheltered Housing	1,115,800	434,082	389,810	(44,273)	1,115,800	0
HRA Repairs and Maintenance	3,178,000	1,853,878	1,664,107	(189,771)	3,178,000	0
HRA Capital Expenditure New Homes	8,657,000	327,300	369,998	42,698	3,439,500	(5,217,500)
HRA Other Capital Expenditure	11,150,000	5,923,400	3,992,031	(1,931,369)	10,211,000	(939,000)
HRA Corporate & Democratic Core	333,200	166,600	0	(166,600)	333,200	0
HRA Other I&E	3,808,300	363,600	363,335	(265)	3,499,500	(308,800)
TOTAL Housing (exc. Right to Buy & Borrowing)	11,230,600	(2,827,117)	(1,934,196)	892,921	4,695,300	(6,535,300)
Income	(12,250,000)		(2,291,200)	(2,291,200)	(7,237,700)	5,012,300
TOTAL HRA	(1,019,400)	(2,827,117)	(4,225,396)	(1,398,279)	(2,542,400)	(1,523,000)

7. The projected outturn position is mainly attributable to the items outlined below. Appendix A provides a more detailed breakdown and explanation of the significant variations the revenue variations and Appendix B for the capital variations.
- **New build capital programme:** Additional time in decanting tenants and additional time in tendering contracts has resulted in some work being deferred until 2015/16. The value of slippage is £5.218m. A figure of £4.669m was reported to members in the quarter 1 report in September 2014.
 - **Non new build capital programme:** An adjustment to the timing of some elements of the programme results in a decrease on the slippage reported in September's report of £1.024m to a revised £856,000.
 - **HRA funding:** The original budget anticipated a requirement to borrow £5.4m of the HRA 'Headroom' to support expenditure. The forecast outturn indicates this will not be required this year. A further adjustment of £100,000 is made for the decent homes grant funding. It was budgeted at £6m but actual grant available is £5.9m. This was reported in the quarter 1 report in September 2014. These are offset somewhat by an additional £450,000 anticipated from increased right to buy sales. Additionally £1,465,500 of HCA grant to support new build that was originally anticipated to be received in 2015/16 is eligible to be drawn down in 2014/15 (Due to start on site dates).

Slippage / Carry Forwards

8. The outturn forecast HRA Capital expenditure is net of the effect of £83,000 of savings and £6,074,000 of slippage as detailed below:

	Previously Reported	reductions to previous slippage	New slippage	Total
	£	£	£	£
New Homes and Regeneration	4,669,000	0	549,000	5,218,000
Other Capital works	1,024,000	(484,000)	316,000	856,000
Total	5,693,000	(484,000)	865,000	6,074,000

New slippage – New homes and regeneration

- The £549,000 increase is made up of various changes across all parts of the programme and is the result of the continuous work on establishing the costs of new schemes and the timing of spend on current schemes. Please refer to the committee report on new homes and regeneration

New Slippage – Other Capital Works

- This £316,000 of new slippage comprises £25,000 from kitchens and bathrooms, £245,000 from renewable heating and £46,000 on the gas in- house provider. Full details of changes are found in Appendix B.

Carry forwards

- To carry forward £70,000 from the performance and improvement budget for IT system development. This has already been reported in the Q1 report in September 2014

Areas of risk and uncertainty

9. The forecast outturn variance of a net underspend of (£2,542,400) highlighted based on known and estimated outcomes. However, there remains a degree of uncertainty in the forecast variance, either because;
 - There are a number of different outcomes that may occur and the outcome cannot be predicted with a degree of certainty.
 - Seasonal factors such as the effect of severe weather upon the completion of external works on properties
10. Listed below are the main areas of risk and uncertainty associated with the outturn forecast. In particular, there is a risk around the low level of Non New-Build capital spend and the Decent Homes Grant terms and conditions.
 - **Non new build:** The lower than profiled expenditure in the early part of the year requires an increase in the rate of spend throughout the rest of the year in order to meet the stated outturn position. A significant element of the spend is associated with delivering against the decent Homes funding requirement.
 - **Decent homes grant:** £5.9m in income is budgeted for this year, based on achieving 902 items of work to achieve the decent homes standard on a number of properties. This work needs to be completed by the 31st March 2015 in order to claim the full £5.9m. There remains a risk in being able to satisfy the terms and conditions of the Decent Homes Grant given the current level of expenditure and rate of spend required for the remainder of the financial year.
 - **Major void repairs:** This reactive budget has experienced a recent increase and activity and therefore costs. Additional funds are requested to be vired into this area to provide additional resources
 - **Right to buy:** The increase in November and December of right to buy sales may result in additional contributions to reserves. An adjustment to anticipated has been made to allow for this.

- **New build:** There are a number of areas of risk associated with the forecast outturn for the new homes programme as highlighted in the committee report on the new homes and regeneration programme, i.e. rate of shared ownership sales, suitable decant properties, severe weather in the last quarter, contractor's programme of works etc.

Capital programme

11. The 2014/15 capital programme of £21.095 million was approved by council in January 2014. This was revised as follows:-

	£
Original Capital Programme	21,095,000
Slippage from 2013/14	284,000
Re-profiling New Homes	105,000
Recategorising staff costs as revenue	(160,000)
Creation of new homes reserve	(1,517,000)
Revised Capital Programme	19,807,000

12. Table 3 below shows the capital monitoring position at the end of October 2014 and shows a projected underspend on schemes of (£6,156,500). The reasons for the variations are explained in Appendix B.

Table 3 – Capital outturn forecast

Housing Committee	2014/15 Latest Budget (£)	Actual to 31 October 2014 (£)	2014/15 Projected Outturn (£)	2014/15 Outturn Variance (£)
New Homes and Regeneration	8,657,000	369,998	3,439,500	(5,217,500)
Other Capital works	11,150,000	3,992,031	10,211,000	(939,000)
	19,807,000	4,362,029	13,650,500	(6,156,500)

Virements

13. The outturn position detailed in Table 2 includes the effect of increases or decreases in spend assuming a range of budget virements are approved. These are detailed below in Table 4 and explained in the outturn variances explanation in appendices A and B.

Table 4 – Virements and transfer to reserves

Virements	Para Refs	To	From
Major voids Non traditional properties	31	200,000	(200,000)
Rewires Roofing	32	100,000	(100,000)
Rewires Estate works	29	100,000	(100,000)
Total Capital		400,000	(400,000)
Damp and mould (revenue - planned) Kitchens and bathrooms (capital)	30	50,000	(50,000)
Total Revenue		50,000	(50,000)
Total Virements		450,000	(450,000)

Appendix A

Housing Revenue Account - Outturn Forecast	2014/15 Original Budget (£)	2014/15 Latest Budget (£)	Actual to 31 October 2014	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
HRA Income (Rents & Charges)					
Dwelling Rents	(21,225,100)	(21,225,100)	(10,449,181)	(21,225,100)	0
Non-Dwelling Rents	(363,700)	(363,700)	(216,606)	(363,700)	0
Leaseholder Charges for Services	(48,900)	(48,900)	(26,322)	(48,900)	0
Income and Other Charges	(86,000)	(86,000)	(44,257)	(86,000)	0
HRA Investment Income	(25,000)	(25,000)	0	(25,000)	0
Contribution from General Fund	(170,000)	(170,000)	0	(170,000)	0
Subtotal HRA Income (Rents & Charges)	(21,918,700)	(21,918,700)	(10,736,365)	(21,918,700)	0
Supervision and Management - Divisional					
Strategic Head of Tenant Services	79,100	79,400	36,833	79,400	0
Head of Housing Contracts	74,900	73,700	31,201	73,700	0
Head of Housing Management	73,300	73,700	37,231	73,700	0
Business Development Team	79,800	79,800	0	79,800	0
Housing Asset Management Team	1,426,300	1,514,900	810,121	1,514,900	0
Allocations Team	114,400	130,500	47,006	130,500	0
Performance & Improvement Team	883,300	973,800	465,771	973,800	0
Tenancy Management Team	834,500	845,100	342,550	845,100	0
Right to Buy Administration Team	74,500	74,600	29,592	74,600	0
Subtotal Supervision and Management - Divisional	3,640,100	3,845,500	1,800,305	3,845,500	0

Appendix A

	2014/15 Original Budget (£)	2014/15 Latest Budget (£)	Actual to 31 October 2014	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
Housing Revenue Account - Outturn Forecast					
Supervision and Management - Direct Spend					
HRA Strategic Policy	222,500	222,500	8,521	222,500	0
Contingency	103,900	103,900	0	103,900	0
Development Plan	13,500	13,500	7,318	13,500	0
Performance & Improvement	469,300	469,300	82,900	399,300	(70,000)
Tenant Participation	223,200	233,800	114,133	233,800	0
Tenancy Financial Inclusion	15,500	13,500	9,844	13,500	0
Tenancy Fraud	5,000	5,000	(132)	5,000	0
Subtotal Supervision and Management - Direct Spend	1,052,900	1,061,500	222,585	991,500	(70,000)
Sheltered Housing					
Sheltered Housing Management & Teams	1,617,100	1,660,400	718,958	1,660,400	0
Sheltered Housing Support	12,500	12,500	3,113	12,500	0
SH Schemes - Expenditure	504,000	464,300	180,657	464,300	0
SH Communal Areas - Expenditure	398,600	398,600	204,430	398,600	0
SH Schemes - Income (Charges)	(1,417,900)	(1,417,900)	(717,348)	(1,417,900)	0
SH Communal Areas - Income (Charges)	(2,100)	(2,100)		(2,100)	0
Subtotal Sheltered Housing	1,112,200	1,115,800	389,810	1,115,800	0

Appendix A

Housing Revenue Account - Outturn Forecast	2014/15 Original Budget (£)	2014/15 Latest Budget (£)	Actual to 31 October 2014	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
Repairs and Maintenance					
Responsive Maintenance - Dwellings	1,330,000	1,510,000	899,921	1,510,000	0
General Voids	844,000	824,000	314,623	824,000	0
Cyclical Maintenance	1,012,000	844,000	449,562	844,000	0
Subtotal Repairs and Maintenance	3,186,000	3,178,000	1,664,107	3,178,000	0
Capital Expenditure					
Capital Expenditure - New Homes & Regeneration	8,428,000	8,657,000	369,998	3,439,500	(5,217,500)
Capital Expenditure - Other Schemes	12,567,000	11,150,000	3,992,031	10,211,000	(939,000)
Subtotal Capital Expenditure	20,995,000	19,807,000	4,362,029	13,650,500	(6,156,500)
HRA share of Corporate and Democratic Core	333,200	333,200	0	333,200	0
Subtotal HRA Support Service Charges	333,200	333,200	0	333,200	0
Subtotal HRA Net Service Expenditure	8,400,700	7,422,300	(2,297,531)	1,195,800	(6,226,500)

Appendix A

Housing Revenue Account - Outturn Forecast	2013/14 Original Budget (£)	2014/15 Latest Budget (£)	Actual to 31 October 2014	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
Other HRA Income and Expenditure					
FRS 17 Current Service Adjustment	(220,500)	(271,500)	0	(271,500)	0
Contribution to LGPS Past Service costs	363,600	363,600	363,600	363,600	0
Provision for Bad Debt	135,000	135,000	0	135,000	0
Debt Management Costs	3,581,200	3,581,200	(265)	3,272,400	(308,800)
Subtotal Other Operating Income & Expenditure	3,859,300	3,808,300	363,335	3,499,500	(308,800)
TOTAL Housing (exc. Right to Buy & Borrowing)	12,260,000	11,230,600	(1,934,196)	4,695,300	(6,535,300)
FUNDING					
Borrowing	(5,400,000)	(5,400,000)	0	0	5,400,000
Right to Buy Receipts	(750,000)	(750,000)	(858,200)	(1,200,000)	(450,000)
HRA Capital Grants and Contributions	(6,000,000)	(6,000,000)	(2,950,000)	(5,900,000)	100,000
Renewables	(100,000)	(100,000)	0	(50,000)	50,000
New Homes and Regeneration income	0	0	0	(139,200)	(139,200)
HCA grant income	0	0	0	(1,465,500)	(1,465,500)
Appropriation to Reserves	0	0	1,517,000	1,517,000	1,517,000
Subtotal FUNDING	(12,250,000)	(12,250,000)	(2,291,200)	(7,237,700)	5,012,300
Housing Revenue Account Outturn (Surplus)/Deficit	10,000	(1,019,400)	(4,225,396)	(2,542,400)	(1,523,000)

Revenue variations in excess of £20,000

14. **HCA grant income (£1,465,500)**
(Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk)

The Homes and Communities Agency (HCA) is providing grant to support the new homes programme through its 2015-18 affordable homes programme. The HCA has informed the council that it is able to make grant payments ahead of the start of 2015/16 for any schemes that achieve a start on site prior to the 31 March 2015 at a rate of 75% of the grant for each scheme. It is estimated that this will bring forward £1,465,500 of grant into 2014/15 from 2015/16.

15. **Photovoltaic (PV) income - £50,000 less income**
(Antony Chisnall, xtn 4193 antony.chisnall@stroud.gov.uk)

Due to delayed installation of PV units, the anticipated income for 2014/15 has been reduced from £100,000 to £50,000. Work to register the units to receive the income is ongoing. Additionally, the contract to install the remainder of the PV panels is ongoing and reported within the renewables capital budget. This was previously reported to September Housing Committee.

16. **Performance Management – (£70,000) underspend**
(Jenny Kelly xtn 4152 Jenny.Kelly@stroud.gov.uk)

This budget contains £75,000 carry forward from 2013/14 for IT project works. Whilst some of this will be used towards the launch of the IT project this year, (health checks and some additional software implementation) it is estimated that £70k will move to next year for further use in the IT project. This was previously reported to September housing committee.

17. **Debt management costs – £308,800 underspend**
(No specific budget holder)

With the reduction in planned expenditure for 2014/15 there is no longer the need to use £5.4m of the HRA's borrowing capacity. Consequentially there is also a reduction in demand on the budget that was to pay the interest on that additional borrowing.

18. **Borrowing - £5,400,000 not required**
(No specific budget holder)

The reduction in planned expenditure resulted in the expected £5.4m of headroom borrowing not being required this year. Local authority borrowing is conditional in that it can only be made on the basis there is an identified need for it to support expenditure. This was reported to September housing committee.

19. **Right to Buy Receipts (£450,000) additional income**
(No specific budget holder)

Appendix A

A recent increase in sales, with 16 completions to the 1st December has led to a revision of the anticipated income for 2014/15. For context, 2012/13 saw a total of 20 sales and 2013/14 a total of 25 sales.

20. HRA grants and contributions - £100,000 reduction
(No specific budget holder)

The Homes and Communities Agency (HCA) grant to help fund the authorities work on properties to complete the 'Decent Homes' programme was rounded to a budget of £6m. However, the actual grant available is £5.9m and therefore a £100,000 difference arises. This was reported to September housing committee.

It is also worth noting the risk associated with delivery against this funding which is highlighted in paragraph 10 of the report.

Table 5 Capital programme – New Homes and Regeneration

Housing Committee	Para Refs	2014/15 Latest Budget (£)	Budget Year to date (£)	Actual to 31 October 2014 (£)	Variance to 31 October 2014 (£)	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
New Homes and Regeneration							
Berkeley	21	413,000	1,300	1,500	200	188,100	(224,900)
Chapel Street, Cam	27	50,000	4,200	4,446	246	397,700	347,700
Hillside, Coaley	21	425,000	1,500	1,748	248	207,000	(218,000)
Littlecombe	22	1,435,000	199,800	201,052	1,252	388,200	(1,046,800)
Purchase of Properties		0	0	(4,400)	(4,400)	0	0
Sheltered Housing	23	474,000	0	5,882	5,882	0	(474,000)
Southbank, Woodchester	21	300,000	6,900	7,085	185	272,700	(27,300)
The Corriett	21	425,000	3,700	3,945	245	198,000	(227,000)
Wharfdale Way		50,000	18,000	18,982	982	50,000	0
Moseley Crescent		0	0	705	705	0	0
Development-Minchinhampton	24	0	8,000	12,008	4,008	20,100	20,100
Development-Leonard Stanley	25	650,000	31,500	45,375	13,875	705,000	55,000
Development -Top of Town	26	4,435,000	52,400	71,670	19,270	965,000	(3,470,000)
Contingency	28	0	0	0	0	47,700	47,700
TOTAL New Build & Development		8,657,000	327,300	369,998	42,698	3,439,500	(5,217,500)

Table 6 – Non new build capital

Housing Committee	Para Refs	2014/15 Latest Budget (£)	Budget Year to date (£)	Actual to 31 October 2014 (£)	Variance to 31 October 2014 (£)	2014/15 Projected Outturn (£)	2014/15 Projected Variance (£)
Other Schemes							
Central Heating		1,910,000	1,114,200	323,407	(790,793)	1,910,000	0
Disabled Adaptations		325,000	189,600	96,633	(92,967)	325,000	0
Estate Works	29	645,000	376,300	164,723	(211,577)	545,000	(100,000)
Kitchens and Bathrooms	30	2,320,000	1,353,300	1,100,812	(252,488)	2,245,000	(75,000)
Major Voids	31	1,400,000	816,700	1,172,699	355,999	1,600,000	200,000
Professional Fees		15,000	8,800	20,639	11,839	15,000	0
Roofing	32	430,000	250,800	37,495	(213,305)	330,000	(100,000)
Scheme Renovations	33	240,000	0	0	0	50,000	(190,000)
Asbestos / Radon		200,000	116,700	131,964	15,264	200,000	0
Doors and Windows		575,000	335,400	60,885	(274,515)	575,000	0
Electrical Works	29+32	100,000	58,300	77,392	19,092	300,000	200,000
Damp Works / Insulation		90,000	0	0	0	90,000	0
Renewable Heating	34	2,200,000	1,283,300	790,381	(492,919)	1,955,000	(245,000)
Non-Traditional Properties	35	500,000	0	0	0	0	(500,000)
Gas In-House Provider	36	300,000	20,000	15,000	(20,000)	171,000	(129,000)
Subtotal Other Schemes		11,250,000	5,923,400	3,992,031	(1,946,369)	10,311,000	(939,000)
Efficiency savings		(100,000)			0	(100,000)	0
Total Other Schemes		11,150,000	5,923,400	3,992,031	(1,946,369)	10,211,000	(939,000)
Grand Total Capital		19,807,000	6,250,700	4,362,029	(1,903,671)	13,650,500	(6,156,500)

Capital - New Build Variations in excess of £20,000

Overview

At the housing committee meeting of the 16th September it was highlighted that as a result of the recent upturn in the construction industry there have been nationally reported shortages in both labour and materials. This has had an inflationary effect on the costs of development.

For the authority this situation arose at a time when tenders were awaited for a number of the authority's large new homes projects. As such it presented a risk that budgets that were previously estimated to be sufficient maybe under pressure due to this rapid increase in costs.

As a way of mitigating this risk an amount of £1,517,000 was transferred from the renewables energy budget to a specific reserve to address the issue.

The recently submitted tenders have confirmed that the original budgets were insufficient as recent tenders received have confirmed the revised cost estimates as provided by our employer's Agents and which were incorporated into the revised profiled spend for 2014/15 reported at the housing committee in September and in the budget setting for 2015/16. The award of grant from the HCA has offset much of this increase and therefore the target of delivering 150 new homes can still be achieved from the original budget and it is currently estimated that a further 12 rented units can be delivered beyond the target assuming no more grant is received. It is prudent at this point to keep the reserve in place to retain the option to deliver closer to our aspirational target of 200 new homes.

Please also see the committee report on new homes and regeneration.

- 21. 'Small Sites' Fishers Road, Berkeley - (£225,000) slippage**
Hillside, Coaley - (£218,000) slippage
Southbank, Woodchester - (£27,000) slippage
The Corriett, Cam - (£227,000) slippage

(Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk)

Tenders have now been received for the 4 small sites listed above. The tenders are in the process of being evaluated and contracts are due to be awarded in December. The amount of slippage stated above has changed since the report in September 2014 due to budget figures now being replaced with tendered prices and a slight delay in entering into contract due to the detailed assessment of the contractor that we plan to select to mitigate the risk to the council.

- 22. Littlecombe – (£1,047,000) slippage**

(Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk)

Completions have taken place at Littlecombe for the first 2 shared ownership properties. Reservations have also been received for the next

two properties currently due to be completed in February. As previously reported the developer has flexibility to develop the units for the authority up to September 2016. However, all units are to be handed over to the authority in 2015/16.

23. Sheltered Housing – (£474,000) slippage

(Hannah Mawson, xtn 4079 Hannah.Mawson@stroud.gov.uk)

Funding was to be slipped to 2015/16 in light of the chartered institute of housing (CIH) review into sheltered housing assets. Due to the inherent complexity of developing the sheltered assets and the need to consult with residents and agree a way forward it is now planned to commence expenditure in 2016/17. Regular updates will be brought to the committee on the progress of this project and any decisions requiring approval.

24. Minchinhampton - £20,000 overspend

Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk

Some additional expenditure at Minchinhampton is reimbursed in full from the developer. The income is shown under the 'funding' section of the accounts.

25. Leonard Stanley - £55,000 overspend

Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk

Tenders have been received and discussions are taking place with preferred tenderers with a view to entering into contract before Christmas. The previously reported acceleration of work on this scheme has reduced and as such the £240,000 anticipated overspend has reduced to £55,000.

26. Top of Town - (£3,470,000) slippage

(Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk)

The contract for this site was awarded in November with a contract period of 58 weeks. Although substantial slippage was reported to committee in September and is updated in this report, the forecast expenditure up to March 2015 is £965,000 to reflect that this project will shortly be entering the construction phase.

27. Chapel Street, Cam £348,000 overspend

(Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk)

There is an acquisition cost for this scheme to transfer the land from the general fund to the HRA. This cost was included within the overall budget for the scheme but had been programmed in to spend in 2015-16. This transfer will now take place in 2014-15.

28. Contingency - £48,000 budgetary requirement

(Leonie Lockwood xtn 4153 Leonie.Lockwood@stroud.gov.uk)

To mitigate against the risk of unforeseen works when on site a contingency costs was allowed for in the budget for each scheme within

the new homes and development programme. These are now being requested to be consolidated into a single budget for this type of work to provide visibility. As this is a new budget line, i.e. it was not approved by council when the 2014/15 budget was approved, council will be required to authorise this. Committee are therefore requested to recommend to Strategy and Resources to recommend to council the creation of this budget.

Capital - Non New build variations over £20,000

29. Estate works – (£100,000) savings

(Nick Lacey, xtn 4163 Nick.Lacey@stroud.gov.uk)

The estate works planned for this year is expected to be completed well within budget. The £100,000 saving is requested to be vired to the Electrical works budget.

30. Kitchens and bathrooms – (£75,000) underspend

(Nick Lacey, xtn 4163 Nick.Lacey@stroud.gov.uk)

The work programmed for the rest of the year, being 104 Kitchens and the same number of bathrooms is forecast to result in a £75,000 underspend. Of this £50,000 will slip to next years budget and £25,000 is requested to be vired to the revenue 'Damp and mould' planned maintenance budget.

31. Major voids - £200,000 overspend

(Hannah Mawson, xtn 4079 Hannah.Mawson@stroud.gov.uk)

A recent increase in the number of reported deaths amongst tenants (8 in a single day in November) has the consequence of increasing the number of current void properties. Some of these are lower value minor voids but others are major, i.e. requiring works above £10,000. As this budget is reactive in nature it is required to respond to such unforeseen circumstances and although provision is built into the budget for additional work, recent events plus work planned for the rest of the year have used that provision, with 84% of the budget now spent members are requested to approve a £200,000 virement from the non traditional properties meet this increase to the budget. A view of all virements is detailed in Table 4.

32. Roofing- (£100,000) saving

(Nick Lacey, xtn 4163 Nick.Lacey@stroud.gov.uk)

The work for the current year will be delivered with a £100,000 savings. It is proposed to vire the saving to the electrical works budget.

33. Scheme Renovations – (£190,000) underspend

(Hannah Mawson, xtn 4076 Hannah.Mawson@stroud.gov.uk)

Previously reports indicated this budget would be slipped to 2015/16 in light of the chartered institute of housing (CIH) review into sheltered

housing assets. Further work on the review has identified that to complete the required consultation with sheltered residents and the complexity of developing the sheltered assets this expenditure will be moved to 2016/17. Greater detail on the expected budget for this is included in the 5 year medium term financial plan contained within the report also presented to the housing committee at this meeting. £50,000 of expenditure has been identified for this year which will be as a result of fitting new windows to some properties.

34. Renewable heating – (£245,000 underspend)

(Antony Chisnall, xtn 4193 antony.chisnall@stroud.gov.uk)

After commencing the evaluation of the previous renewable heating systems, we have determined that one element of the specification provides no additional benefit or tangible return to either tenants or SDC and officers have therefore decided to remove the item from the specification (Remote Metering). This should be regarded as an efficiency approach to conducting our business well. This action will result in a reduction in planned contract costs of approximately £600,000 that will be reinvested in providing additional renewable heating technology such as air source heat pumps. Some elements such as heat recovery fans and additional insulation to contribute towards increasing the effectiveness of tackling fuel poverty have been able to be incorporated within the current years programme.

Overall there will be a carry forward of £245,000 into future years provision.

A difficulty that officers are encountering is that Western Power Distribution has been slow in responding to requests to check their network capacity. This ensures we are able to add the additional loading required for the installation of PV systems to our properties which reside largely in rural locations. A meeting has been scheduled for the week commencing 8th December 2014 to progress this matter.

35. Non Traditional properties – (£500,000) slippage

(Nick Lacey, xtn 4163 Nick.Lacey@stroud.gov.uk)

As previously reported at September housing committee this budget will not be spent this year due to the nature of the works being complex and highly specialised and has been moved into 2015 / 16. It is requested £200,000 of the underspend be vired to support the Major voids budget within this year.

36. Gas In House Provider – (£129,000) less spend required

(Mark Humphries, xtn 4145 Mark.Humphries@stroud.gov.uk)

The project has recently recruited the first gas engineer and the procurement of the IT system to manage gas service is underway with a view to complete the procurement stage before the end of December.

The project is currently ahead of schedule although early in the New Year many of the critical milestones occur such as implementation of

the software system, supply chain partner procurement, achieving full Gas safe registration and recruitment of staff will need to be achieved. The June deadline for the transfer of the gas function is currently on target for successful completion within the set timeline. Through revisiting costs approximately £83,000 of the original £300,000 allocated to set up costs can be saved. Therefore of the £129,000 not required this year only £46,000 will be slipped to 2015/16 and the saving of £83,000 will go into general reserves.