

Item

2020/21 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Revenue Account

To:

Councillor Mike Todd-Jones, Executive Councillor for Housing

Report by:

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Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

1.1 This report presents, for the Housing Revenue Account :

- a) A summary of actual income and expenditure compared to the final budget for 2020/21 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from both revenue and capital budget underspends into 2021/22.
- d) A summary of housing debt which was written off during 2020/21.

2. Recommendations

Under Part 1 of the Housing Scrutiny Committee Agenda, the Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee:

- a) To approve carry forward requests totalling £7,598,300 in revenue funding from 2020/21 into 2021/22, as detailed in **Appendix C**.

Under Part 2 of the Housing Scrutiny Committee Agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

- b) Approval of carry forward requests of £18,610,000 in HRA and General Fund Housing capital budgets and associated resources from 2020/21 into 2021/22 and beyond to fund re-phased net capital spending, as detailed in **Appendix D** and the associated notes to the appendix.

3. Background

Revenue Outturn

- 3.1 The overall revenue budget outturn position for the Housing Revenue Account is given in the table below.

2019/20 £'000	Housing Revenue Account Summary	2020/21 £'000
(1,404)	Original Budget (HRA Use of Reserves)	3,998
773	Adjustment – Prior Year Carry Forwards	1,431
	Adjustment – Inflation Saving	(282)
251	Adjustment – Interest Receipts and Interest Paid	22
(335)	Adjustment – Increased Rent and Charge Income	(10)
8	Adjustment – Increased Bad Debt Provision	1,141
121	Adjustment – Depreciation	(324)
(343)	Adjustment - DRF	0
650	Other Adjustments	8

(279)	Final Budget	5,984
(3,392)	Outturn	(3,354)
(3,113)	(Under) / Overspend for the year	(9,338)
1,431	Carry Forward Requests	7,598
(1,682)	Resulting Variation for the HRA	(1,740)
0	Other variances	0
(1,682)	Variance and (reduced) / increased use of HRA Reserves	(1,740)

- 3.1 **Appendix A** shows original and final budgets for the year (with the movements summarised in the above table) and compares the final budget with the outturn position for the HRA for 2020/21. The original revenue budget for 2020/21 was approved by the Executive Councillor for Housing on 15 January 2020.
- 3.2 **Appendix B** provides explanations of the main variance.
- 3.3 **Appendix C** lists revenue carry forward requests.
- 3.4 The net underspend across the Housing Revenue Account of £9,338,008 incorporates a number of key areas of underspending and overspending.
- 3.5 General HRA Services were £155,403 less than budgeted due in part to deferral of some Housing Transformation activity (£48,051), coupled with underspending in City Homes (£106,321) due to underspending in operational costs as a result of the closure of the area office for 2020/21 and also in the resource identified to support tenants through the transition to Universal Credit. Underspending in HRA Central Provisions (£56,633) is due predominantly to the level allowed for in the HRA in respect of pay inflation, holiday pay due on overtime worked and contributions towards corporate activity.
- 3.6 Special HRA Services were overspent by a net £32,519, which combined underspending at Ditchburn Place (£63,514) and general sheltered schemes (£34,955), where the coronavirus pandemic made re-letting vacant units difficult or impossible for much of 2020/21, underspending in estate management activity (£42,695), with shrub replacement works

deferred until early in 2021/22, with overspending in temporary housing (£44,439), where the costs of council tax and cleaning in voids increased as a direct result of the coronavirus pandemic and at Virido, Clay Farm (£60,088) where the authority was required to meet additional service charge costs for prior years and the cost of unmetered water, the latter of which was later recovered from the developer.

- 3.7 Also displaying in general and special expenditure as overspends, is expenditure incurred from Ear-Marked Reserves or Repairs and Renewals (R&R) funds for the Tenants Survey and Office investment (£32,607) and in Temporary Housing, Ditchburn Place and the General Sheltered Schemes (£42,205). These costs are fully funded from ear-marked reserves set aside for these purposes, but budgets are not set for the use of the reserves as the expenditure fluctuates between years. The existence of the reserve ensures that the impact of these costs is spread out across a period of years, as opposed to tenants experiencing huge swings in the level of service charge for their scheme from year to year.
- 3.8 Repairs expenditure reported a significant net underspend of £1,383,542, combining underspending in response repairs (£731,324) where only emergency or urgent work was carried out for a proportion of the year, with underspending in risk and compliance (£249,637), planned repairs (£163,110) and cyclical repairs (£93,958), where access issues and contractor capacity as a result of the coronavirus pandemic impacted delivery programmes. Heat and hot water servicing also underspent (£53,924) with a reduction in the number of repairs being required as part of the servicing and maintenance contract. The Estate Investment revenue funding reported an underspend of £118,104, with projects identified and ordered, but not fully delivered by March 2021. Conversely, void expenditure was greater than budgeted (£64,477) with an increase in activity and also in the level of work required in some voids to bring them up to a lettable standard.
- 3.9 Other HRA expenditure comprises variances in the level of depreciation charged for 2020/21, which was £312,588 more than budgeted based upon the assets held at 1 April and the need to reduce their remaining useful lives by a year pending review in 2021/22, and an underspend in level of contribution to the bad debt provision anticipated for 2020/21 (£1,186,619), where additional sums were incorporated in the summer of 2020 based upon the arrears trends in the early part of the year, but where the trend was not borne out by year end.

- 3.10 Income received in the HRA was marginally greater than anticipated (£30,958), combining a small over-achievement in rent income as a direct result of continued temporary use of units at Campkin Road, an under-achievement in service charge income due to the need to compensate customers for a reduced building cleaning service as a result of the coronavirus pandemic and a greater than anticipated recharge to capital for the costs of administering the right to buy process.
- 3.11 Interest receipts were higher than anticipated (£254,122) due predominantly to a higher level of both revenue and capital balances than expected. Underspending in the capital programme also resulted in a reduced call on revenue funding for capital purposes (£10,284,190) for 2020/21 and negated the need to call on an ear-marked reserve to meet some of this cost in the year.

Capital Outturn

- 3.12 The overall capital budget outturn position for the Housing Capital Investment Plan (HRA and Housing General Fund) is provided in the table below. **Appendix D** shows the outturn position by programme with the associated notes providing explanations of variances.

2019/20	HRA Capital Summary	2020/21 £'000	% Final Budget
£'000	Original Budget	60,995	111%
52,825	Adjustments (Re-phasing -prior year)	6,560	12%
5,256	Other Adjustments	(12,496)	(23%)
(12,310)	Final Budget	55,059	100%
45,774	Outturn	34,451	63%
38,360	(Under)/Overspend for the year	(20,608)	(37%)
(7,414)	Re-phasing Requests	18,610	34%
6,560	(Under) / Overspend	(1,998)	(4%)

- 3.13 Spending in the Housing Capital Investment Plan in 2020/21 was below that originally anticipated, with reduction in the budget, particularly for new build expenditure as part of the Medium-Term Financial Strategy in

September / October 2020 and the Budget Setting Report in January / February 2021.

- 3.14 At outturn, against the latest capital budget approved, underspending of £7,363,000 was evident in new build investment, with slippage of £7,170,000 identified. This relates predominantly to delays in respect of re-development schemes at Colville Road and Campkin Road, both of which are now on site and are moving forward and at Meadows and Buchan Street and Clerk Maxwell, where the planning process took longer than hoped.
- 3.15 Investment in the housing stock, in respect of decent homes and other capital activity was underspent by £9,220,000, with access issues and contractor capacity as a result of the coronavirus pandemic being the key cause, with the need to defer £8,367,000 of investment into future years having been identified.
- 3.16 The capital expenditure relating to the acquisition of land and dwellings for development purposes was less than anticipated in 2020/21 (£648,000), with one land acquisition being deferred until 2021/22. Resource approved to purchase dwellings for use as rough sleeper accommodation (£1,901,000) was not used, and will be carried forward into 2021/22, when a second grant bid will be submitted to compliment the resource.
- 3.17 The project to replace the Housing Management Information System will span multiple years and the balance of funding to deliver this project will require re-phasing into 2021/22, when the project is now expected to conclude.
- 3.18 Permission is sought to re-phase the use of £10,284,000 of DRF (direct revenue financing) and £589,000 of Major Repairs Reserve funding into 2021/22, and £168,000 of Major Repairs Funding into later years, where these will be used to finance re-phased capital expenditure identified.
- 3.19 Recognise the early receipt of £16,597,000 of Devolution Grant, which was received by the authority in 2020/21, but will not be used to fund capital expenditure on new homes until 2021/22 and beyond.

HRA Write Offs

3.20 In line with the revised process for the writing off of HRA debt, considered by Housing Scrutiny Committee in March 2015, this report also provides an appendix detailing write off of HRA debt during the financial year 2020/21. **Appendix E** includes a summary of debt written off by both category of write off and also value banding.

4. Implications

(a) Financial Implications

The variance from the final revenue budget (see above), would result in a decreased use of Housing Revenue Account reserves of £9,338,008. After carry forward of revenue resource to fund deferred expenditure, the overall variance and resulting reduction in the use of Housing Revenue Account reserves is £1,739,708.

A decision not to approve a carry forward request may impact on officers' ability to deliver the service or scheme in question and this could have staffing, equality and poverty, environmental, procurement, consultation and communication and/or community safety implications.

(b) Staffing Implications

There are no direct staffing implications associated with this report.

(c) Equality and Poverty Implications

There are no new equality or poverty implications associated with this report.

(d) Environmental Implications

There are no new environmental implications arising from this report.

(e) Procurement Implications

There are no new procurement implications arising from this report.

(f) Consultation and Communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process.

(g) Community Safety

There are no community safety implications arising from this report.

6. Background Papers

There were no specific background papers used in the preparation of this report. Data directly from the Council's financial management system was used in the report's preparation.

7. Appendices

- Appendix A – HRA Revenue Outturn 2020/21
- Appendix B – HRA Major Revenue Variance Explanations
- Appendix C – HRA Revenue Carry Forward Requests
- Appendix D – Housing Capital Investment Plan Outturn 2020/21
- Appendix D Notes – Notes to the Housing Capital Investment Plan
- Appendix D Notes (2) – Decent Homes and Other Investment in the Housing Stock Variance Explanations
- Appendix E – HRA Write Offs 2020/21

8. Inspection of Papers

To inspect the background papers or if you have a query on the report please contact:

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Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Final Outturn

Service Grouping	Original Budget £'s	Final Budget £'s	Outturn £'s	Variation Increase/ (Decrease) £'s	Carry Forward Requests - see Appendix C £'s	Net Variance £'s
INCOME						
Dwelling Rents	(37,942,600)	(38,006,650)	(38,029,945)	(23,295)	0	(23,295)
Rental Income (Other)	(1,292,350)	(1,272,130)	(1,276,789)	(4,659)	0	(4,659)
Service Charges	(3,055,160)	(3,482,850)	(3,453,932)	28,918	0	28,918
Contributions towards Expenditure	(654,850)	(485,300)	(485,078)	222	0	222
Other Income (Incl. RTB Capitalisation)	(460,530)	(86,960)	(119,104)	(32,144)	0	(32,144)
Total Income	(43,405,490)	(43,333,890)	(43,364,848)	(30,958)	0	(30,958)
EXPENDITURE						
Supervision & Management (General)	3,721,290	3,842,560	3,687,157	(155,403)	109,300	(46,103)
Supervision & Management (Special)	3,146,150	3,009,570	2,977,051	(32,519)	21,300	(11,219)
Repairs & Maintenance	7,633,840	8,107,950	6,724,408	(1,383,542)	1,088,500	(295,042)
Depreciation	11,154,140	10,636,970	10,949,528	312,558	0	312,558
Other Expenditure	4,146,510	5,200,810	4,003,066	(1,197,744)	0	(1,197,744)
Total Expenditure	29,801,930	30,797,860	28,341,210	(2,456,650)	1,219,100	(1,237,550)
Net Cost of HRA Services	(13,603,560)	(12,536,030)	(15,023,638)	(2,487,608)	1,219,100	(1,268,508)
Interest Receivable (Interest on Balances & Item 8)	(451,910)	(375,370)	(629,492)	(254,122)	0	(254,122)
(Surplus) / Deficit on the HRA for the Year	(14,055,470)	(12,911,400)	(15,653,130)	(2,741,730)	1,219,100	(1,522,630)
Appropriations / Other Movement in the HRA Balance						
Loan Interest	7,506,750	7,452,250	7,494,242	41,992	0	41,992
Housing Set-Aside	(3,905,000)	(3,905,000)	0	3,905,000	(3,905,000)	0
Impairment	0	0	0	0	0	0
Direct Revenue Financing of Capital	14,182,120	15,078,520	4,794,330	(10,284,190)	10,284,200	10
Transfer to / from Ear-Marked Reserves	269,380	269,380	10,300	(259,080)	0	(259,080)
(Surplus) / Deficit for year	3,997,780	5,983,750	(3,354,258)	(9,338,008)	7,598,300	(1,739,708)
(Surplus) / Deficit b/f	(15,065,466)	(15,065,466)	(15,065,466)			
Balance Carried Forward	(11,067,686)	(9,081,716)	(18,419,724)	0	0	0

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted

and are detailed and approved:

- in the January committee cycle (as part of the Budget-Setting Report)
- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium Term Financial Strategy - MTFS)
- via technical adjustments/virements throughout the year

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Supervision and Management (General)		
City Homes	City Homes underspent due to reductions in operational costs as a result of the offices at 171 Arbury Road being closed during 2020/21 and funding to introduce safety measures into the homes of those at risk from domestic violence not being fully spent as a result of the coronavirus pandemic, combined with underspending in the funds ear-marked to support tenants through the transition to Universal Credit as a result of delays in recruiting to an additional post within the team. The postholder is now employed on a fixed term contract which will necessitate carry forward of the balance of funding into 2021/22 to be able to both fulfil their contract and to meet other costs associated with tackling the impact of welfare reforms. A carry forward of £61,300 has been identified.	(106,321)
HRA Central Provisions	Budgets set aside at strategic level for the HRA when budgets were set before the start of 2020/21 were not required in full. Allowances made for pay inflation were marginally greater than required, as were provisions for paying holiday pay on overtime worked. Contributions towards corporate activity were also lower than anticipated.	(56,633)
Housing Transformation	Housing Transformation underspent, by £48,051, with the impact of the coronavirus pandemic resulting in holding off on some of the planned transformation activity in 2020/21, instead focussing on the delivery of existing key services. Carry forward of the balance of the funding has been requested to allow continued funding of the Asbestos Surveyor who was only recruited in the latter part of 2020/21 on a 12 month contract.	(48,051)
R&R Fund and Tenants Survey Expenditure	Expenditure on items for communal areas of sheltered schemes, replacement of emergency alarms and furniture, fixtures and fittings in temporary housing units. This expenditure is not budgeted for in year, but is fully funded from an ear-marked reserve set-aside specifically for this purpose.	32,607
Pension Deficit Contributions	The recharge to the HRA for it's share of the pension deficit contribution for 2020/21 was marginally higher than budgeted.	15,512
Other		7,483
Total		(155,403)
Supervision and Management (Special)		
Ditchburn Place	Underspending is evident at Ditchburn Place due to the authority still carrying vacant extra care flats in the scheme. Letting has been taking place again for some time following initial inactivity as a result of the coronavirus pandemic, with risk assessments being carried out before any new resident is moved into the accommodation which has shared communal areas and is designated for older, vulnerable residents. Achieving and retaining full occupancy is sadly proving difficult.	(63,514)
Virido, Clay Farm	Overspending is evident in third party management costs for the affordable housing scheme at Virido, Clay Farm due predominantly to delayed invoicing by the management company in respect of the shared ownership units that proved impossible to sell and were converted to affordable rent and the actuals exercise for the previous financial year which resulted in additional recharges to the Council. Expenditure was also incurred in respect of unmetered water usage at the site (£28,032), but this was fully recovered from the developer, with the income to offset the expenditure shown elsewhere.	60,088

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Estate Management	City Homes Estate Management costs were lower than anticipated, with less general estate based activity undertaken in 2020/21 during periods of lockdown and the shrub replacement programme being delayed from early spring until after 1st April, with the latter necessitating a carry forward of £21,300.	(42,695)
R&R Fund Expenditure	Expenditure on IT and office equipment replacements coupled with the costs of the tenant survey conducted during 2020/21. This expenditure is not budgeted for in year, but is fully funded from ear-marked reserves set-aside specifically for these purposes.	42,205
Independent Living Service	The Independent Living Service underspent, with staff vacancies coupled with reductions in alarm expenditure as fewer new installations took place during 2020/21 and therefore customer numbers and contract monitoring costs were reduced. This was partially offset by a loss of income as a result of the reduction in customer numbers caused by the coronavirus pandemic, which is shown elsewhere.	(44,938)
Temporary Accommodation	Temporary Housing overspent, with increased cleaning and council tax costs, both as a direct result of the coronavirus pandemic, with shared units only being able to be occupied by one individual or household and enhanced cleaning required at resident change over.	44,439
General Sheltered Schemes	Sheltered housing schemes were also underspent in total, with a reduced level of general occupancy and associated spending during 2020/21 due to the vulnerable nature of the residents.	(34,955)
Other		6,851
Total		(32,519)
Repairs and Maintenance		
Response Repairs	Day to day repairs underspent significantly in 2020/21, with less reliance on external sub-contractors, coupled with significantly reduced repair activity and some furloughed staff during 2020/21 as a result of the coronavirus pandemic with only essential repairs being delivered at many stages. Carry forward of £375,000 is requested to allow the anticipated backlog to be tackled in 2021/22.	(731,324)
Risk and Compliance	Risk and Compliance underspent, with the full programmes of fire door and electrical inspections and asbestos surveys not completed by March 2021, due to contractor capacity and access issues. There is a need to carry forward resource to complete these programmes.	(249,637)
Planned Repairs	Planned repairs underspent as a result of reduced expenditure in respect of the PTR programme across the city, with delays due to the need to undertake remedial structural works in some areas, coupled with limited contractor capacity in others.	(163,110)
Estate Investment	The revenue aspects of the Estate Investment Scheme were underspent at 31 March 2021, where works had been ordered but not all were completed by year end. The underspend is requested as a carry forward to allow the works to be completed in 2021/22.	(118,104)

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Voids	Void repairs overspent, with resource that would usually be deployed delivering response repairs having been redirected into this area whilst response repair activity was limited as a result of the coronavirus pandemic. Increased activity was experienced later in the year, with a number of voids requiring significant works amongst these. Officers are exploring trends and the work of the new Tenancy Auditor should help to mitigate such costs going forward.	64,477
Citywide Schemes	Cyclical repairs reported an underspend, with the programme of heat detector installations having suffered some delays, in part due to the coronavirus pandemic, which affected contractor capacity and caused access issues. The underspend in heat detectors, is partially offset by overspending in respect of sheltered scheme boiler servicing, where more failures were experienced.	(93,958)
Asset Management and Compliance	Asset Management and Compliance reports an underspend for the year, predominantly due to vacancies within the team, with new posts created as part of the Estates and Facilities Service Review and restructure taking some time to fill and consultancy budgets not utilised in full.	(53,924)
Heat and Hot Water Servicing	Heat Servicing underspent, due in part to reduced levels of breakdown and failure. The authority continues to be compliant from a gas servicing perspective.	(53,646)
Client Repairs	Overspending was predominantly due to the cost of works that would otherwise have been met through an insurance claim if the authority didn't carry a 'stop loss' in their policy, with the first £250,000 each year being met in-house.	22,249
Other		(6,565)
Total		(1,383,542)

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
Other HRA Expenditure		
Depreciation	The level of depreciation charged to the HRA for 2020/21 was higher than anticipated based upon the opening value of the HRA asset base, coupled with a reduction of one year in the remaining useful life of the assets pending review of the remaining useful lives as part of the valuations to be undertaken in 2021/22.	312,558
Contribution to the Bad Debt Provision	A significant additional sum (£1,140,930) was added to the contribution to the bad debt provision budget as part of the HRA Medium Term Financial Strategy in response to the steep increase in rent arrears experienced between April and June 2020 as a result of the coronavirus pandemic. The adjustment was made assuming the trend would continue in some way for the remainder of the year, but proactive arrears management avoided any further increase in arrears by March 2021.	(1,186,619)
Other		(11,125)
Total		(885,186)
HRA Income and Other		
Rental Income (Dwellings)	Dwelling rent income was very marginally higher than budgeted due to a combination of fewer right to buy sales in 2020/21 than anticipated, coupled with delays in vacating homes identified for demolition and re-development in Colville Road and Campkin Road, with those homes vacated in the earlier stages still being utilised for rough sleeper housing purposes, thus extending the income received for these properties.	(23,295)
Service Charges	Service charge income was under-achieved due in part to the 50% reduction made in building cleaning charges as a result of reduced service delivery by the contractor because of restrictions associated with the coronavirus pandemic.	28,918
Other Income	Other income is over-achieved due to the recharge to capital for the administrative costs of the right to buy process being greater than budgeted.	(32,144)
Other		(4,437)
Total		(30,958)

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £
<i>HRA Interest, Premiums and Appropriations</i>		
Direct Revenue Funding of Capital Expenditure (DRF)	Revenue financing of capital was considerably lower than anticipated due to overall underspending in the Housing Capital Programme. The underspending in the capital programme was due in part to the inability to deliver work that was brought about by the coronavirus pandemic and the associated restrictions. This funding will now be needed in future years.	(10,284,190)
Housing Set-Aside	When budgets were approved, the assumption was included that the HRA would draw down funds from the ear-marked reserve for debt repayment or future reinvestment in anew homes, to help fund new build schemes in 2020/21. Delays in the capital investment in respect of new build homes during 2020/21 mean that this resource will not now be drawn down until 2021/22.	3,905,000
Transfer to or from Ear-Marked Reserves	A transfer from R&R fund reserves to finance the next phase of costs of the replacement Housing Management Information System (£184,268) was combined with also drawing from the reserve to fund expenditure at 171 Arbury Road and in communal areas of sheltered schemes, emergency alarms and temporary housing. Funding was also drawn down form an ear-marked reserve to meet the costs of the tenants survey.	(259,080)
Interest Received	The interest due to the HRA for 2020/21 was greater than anticipated due to the level of average revenue and capital balances which were held in the HRA during the year. Underspending in both revenue and capital budgets results in a greater level of reserves at year end than anticipated, and balances also included the remainder of the Devolution funding which was paid directly to the Council by MHCLG.	(254,122)
Interest Paid	The budget for interest paid included the Item 8 interest adjustment for interest on notional internal borrowing or lending. For 2020/21 it was assumed to be internal lending to the General Fund, with the net budget reflecting this. In the accounts, the interest due in respect of this ahs been credited to interest received, and the £39,863 is therefore included in the figure above.	41,992
Other		0
Total		(6,850,400)
Total for Housing Revenue Account		(9,338,008)

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Carry Forward Requests

Request to Carry Forward Housing Revenue Account Budgets from 2020/21 into 2021/22 and future years

Item		Request £
	Director - S Hemingway	
	Supervision and Management General	
1	Housing Transformation - Housing Transformation activity has slowed or been delayed during 2020/21 as a result of the coronavirus pandemic, and the need to focus on the delivery of key services. Resource carried forward will allow officers to fulfil a commitment to funding an Asbestos Surveyor for 12 months, recognising that the appointment was delayed in 2020. The carry forward value will also allow for completion of the sustainability consultancy work, which was also being delivered from the 2020/21 transformation allocation.	48,000
2	City Homes - Project resource to support tenants through the transition from Housing Benefit to Universal Credit, with pressure on this resource anticipated as a result of the coronavirus pandemic and as more claimants need to report a change in circumstances.	60,100
3	City Homes - Due to the pandemic Government restrictions on works required to tenants' homes which result in them having to be decanted to another property on a temporary basis have been delayed. When restrictions are lifted there will be backlog of these works which will result in the need to carry this budget forward to meet historic demand alongside arising need.	1,200
	Supervision and Management Special	
4	Estate Management - Due to Covid restrictions planting / shrub replacement has not been able to take place as scheduled. Once restrictions are lifted planting/shrub replacement will take place as planned.	21,300
	Repairs and Maintenance	
5	Cyclical Maintenance – Heat Detectors - Due to the coronavirus pandemic the start of these heat detector works was postponed until 1/8/20 and the contractor has experienced significant difficulties in gaining access to properties. The carry forward will allow continued heat detectors to be installed to meet the agreed programme.	122,500
6	Cyclical Maintenance – Smoke Detectors - Due to the coronavirus pandemic the start of these smoke detector works was postponed until 1/8/20 and the contractor has experienced significant difficulties in gaining access to properties. The carry forward will allow continued smoke detectors to be installed to meet the agreed programme.	16,600
7	Planned Repairs - PTR Programme - PTR works for Molewood / Hazelwood were not ordered as hoped in 2020/21 and will slip into 2021/22 due to delays with the structural works required on site. Ditton Court was also placed on hold due to coronavirus restrictions, and other works were delayed due to contractor capacity. A carry forward is requested to meet these commitments in early 2021/22.	197,400
8	Day to Day Repairs - Day to day repairs significantly underspent in 2020/21 as a direct result of the coronavirus pandemic, with multiple periods throughout the year where only emergency or urgent jobs were being carried out. Also many tenants refused access at other points in the year when work could have been carried out. A backlog of response repair work is now being addressed in 2021/22 as restrictions allow. A carry forward request of £375,000 will be made to allow the use of sub-contractors or overtime to deliver the estimated backlog. It should be noted that the full extent of the pent up demand is not yet fully quantified.	375,000
9	Estate Investment Scheme - For a number of reasons, including the coronavirus pandemic, estate works anticipated to take place in 2020/21 will not be delivered in full until 2021/22. A carry forward of the remaining budget will allow the committed expenditure to be delivered across the 5-year programme.	118,100
10	Risk and Compliance - Hardwire Testing - Due to Coronavirus the start of these works was postponed until 1/8/20 and the contractor has experienced significant difficulties in gaining access to properties. Carry forward of resource will allow the contractor to continue undertaking electrical hard wire tests, and to ensure that the backlog is addressed and the authority is compliant with legislation.	62,600

Housing Committee - Housing Revenue Account

Revenue Budget 2020/21 - Carry Forward Requests

Request to Carry Forward Housing Revenue Account Budgets from 2020/21 into 2021/22 and future years

Item		Request £
11	Risk and Compliance – Asbestos and Fire Door Inspections - The budgets for Asbestos and Fire Door Inspections have not been spent as intended due to access issues as a result of the coronavirus pandemic. These statutory programmes are intended to continue and instead be delivered / completed in 2021/22.	196,300
	Appropriations	
12	Underspending in the Housing Capital Programme in 2020/21 resulted in a reduced call upon revenue resources to fund capital expenditure. To ensure that any re-phased capital expenditure can be financed in 2021/22, it is requested to carry forward the approval to use the balance of revenue funding approved for 2020/21 into the following year.	10,284,200
13	Underspending in the Housing Capital Programme in 2020/21 resulted in a reduced call upon revenue resources to fund capital expenditure as identified above. This in turn meant that the authority did not need to draw some of these resources from ear-marked reserves, but will instead need to do this in 2021/22.	(3,905,000)
	Total Carry Forward Requests for Housing Revenue Account / Housing Scrutiny Committee	7,598,300

Notes to the Housing Capital Investment Plan

Note	Reason for Variance
1	Disabled Facilities Grants were underspent by £747,000 predominantly due to reduced demand and limited access to the homes of potentially vulnerable clients in 2020/21 as a direct result of the coronavirus pandemic. No re-phasing has been requested as the funding through the Better Care Fund in 2021/22 is anticipated to be sufficient to meet demand. The authority will explore potential uses for the balance of funds held, but must ensure these comply with the grant conditions under which the funding was received. Private Sector Grants and Loans also reported an underspent (£102,000), where demand has reduced in recent years.
2	A net underspend of £6,480,000 in decent homes expenditure during 2020/21 is a combination of under and overspending against the specific decent homes elements. Overspending in roof structure (£144,000) and external doors (£86,000) is more than offset by underspending in bathrooms (£722,000), kitchens (£392,000), re-wiring (£147,000), energy and insulation works (£1,542,000), central heating (£506,000), sulphate (£102,000), other health and safety (£53,000), roof coverings (£199,000), HHSRS (£196,000), capitalised officer fees (£26,000), contractor overheads (£711,000), wall structure (£1,857,000), windows (£182,000), other external works (£73,000) and chimneys (£2,000). These variances are before accounting for leaseholder income, which is reported separately. Re-phasing of underspending in 2020/21 into 2021/22 is requested in respect of energy improvements (£1,542,000), roof covering (£54,000), re-wiring (£81,000), kitchens (£392,000), bathrooms (£279,000), wall structure (£1,050,000), windows (£182,000), HHSRS (£196,000), other health and safety works (£53,000), other external works (£73,000) and contractor overheads (£484,000). Some re-phasing of budgets is requested into later years in the programme, including central heating and boilers (£506,000), re-wiring (£66,000), bathrooms (£443,000), wall structure (£200,000), sulphate works (£102,000) and contractor overheads (£161,000) when the budget is now expected to be required.
3	A net underspend of £2,740,000 was evident in 2020/21. Fire prevention works were underspent (£629,000), with the need to carry this forward into 2021/22, electrical works to communal areas was underspent by £146,000, with the need to carry this resource forward. Underspending in Disabled Adaptations (£420,000) with £200,000 re-phased, lifts (£115,000) all re-phased, communal areas uplift (£82,000), all re-phased, asbestos removal (£31,000) all re-phased, hard-surfacing works (£57,000) all re-phased, fire works (£629,000), all re-phased, communal electrical works (£146,000), all re-phased and communal doors (£329,000), all re-phased into 2021/22. Underspending in capitalised officers fees (£17,000) does not require re-phasing. Overspending in garage improvements (£14,000) and communal area floor coverings (£11,000) are also reported at year end. The capital funding for Estate Investment works, was underspent by £783,000 with all of the resource requested as a carry forward to complete the 5 year programme. Underspending of £156,000 in respect of contractor overheads combines some slippage with the impact of underspending in other areas and £131,000 is requested to be re-phased.
4	The net underspend of £7,363,000 in the new build programme in 2020/21 relates predominantly to delays in 4 schemes. Securing vacant possession of the sites at both Colville Road and Campkin Road took longer than anticipated, with the coronavirus pandemic making this more complex in 2020/21, causing underspending of £1,692,000 and £1,682,000 respectively. Delays have also been experienced in the projects at the Meadows and Buchan Street and Clerk Maxwell, where delays in the planning process resulted in underspending of £1,072,000 and £586,000 respectively. Net re-phasing of £7,170,000 is required. Re-phasing of budget for Colville Road II (£1,692,000), Campkin Road (£1,682,000), Meadows and Buchan (£1,072,000), Clerk Maxwell (£586,000), Colville Road III (£539,000), L2 (£398,000), Anstey Way (£93,000), Akeman Street (£27,000), Ventress Close (£50,000), Kingsway (£58,000), Mill Road (£36,000), Cromwell Road (£57,000), Histon Road (£17,000), Ditton Walk (£60,000), Aragon Close (£98,000), Sackville Close (£99,000), Borrowdale (£98,000), POD Homes (£10,000), Queensmeadow (£1,000), Colville Road Garages (£1,000), Wulfstan Way (£1,000), Kendal Way (£1,000), Gunhild Way (£1,000) and Teddar Way (£1,000), is partially offset by negative re-phasing where spend is ahead of profile for Fen Road (£8,000). £500,000 of funding for early costs associated with the new 1,000 home programme is also requested as a carry forward into 2021/22 to supplement any land acquisitions. The profile of spending on all of these schemes will be reviewed again as part of the HRA Medium Term Financial Strategy.

5	Budget of £2,482,000 was incorporated into the programme for land or property acquisitions to facilitate development. Of this £1,834,000 was spent and £648,000 is requested to be re-phased to allow one acquisition to complete when combined with the new homes programme funding of £500,000 above. £1,901,000 of resource was included to allow the authority to acquire homes for rough sleeper accommodation, but this was not utilised at 31 March 2021. A number of purchases are now progressing, with a request to carry forward the funds into 2021/22, when a new grant bid has been made to MHCLG for supplementary funding.
6	A net underspend of £361,000 in this area of the programme comprises reduced activity in respect of shared ownership re-purchase in 2020/21, giving rise to a £103,000 underspend, and underspending due to the need to recognise the revised timeframe required to implement the new Housing Management Information System (£238,000), with the latter requiring re-phasing into 2021/22. The underspend against funding for works to HRA commercial premises (£21,000) results in a request to re-phase £20,000 of resource into future years.
7	The inflation allowance of £266,000 was not allocated to schemes in 2020/21 due to the level of underspending. By re-phasing this into 2021/22 the allowance can be allocated where required once final scheme / contract values are known.
8	16 properties were sold in total during 2020/21. £468,000 of the capital receipt is available for general use (after all costs have been deducted from each receipt), while £266,000 of the overall capital receipt is identified as set-aside to be offset against the debt associated with the unit no longer owned. A further £2,446,000 of right to buy receipts have been retained by the local authority in 2020/21, but must be re-invested now in financing up to 40% of additional social housing units, provided this is done within a 5 year time frame.
9	With little activity in respect of shared ownership housing in 2020/21, a net sum of £68,000 was retained once any sums due to MHCLG had been paid. A net capital receipt was recognised in 2020/21 in relation to the sale of an HRA dwelling as part of an agreement to secure vacant possession of a development site.
10	The major repairs reserve was used to finance capital expenditure in the housing stock in 2020/21, including investment in decent homes work and other investment in the housing stock. Where less of this funding was utilised in 2020/21 than anticipated, it will instead be utilised in 2021/22 and beyond.
11	Income was recovered from leaseholders in 2020/21 in relation to their share of the cost of major improvements undertaken as part of the decent homes programme (£230,000) and was also received from private residents in relation to contributions towards DFG's or private sector housing repair grants (£41,000).
12	The use of revenue funding for capital purposes was less than anticipated, due to underspending across the capital programme. This resource will instead be required in 2021/22 to meet the cost of the re-phased capital expenditure.
13	Devolution Grant received in 2020/21 was significantly greater than anticipated as a direct result of MHCLG making the final payment of £15,000,000 to the Council directly, as opposed to paying via the Combined Authority and the Combined Authority paying across all unclaimed sums at 31 March 2021 (£7,785,000). The grant received in advance of incurring expenditure in 2020/21 (£16,597,000) will be used in 2021/22.

The capital underspend in respect of decent homes and other investment in the housing stock for 2020/21 can be summarised as follows, with more in depth explanations provided in the tables below:

Slippage – works ordered to be delivered in 2021/22	(£6,889,000)
Slippage – works ordered to be delivered in future years	(£1,478,000)
Savings (from disability adaptations, structural works, contractor overheads, officer fees, roof covering,	(£1,108,000)
Overspending in doors, roof structure, garages and floor coverings	£255,000
	(£9,220,000)

Decent Homes expenditure

A net underspend of £6,480,000 in decent homes expenditure during 20/21 is a combination of under and overspending against the specific decent homes elements.

	Value	Rephasing to 20/21	Rephasing to future years	Explanation
Overspending				
External doors	£86,000			Additional doors were ordered to partially offset forecast underspends in other parts of the programme
Roof structure	£144,000			The extent of structural roofing repair work at Books Road cost more than the allocated budget. This was offset by the underspend on roof coverings
Underspending				
Bathrooms	(£722,000)	£279,000	£443,000	Delivery of internal Decent Homes work was severely affected by national lockdowns and work did not start until September 2020. In addition there was a large amount of "no access" (119 properties) partly due to Covid 19. There-phasing is split over this year and future years as we do not expect to gain access to all these properties this year.
Kitchens	(£392,000)	£392,000		Delivery of internal Decent Homes work was severely affected by national lockdowns and work did not start until September 2020. In addition there was a large amount of "no access" (61 properties) partly due to Covid 19.
Re-wiring	(£147,000)	£81,000	£66,000	Delivery of internal Decent Homes work was severely affected by national lockdowns and work did not start until September 2020. In addition there was a large amount of "no access" (89 properties) partly due to Covid 19. The slippage is split over this year and future years as we do not expect to gain access to all these properties this year.
Energy and insulation works	(£1,542,000)	£1,542,000		The contract for external wall insulation and PV panels to 80 properties was approved by Committee in September 2020 and started on site in February 2021. Work is due to be completed in July 2021. In addition, of 600 loft insulation jobs issued only 150 were completed due to surveying delays and access issues as a result of Covid 19.
Central heating	(£506,000)		£506,000	The underspend is a result of access issues to 237 properties. This partly a result of Covid 19
Sulphate attack	(£102,000)		£102,000	This work is undertaken when a property becomes void - no affected property became void in 2020/21 so the budget is requested to be moved to later in the capital programme.
Balconies (Other health and safety)	(£53,000)	£53,000		This underspend relates to unfinished structural work and associated repairs at Sackville Close flats. This work is on site but was delayed starting due to Covid 19
Roof coverings	(£199,000)	£54,000		The underspend is off set by the overspend on roof structure works.
HHSRS	(£196,000)	£196,000		A large part of the HHSRS programme was completed. External staircase works at Shelly Row had to be postponed for access reasons due to Covid 19. Internal works were not programmed to start until September 2020 due to national lockdowns. There was also large amount of "no access" for internal works - this work is carried forward to 20/21.
Capitalised officer fees	(£26,000)			The value of officer time that can be capitalised each year depends upon the nature of work that is carried out by each member of the team. Underspends in a range of budgets account for this underspend in fees.
Contractor overheads	(£711,000)	£484,000	£161,000	Underspending in specific decent homes elements results in a corresponding underspend in contractor overheads.
Wall Structure	(£1,857,000)	£1,050,000	£200,000	There was a large underspend on this programme of work. Around £600,000 of this is savings as a result of competitive tenders for work being less than the estimate cost. In addition some properties were omitted from works programmes as a result of them being added to the Council's redevelopment programme. Works at Hawkins Road and Ekin Road had delayed starts due to national lockdowns.
Windows	(£182,000)	£182,000		A large part of the window programme was successful completed but Covid 19 caused delays to the design / surveying process early in the year. Later in the year after work had resumed there were national shortages in materials.
Other external works (masonry painting)	(£73,000)	£73,000		2021/21 was the first year of the new masonry painting cycle. The property cycle follows the external repair and paint programme. So it is possible this programme may have overspends in some years and underspends in others for the first 7-year cycle.
Chimneys	(£2,000)			There was a small budget for this work and no work was required in 20/21
Total	(£6,480,000)	£4,386,000	£1,478,000	

Other Investment in the Housing Stock

A net underspend of £2,739,000 in other capital expenditure was evident in 2020/21.

	Value	Rephasing to 20/21	Rephasing to future years	Explanation
Overspending				
Garage improvements	£14,000			The overspend is result of additional works been ordered to compete both blocks of garages at Welstead Road at the same time
Communal area floor coverings	£11,000			Additional works were ordered at 38-82 Maitland Avenue so that flooring could be done at the same time as other works in this block.
Underspending				
Fire prevention works were underspent, with the need to carry this forward into 2020/21	(£629,000)	£629,000		The fire safety / prevention works programme contained a number of different elements in 2020/21. Some of these were delayed and this is why the request is made to carry the budget forward to 2021/22.
				Emergency lighting at Maitland Avenue and Albemarle Way - the survey / design of work was delayed by Covid 19. Works are now priced and will be on site in summer 2021.
				Fire escape from maisonettes 4.5m above ground level. Pilot installations were halted by coronavirus. Work did not resume until September 2020. Works are now progressing on site. The money needs to be carried forward to complete the programme.

	Value	Rephasing to 20/21	Rephasing to future years	Explanation
				Fire compartment improvements in five houses that have been converted into flats. There have been delays caused by access and lease issues. The money needs to be carried forward to address this risk in 21/22.
				Fire alarm installation at Kingsway flats - this work is in the design/ pricing stage so the budget needs to be carried forward to 21/22
Electrical works to communal areas	(£146,000)	£146,000		Work was originally planned at Edgecombe flats. Detailed surveys and design suggested the work was not as urgent as first thought. Work was not ordered. Work is now planned for Kingway flats and this project is in the design stage.
Disability Adaptations	(£420,000)	£200,000		Internal Decent Homes work was affected by national lockdowns and work did not start until September 2020. In addition there were access and shielding issues in this client group due to Covid 19. This work is based on Occupational Therapist referrals - these did not take place in the national lockdowns.
Lifts	(£115,000)	£115,000		Work on lifts at three sheltered housing schemes could not take place as a result of Covid 19 and the emergency work-only policy in our sheltered housing schemes. Work has now resumed and these will be completed in 21/22
Communal area uplift	(£82,000)	£82,000		Work has been ordered at Edgecombe flats but the work was not completed by end March. This is being carried out in 21/22.
Asbestos removal	(£31,000)	£31,000		This work to communal areas was postponed until 21/22 due to Covid 19.
Hard-surfacing works	(£57,000)	£57,000		Most of the hard-surfacing works budget was spent. A number of smaller trip hazards were ordered with our contractor and these had to be individually surveyed and priced before work could start. The work was all ordered but not completed by
Communal doors	(£329,000)	£329,000		£107,000 or work was ordered in 20/21 but was not completed by 31/3/21. The remainder of the programme has been issued to our contractor but has not been priced. The work is still required and re-phasing is requested to 21/22.
Capitalised officer fees	(£17,000)	£0		The value of officer time that can be capitalised each year depends upon the nature of work that is carried out by each member of the team. In 2019/20 there was an increase in the level of officer time spent on revenue activity, resulting in an underspend against the capital allocation.
Estate investment programme	(£783,000)	£783,000		The slippage relates to a street lamp column replacement contract. There were delay completing survey work due to Covid 19. In addition there have been delays completing the procurement of this work. The work is expected to start in summer 2021.
Contractor overheads - combines some slippage with the impact of underspending in other areas and £109,000 is requested to be re-phased.	(£156,000)	£131,000		Underspending in specific investment elements results in a corresponding underspend in contractor overheads.
Total	(£2,740,000)	£2,503,000	£0	

HRA Debts Written Off in 2020/21Write Off Cases by Category

Write Off Category	No. of Cases	Value Written Off
Bankruptcy / Insolvency	1	2,130.61
Debt re-instated	1	(744.85)
Debt relief order	8	14,244.94
Debtor deceased	32	21,341.91
Debtor is residing outside the UK	1	871.47
Debtor untraceable	8	21,691.59
Imprisonment	2	5,846.67
Other special circumstances	3	4,322.11
Statute barred	14	23,268.97
Uneconomical to recover	7	541.67
Recovery Procedures Exhausted	31	49,923.34
Unable to Substantiate Debt	0	0.00
Court has refused to make and order	0	0.00
Balance of debt is small	3	5.43
Total Written Off (Net)	111	143,443.86

Write Off Value Band	No. of Cases	Value Written Off
Less than £100	8	241.66
£100.00 to £199.99	11	1,230.31
£200.00 to £299.99	8	1,755.39
£300.00 to £399.99	3	1,122.39
£400.00 to £499.99	9	4,085.48
£500.00 to £749.99	19	11,854.83
£750.00 to £999.99	8	6,948.45
£1,000.00 to £1,499.99	8	11,048.19
£1,500.00 to £1,999.99	9	15,484.08
£2,000.00 to £2,999.99	14	34,060.56
£3,000.00 to £3,999.99	6	21,957.33
£4,000.00 to £4,999.99	5	22,590.37
Greater than £5,000.00	2	11,809.67
Debt re-instated	1	(744.85)
Total Written Off (Net)	111	143,443.86