

Pecyn Dogfennau Cyhoeddus



Mae'r adroddiadau canlynol yn Eitemau Gwybodaeth ar gyfer y Pwyllgor Craffu Tai ac Adfywio.

- 1 Cyllideb Refeniw 2022/2023 – Cyfadran yr Economi a'r Amgylchedd.
- 2 Grantiau Refeniw yr Economi a'r Amgylchedd 2022/2023.
- 3 Adroddiad Monitro Cyllideb yr Economi a'r Amgylchedd 2022-2023 (Cyfnod 3).
- 4 Monitro Cyllideb y Cyfrif Refeniw Tai – Sefyllfa Alldro 2021/22.
- 5 Monitro Cyllideb y Cyfrif Refeniw Tai – Cyfnod 3.



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

**SUBJECT: REVENUE BUDGET 2022/2023 - ECONOMY AND ENVIRONMENT
DIRECTORATE**

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To provide information to Members on the revenue budget for 2022/2023 for the Economy and Environment Directorate, including Regeneration & Planning Division, Infrastructure Division, Public Protection Division and Community & Leisure Services Division.

2. SUMMARY

- 2.1 The report summarises the revenue budget for the above services for the financial year 2022/2023.
- 2.2 Budget monitoring reports will be prepared throughout the financial year to ensure that Members are updated on projected spend against budgets.

3. RECOMMENDATIONS

- 3.1 Housing and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the budget summary pages that follow in respect of Regeneration & Planning which fall within the remit of the Committee.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Scrutiny Committee is provided with full details of the 2022/2023 revenue budgets for the Economy and Environment Directorate, including Regeneration & Planning Division, which falls within the remit of this Scrutiny.

5. THE REPORT

5.1 INTRODUCTION

- 5.1.1 The Welsh Government's Revenue Support Grant (RSG) for Caerphilly CBC for the 2022/2023 financial year is a net cash increase of £25.1 m (8.5%) after adjusting for changes in the Council Tax base.

- 5.1.2 Specific grants transferred into the Settlement for Caerphilly CBC were £297k, which related to Social Care Workforce & Sustainability Grant. These have been passported into the Social Services Budget.
- 5.1.3 Members will recall that due to the increase in the Financial Settlement and the approved uplift in Council Tax of 1.9%, there were no additional savings required for the 2022/2023 financial year to deliver a balanced budget.
- 5.1.4 The approved 2022/2023 budgets for the Economy and Environment Directorate include several budgetary changes agreed by Council, which are summarised in the table in paragraph 5.1.8 below and incorporated into the budget pages attached as appendix 1a.
- 5.1.5 Additional budget of £1.710m has been allocated to the Directorate revenue budgets for inescapable cost pressures in relation to Superannuation (1%), National Insurance Increases (1.25%), non- pay inflation (4%), Fees and Charges (4%) and the Living Wage.
- 5.1.6 Budget growth of £1.649m has been provided to the Economy and Environment Directorate. The Regeneration & Planning Division has received £175k for additional staff. The Infrastructure Division has received £463k in respect of additional staffing requirements and a transfer into Home to School Transport Services of £93k. The Community & Leisure Services Division has received £253k in relation to the review of Fleet Services Section and an additional post in Leisure together with additional costs for weed spraying (Parks). Public Protection Division has received £607k for additional staff. The Director Section has received £58k for unbudgeted Audit and Bank Charges.
- 5.1.7 There were no savings applied to the budget to support the Council's financial position in 2022/2023.
- 5.1.8 Table 1 also summarises other general budget adjustments including transfers in relation to service realignment. Overall, the Economy and Environment Directorate net controllable budget for 2022/2023 has increased by £3.359 million compared to 2021/2022, increasing from £54,278million to £57,607million.

TABLE 1	INFRASTRUCTURE	REGENERATION & PLANNING	COMMUNITY & LEISURE	PUBLIC PROTECTION	DIRECTOR	Total
	£	£	£		£	£
Revised Budget 2020-21	20,821.00	2,940.00	22,644.00	7,693.00	180.00	54,278.00
						0.00
Superannuation Increase (1%)	58.00	35.00	168.00	77.00	1.00	339.00
National Insurance Increase (1.25%)	72.00	44.00	212.00	96.00	2.00	426.00
Living Wage	0.00	1.00	115.00	60.00	18.00	194.00
Non - Pay Inflation (4.0%)	628.00	127.00	380.00	120.00	0.00	1,255.00
Fees & Charges (4.0%)	(76.00)	(160.00)	(248.00)	(22.00)	0.00	(506.00)
Growth Service Pressures	463.00	175.00	253.00	607.00	58.00	1,556.00
Home to School Transport	93.00	0.00	0.00	0.00	0.00	93.00
Joint Use Recharge	0.00	0.00	(28.00)	0.00	0.00	(28.00)
						0.00
Budget 2021-22	22,059.00	3,162.00	23,496.00	8,631.00	259.00	57,607.00

5.2 REGENERATION and PLANNING

5.2.1 The Regeneration & Planning Service Division budget for 2022/2023 includes £222k for inescapable cost pressures and budget growth. The growth items relate to: -

- £47.5k for a new Project Officer to assist with the developments of the Community Renewal and Levelling Up funds.
- £85k for two new Town Centre Support Officers.
- £42.5k for a new Business Support Officers.

5.2.2 The Welsh Government “Children & Communities Grant” is partially run by Regeneration officers, with the funding supporting vulnerable people and communities. The level of funding allocated to Regeneration for 2022/2023 is £840k. In future years allocations of funding may well change. WG provided an additional amount of £501k to support people and communities. Additionally, there is an allocation via the European Social Fund for “Communities for Work” of £559k.

5.3 CONCLUSION

5.3.1 The Economy and Environment Directorate provides a diverse range of services as outlined in the report and appendices. The report notes that the services face significant ongoing financial pressures and budgetary growth has been allocated in a number of areas.

5.3.2 For the 2022/2023 financial year, the Covid-19 pandemic will continue to have an impact on the financial position of many services in the Economy and Environment Directorate. The Welsh Government has stopped providing support via the Covid-19 Hardship Fund.

5.3.3 All growth items were agreed as part of the Council budget report of 24th February 2022.

6. ASSUMPTIONS

6.1 All assumptions linked to the Authority’s budget strategy for financial year 2022/2023 are detailed in the Report agreed by Council on 24th February 2022.

6.2 A range of other assumptions have been made in setting the Authority’s budget, this is in respect of pay and non-pay inflationary increases and inescapable service pressures.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An IIA is not necessary for this Information Only Report.

8 FINANCIAL IMPLICATIONS

8.1 As identified throughout the report.

9 PERSONNEL IMPLICATIONS

9.1 Included in the Service Division budget savings summarised in the report are savings in relation to staff restructures and vacancy management, these will be managed in accordance with HR policies.

10. CONSULTATIONS

10.1 There are no consultation responses, which have not been included in this report.

11 STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council’s Financial Regulations.

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Consultees

Cllr A. Whitcombe, Chair Housing & Regeneration Scrutiny Committee
Cllr P. Cook, Vice Chair Housing & Regeneration Scrutiny Committee
Christina Harrhy, Chief Executive
Mark S Williams, Corporate Director for Economy & Environment
Robert Hartshorn, Head of Public Protection, Community & Leisure Services
Rhian Kyte, Head of Regeneration and Planning
Marcus Lloyd, Head of Infrastructure
Steve Harris, Head of Financial Services & S151 Officer
Jane Southcombe, Education Financial Services Manager
Sue Richards, Head of Education Planning & Strategy
Paul Adams, Senior Assistant Accountant
Mike Jones, Financial Services Manager Social Services
Cllr J. Pritchard, Cabinet Member for Prosperity, Regeneration & Climate Change
Cllr P Leonard, Cabinet Member for Planning & Public Protection
Cllr C Andrews, Cabinet Member for Education & Communities

Background Papers:

Divisional budget papers 2022/2023.

Minutes Council Meeting 24/02/2022: Budget Proposals 2022/2023 and Medium- Term
Financial Outlook

Appendices:

Appendix 1A Summary Budget - Regeneration and Planning

Appendix 1A

Economy and Environment Directorate	Estimate 2021/22	Revised Estimate 2021/22	Budget 2022/23
<u>REGENERATION & PLANNING</u>			
Regeneration & Planning Senior Management Support	149,217	151,444	237,523
Use of Reserves For Placeshaping Officer	0	0	(83,557)
Support Services			
Business Support & Urban Renewal	563,905	570,020	716,762
Use of Reserves For International Trade Support Officer	0	0	(42,818)
Events	79,001	79,669	82,124
Property Operations	(1,218,726)	(1,218,726)	(1,267,589)
Town Centre Management	197,933	200,518	290,103
Tourism Venues			
Tourism Venues Management Support	75,117	76,191	77,814
Llanciach Fawr	466,596	476,249	482,822
Winding House & Museum	159,305	160,621	165,234
Caerphilly Visitor Centre	62,944	65,521	67,758
Cwmcarn Visitor Centre	245,061	251,901	292,657
Use Of Earmarked Reserve for Scenic Drive	0	0	(39,000)
Blackwood Miners Institute	305,955	311,792	323,462
Arts Development	158,322	160,649	160,309
Community Regeneration	140,614	142,484	188,473
Use of Reserves for Apprentice Gateway Scheme	0	0	(42,818)
Children & Communities Grant			
Expenditure	819,003	819,003	840,256
Grant Funding	(819,003)	(819,003)	(840,256)
C4W Grant			
Expenditure	603,010	603,010	500,808
Grant Funding	(603,010)	(603,010)	(500,808)
Communities for Work Plus Additional Funding			
Expenditure	412,399	412,399	558,568
Grant Funding	(412,399)	(412,399)	(558,568)
Planning Services			
Planning Services Management	144,154	146,297	148,811
Regeneration & Planning Administrative Support	548,803	557,758	569,603
Strategic Planning	334,958	329,725	335,624
Development Control	199,691	305,902	319,469
Building Control	76,191	97,869	103,468
Land Charges	14,171	15,210	16,091
GIS & Land Gazetteer	163,198	59,165	60,191
TOTAL NET BUDGET	2,866,410	2,940,259	3,162,516



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

SUBJECT: ECONOMY AND ENVIRONMENT REVENUE GRANTS 2022/2023

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To provide information to Members relating to revenue grants for 2022/2023 for Economy and Environment Directorate.

2. SUMMARY

- 2.1 The report provides details of the 2022/2023 revenue grant funding for Economy and Environment Directorate. The report excludes grant funded schemes where CCBC merely act as banker for Partnership schemes. During the financial year further grants are often made available subject to new funding being identified and successful outcomes to bids.
- 2.2 The report is provided to ensure that Members are aware of grants and their intended purpose. Further details of individual grants can be made available to Members if requested.

3. RECOMMENDATIONS

- 3.1 Housing and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the summary grant pages that follow in respect of Regeneration and Planning, which fall within the remit of this Scrutiny.

4. REASONS FOR RECOMMENDATIONS

- 4.1 To inform Members of the 2022/2023 revenue grant funding position for Economy and Environment Directorate.

5. THE REPORT

- 5.1 The attached appendix provides summary details of revenue grants currently available to the Directorate in 2022/2023. It includes a list of the grants, the grant funding bodies,

the value of the grant, a brief description of the purpose of the funding, together with details of the responsible officer. As highlighted in the appendix, there is a diverse range of grants available to the Authority.

5.2 Grants will have an agreed set of terms and conditions, covering the type of initiatives and expenditure that will be funded, the methods for submitting grant claims and documentary evidence required in support of the claims. The grant funding body will request information to satisfy itself that the grant monies have been spent in accordance with its terms and conditions. Expenditure in respect of some grants is subject to an external audit.

5.3 Where required, external audit would assess expenditure against the terms and conditions of the grant and this assessment would normally comprise a random sample of spend, followed by an in-depth scrutiny of the sampled items. This could involve ensuring proper procurement processes have been adhered to, and/or assets purchased have been located, along with the confirmation that spend complies with the conditions of the grant. The External Auditors produce a report annually summarising any issues that have come to light during their audit of the Authority's grants.

5.4 **CONCLUSION**

External grant funding is very important in helping the Authority deliver some key services and appendix 1 summarises the revenue grants for 2022/2023 and the service areas they support. It is important that services receiving grant adhere to any specific terms and conditions linked to the grant and ensure financial processes and procedures are in place in relation to expenditure incurred and grant claims produced.

6. **ASSUMPTIONS**

6.1 There are no assumptions in this report.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 An IIA is not necessary for this Information Only Report.

8. **FINANCIAL IMPLICATIONS**

8.1 Grant funding for service initiatives and schemes can change from year to year and uncertainty of funding or reductions in funding needs to be considered and managed, including implications for future service provision, employment implications, possible redundancy costs and alternative funding streams.

8.2 Expenditure must comply with the grant terms and conditions, and/or bids. Failure to comply may result in a qualification of the grant by the External Auditors, which could result in the clawback of the grant funding.

9. PERSONNEL IMPLICATIONS

- 9.1 Grant funded services provide employment opportunities within the Authority and loss of or reduced grant provision can sometimes impact on employment and possible redundancy.

10. CONSULTATIONS

- 10.1 There are no consultation responses which have not been included in this report.

11. STATUTORY POWER

- 11.1 Local Government Act 1972 and 2003 and the Council's Financial Regulations.

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Consultees:

Cllr A. Whitcombe, Chair Housing & Regeneration Scrutiny Committee
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Cllr J. Pritchard, Cabinet Member for Prosperity, Regeneration & Climate Change
Cllr P Leonard, Cabinet Member for Planning & Public Protection
Cllr C Andrews, Cabinet Member for Education & Communities

Background Papers:
Grant Allocation Reports 2022/2023

Appendices:
Appendix 1- Schedule of Economy and Environment Directorate Grants 2022/2023

Grant	Funding Body	Grant Funding 2022/2023	Grant Funding 2021/2022	Matched Funding	Division	Lead Officer	Purpose of Grant	Subject to Audit
Rural Development Plan (RDP) 2014-2020	EU funding via Welsh Government (WG)	£0	£354,000	Yes	Community & Leisure - Countryside	RDP Delivery Manager	Regeneration Initiatives in rural areas through community engagement and development.	Yes
Aberbargoed Grasslands SSSI	National Resources Wales (NRW)	£0	TBC awaiting details from Countryside Manager	No	Community & Leisure - Countryside	Countryside Manager	To part fund the Aberbargoed Grasslands SSSI	No
Agriculture & Farming - Ynys Hywel Farm	Welsh Government (WG)	£0	TBC awaiting details from Countryside Manager	No	Community & Leisure - Countryside	Countryside Manager	To part fund / subsidise farming activities at Ynys Hywel Farm	No
ENRaW Resilient Greater Gwent Project Delivery (Blaenau Gwent Lead Partner)	Funding vis Blaenau Gwent	£5,969	£0	No	Community & Leisure - Countryside	Countryside Manager	Nature Officer	No
Allotment	Welsh Government (WG)	£38,059	£38,059	No	Community & Leisure - Countryside	Countryside Manager	To bring back vacant plots and security	No
Local Sport Plan	Sport Wales (SW)	£566,295	£566,275	No	Community & Leisure - Sports Development	Sports & Leisure Development Manager	Support the development of physical activities in CCBC	No
60Plus Activity	Sport Wales (SW)	£37,335	£26,241	No	Community & Leisure - Sports Development	Sports & Leisure Development Manager	Support the development of physical activities in CCBC.	No
National Exercise Referral Scheme	Public Health Wales	£138,600	£138,600	No	Community & Leisure - Sports Development	Sports & Leisure Development Manager	Provide exercise schemes to support over 16's at risk of chronic disease	No
Disability Sports Grant	Federation of Disability Sports Wales (FDSW)	£20,698	£20,698	No	Community & Leisure - Sports Development	Sports & Leisure Development Manager	Provision of sport activities for people with disabilities	No
Sustainable Waste Management Grant	Welsh Government (WG)	Value TBC from WG	£833,848	No	Community & Leisure - Waste Management & Cleaning	Waste Strategy & Operations Manager	Waste Resource Management including resource efficiency through waste prevention, recycling and landfill diversion.	Yes
Caru Cymru Partnership	Welsh Government (WG)	£37,500	£30,000	No	Community & Leisure - Waste Management & Cleaning	Special Projects Officer	Caring for the Environment and Keeps Wales Tidy initiatives. Funding via Caru Cymru	Yes
Flood & Coastal Erosion Risk Management Grant	Welsh Government (WG)	£225,000	£105,000	No	Infrastructure	Senior Engineer Corporate Land Drainage	Flood alleviation initiatives	No
Road Safety Revenue Grant	Welsh Government (WG)	£82,800	£77,800	No	Infrastructure	Transport Engineering Manager	Provision of 4 Road Safety activities comprising of Kerb craft, National Standards Cycle Training, Pass Plus Cymru & Megadrive.	No
Bus Services Support Grant	Welsh Government (WG)	£427,454	£427,454	No	Infrastructure	Principal Passenger Transport Officer	To support Local and Rural Bus Services with a minimum requirement for Community Transport. This is a WG funded grant but is claimed via Monmouthshire CC who are the lead Authority.	Yes

Concessionary Fares Grant	Welsh Government (WG)	£4,062,202	£3,386,000	No	Infrastructure	Principal Passenger Transport Officer	To pay towards the Concessionary Fares Scheme operated by WG via each Local Authority and its Bus Service Contracts. Figure is indicative only and paid on actual basis plus administration less £934,000 CCBC contribution. Also this mechanism may be changing in the future on how grant is administered, claimed & paid	Yes
Bus Service Operators Grant (Connect 2)	Welsh Government (WG)	£10,000	£10,000	No	Infrastructure	Principal Passenger Transport Officer	To pay towards Bus Service Operators Costs and based on kilometre's travelled. This is a WG funded grant but is claimed via Monmouthshire CC the lead Authority. Figure is indicative only and are normally paid on actual mileage travelled but 21/22 is based on 19/20 figures due to Covid-19	No
Bus Service Operators Grant (Social Services Transport)	Welsh Government (WG)	£45,000	£45,000	No	Infrastructure	Principal Passenger Transport Officer	To pay towards Bus Service Operators Costs and based on kilometre's travelled. This is a WG funded grant but is claimed via Monmouthshire CC the lead Authority. Figure is indicative only and are normally paid on actual mileage travelled but 21/22 is based on 19/20 figures due to Covid-19	No
Children & Communities Grant	Welsh Government (WG)	£292,256	£248,240	No	Public Protection - Community Safety	Community Safety Manager	Children & Communities Grant (CCG) which incorporates Promoting Public Engagement together with 9 other grants into one funding allocation. Overall Allocation is £11,439,008	Yes
Child Burial & Cremations & Additional Financial Support Grant	Welsh Government (WG)	£37,938	£39,937	No	Public Protection - Community Safety	Green Spaces & Transport Services Manager	Child burial & cremation fees	No
Community Safety Grant	Police and Crime Commissioner via Torfaen CBC	£61,035	£61,035	No	Public Protection - Community Safety	Community Safety Manager	Part funds staff involved in anti-social behaviour case management	No
Arts Council for Wales (ACW) Revenue Grant	Arts Council for Wales (ACW)	£130,798	£130,798	No	Regeneration & Planning	Destination & Events Manager	Development of arts provision in CCBC via the Blackwood Miners Institute (BMI)	Yes
Children & Communities Grant	Welsh Government (WG)	£840,256	£819,003	No	Regeneration & Planning - Community Regeneration	Community Regeneration Manager	Children & Communities Grant (CCG) which incorporates C4W+ together with 9 other grants into one funding allocation. Overall Allocation is £11,439,008	Yes
C4WPlus Additional Grant (funded via Young Person's Guarantee for 2022-23)	Welsh Government (WG)	£558,568	£412,399	No	Regeneration & Planning - Community Regeneration	Community Regeneration Manager	Additional Grant from WG to support C4W+ .	Yes
C4W (Communities For Work)	EU funding via Welsh Government (WG)	£500,808	£603,010	No	Regeneration & Planning - Community Regeneration	Community Regeneration Manager	As compensation for services in relation to the C4W programme in each Cluster	Yes
SCHOOL MILK	EU funding & Welsh Government (WG) & Health	£292,900	£292,900	NO	Public Protection	Catering Manager	Grant value approximate as based on milk uptake, also varies according to exchange rate	No
Total: -		£8,411,472	£8,666,297					



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

**SUBJECT: ECONOMY AND ENVIRONMENT 2022-2023 BUDGET MONITORING
REPORT (PERIOD 3)**

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To inform members of projected revenue expenditure for the Economy and Environment Directorate for the 2022-2023 financial year. Service Divisions include Regeneration & Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

2. SUMMARY

- 2.1 The report summarises the most recent budget monitoring projections for 2022-2023 based on the latest available financial information. It should be noted that it is only the Planning and Regeneration service division that is within the remit of this Scrutiny Committee with other service division budgets sitting within the remit of the Environment and Sustainability Scrutiny Committee.

3. RECOMMENDATIONS

- 3.1 Housing and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of the Regeneration & Planning Division, which is the only division that falls within the remit of this Scrutiny Committee.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Council Budget is based on the achievement of both expenditure and income targets. In order to ensure that these are met, and the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

5. THE REPORT

5.1 INTRODUCTION

- 5.1.1 The report outlines the revenue budget position for each of the service Divisions that form part of the Economy & Environment Directorate based on the most current financial information available. Projected outturn figures for the financial year are compared with the budget to show the anticipated under/overspends. More detailed budget monitoring figures are shown in the appendix 1A.

5.1.2 The table 1 below summarises the present budget monitoring position, with an overall Directorate underspend of £491k, but exclusive of ring-fenced budgets is projecting an underspend of £369k. Appendix 1A provides more detail on the budget variation projection for Regeneration, which fall under the remit of this Scrutiny.

TABLE 1	Estimate 2022/23	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
Regeneration & Planning Division	3,163	3,163	2,860	303
Infrastructure Division	22,059	22,231	21,807	423
Public Protection Division	8,631	8,631	8,438	193
Community & Leisure Services Division	23,496	23,496	23,923	(428)
Directorate General	259	259	259	0
NET DIRECTORATE	57,608	57,780	57,287	491
Home to School Transport - ring fenced under spend				(28)
Social Services Transport – ring fenced under spend				252
Cemeteries Task & Finish – ring fenced under spend				(102)
NET DIRECTORATE over spend (excluding ring fenced budgets)				369

5.2 REGENERATION & PLANNING DIVISION

- 5.2.1 Overall, the service division presently has a projected underspend of £303k for the 2022-2023 financial year, full details are provided in Appendix 1
- 5.2.2 There is a very small underspend in senior management support of £2k due to staff not being paid at the top of the incremental scale. This is after the agreed use of reserves for the Place shaping Manager.
- 5.2.3 Business Support and Urban Renewal are projecting a net £46k underspend, a small over achievement of income in Bargoed Unit shops along salary savings due to delays in filling vacant posts and a projected underspend on the Community Enterprise Fund offset by additional costs for the “Multi-Disciplinary Projects (MDP)”. This is after the agreed use of reserves for the International Trade Support Officer, Levelling Up Fund reserve and a contribution to the MDP project.
- 5.2.4 Tourism Events are projecting a net overspend of £47k. This is primarily due to additional costs of the “Summer Small Cheese event” to replace the Big Cheese, where there is reduced income from fees, together with small overspend on the other events throughout the year amounting to circa £4k.
- 5.2.5 There is a projected £109k overspend in relation to industrial properties primarily due to shortfall in property rents of £150k linked to units being unoccupied offset in the main to reductions in NNDR costs, grounds maintenance and postage. The industrial and office property portfolio should generate income of £2.36million to the Council. The service is proactively seeking to ensure vacant units are let as quickly as possible by identifying businesses interested in taking up a rental.
- 5.2.6 Town Centre Management is projecting an underspend of £35k, due in the main to a delay in filling a vacant post offset by projected overspend on utility costs at the Town Centres of £7k
- 5.2.7 Overall Tourism Venues are reporting combined underspend of £100k. Further details are below: -

- Tourism Venue Management support is projecting a £15k underspend primarily due to projected savings on subscriptions and publicity and promotion.
- Llancaiach Fawr is projecting an underspend of £6k at present mainly due to reduced income levels offset by salary savings. Income levels will be closely monitored in year.
- Cwmcarn VC is projecting an underspend of £17k due in the main to better-than-expected income levels due to the scenic drive opening. At present CCBC and NRW have an agreement to split any profits 50/50, this has been factored into the projections. This is after taking into account the use of the reserve to improve the entrance gate.
- Winding House is predicting an underspend of £35k due in the main to a one-off savings on NNDR due to a revaluation, reduced property costs offset by a reduction in income.
- Caerphilly Visitor Centre is predicting a small £8k overspend due additional staffing costs not being offset by increased income.
- Blackwood Miners Institute is projecting a small underspend of £32k due in the main to salary savings due to delays in appointing staff.
- Arts Development is projecting a small underspend of £6k due to reduced artistes' fees and associated costs.

5.2.8 Community Regeneration is projecting a net £122k underspend due to staff vacancies and associated costs after the transfer of staff to Caerphilly Cares. This is after the agreed use of reserves for the Apprentice Officer, to support the "Kick-start" project.

5.2.9 Children and Communities Grant (CCG), C4W and C4WPlus Additional Funding initiatives are all fully funded from grant, currently there is a projected underspend which total £268k. This has no effect on the outturns as the grant only funds the actual spend on the projects. We have had verbal agreement that the projected overspend on the "Communities for Work" projects will be fully funded.

5.2.10 Planning Services Management are projecting a very small overspend of £2k underspend.

5.2.11 Regeneration & Planning Administrative Support are projecting a £36k underspend this is due in the main to salary savings due to delays in filling vacant posts.

5.2.12 Strategic Planning is presently projecting a small net underspend of £8k. This is due in the main to staff not being reaching the top of scale. This is after the agreed ringfencing of the Community Infrastructure Levy (CIL) and the agreed transfer from the LDP reserve.

5.2.13 Development Control is reporting underspend of £27k primarily due to salary savings due to delays in filling vacant posts offset by reduced income levels. Income is projected to be slightly below budget but is very volatile and will be monitored during the year.

5.2.14 Building Control is reporting underspend of £83k due in the main to a small saving because of a delay in filling vacant post and income levels being better than anticipated. The income level is volatile and will be monitored during the year.

5.2.15 Land charge services are projecting an overspend of £2k due in the main to reduced income levels. The income level is volatile and will be monitored during the year. This takes into account the HMRC funding for the "Land Registry Automation".

5.2.16 GIS/Land Gazetteer support services is projecting an underspend of £1k.

5.3 Conclusion

5.3.1 Members are advised Regeneration & Planning only is the only division within the Economy & Environment Directorate which is in the remit of this scrutiny committee. Overall, the

Directorate provides a very diverse range of front-line services to residents and businesses. The overall Directorate has a budget totalling £57.78m. with a projected net underspend of £369k. The operational managers will endeavour to ensure that service net expenditure does not exceed the budget available.

6. ASSUMPTIONS

- 6.1 Assumptions linked to this report were detailed in the budget report to Council on 24th February 2022.
- 6.2 The projected outturn position is based on actual income and expenditure details to the end of June 2022.
- 6.3 Forecasts have been made following discussions with Managers based on current information available.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An IIA is not necessary for this Information Only Report.

8. FINANCIAL IMPLICATIONS

- 8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

- 10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER.

- 11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Consultees

Cllr A. Whitcombe, Chair Housing and Regeneration Scrutiny Committee
Cllr P, Cook, Vice Chair Housing and Regeneration Scrutiny Committee
Christina Harrhy, Chief Executive
Mark S Williams, Corporate Director for Economy and Environment
Rhian Kyte, Head of Regeneration and Planning
Steve Harris, Head of Financial Services and S151 Officer
Rachel Smith, Assistant Accountant
Cllr J. Pritchard, Cabinet Member for Prosperity, Regeneration and Climate Change
Cllr P Leonard, Cabinet Member for Planning and Public Protection
Cllr C Andrews, Cabinet Member for Education and Communities

Appendices:

Appendix 1A Budget Monitoring Report - Regeneration and Planning

Background Papers:

Council Meeting 24/02/2022: Budget Proposals 2022/2023 and Medium- Term Financial Outlook

Economy and Environment Directorate	Estimate 2022/2023	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
<u>REGENERATION & PLANNING</u>				
Regeneration & Planning Senior Management Support	237,523	237,523	216,185	21,338
Use of Reserves For Placeshaping Officer	(83,557)	(83,557)	(64,429)	(19,128)
Support Services				
Business Support & Urban Renewal	716,762	716,762	877,341	(160,579)
Use of Reserves For International Trade Support Officer	(42,818)	(42,818)	(40,127)	(2,691)
Agreed use of Reserves - Levelling Up Fund	0	0	(160,000)	160,000
Agreed Use of Reserves - Regen Board Funding(MDT)	0	0	(50,000)	50,000
Events	82,124	82,124	128,860	(46,736)
Property Operations	(1,267,589)	(1,267,589)	(1,159,074)	(108,515)
Town Centre Management	290,103	290,103	255,055	35,048
Tourism Venues				
Tourism Venues Management Support	77,814	77,814	66,226	11,588
Llanciach Fawr	482,822	482,822	476,198	6,624
Winding House & Museum	165,234	165,234	130,278	34,956
Caerphilly Visitor Centre	67,758	67,758	76,065	(8,307)
Cwmcaru Visitor Centre	292,657	292,657	274,696	17,961
Use Of Earmarked Reserve for Scenic Drive	(39,000)	(39,000)	(39,000)	0
Blackwood Miners Institute	323,462	323,462	291,653	31,809
Arts Development	160,309	160,309	154,167	6,142
Community Regeneration	188,473	188,473	66,460	122,013
Use of Reserves for Apprentice Gateway Scheme	(42,818)	(42,818)	(42,683)	(135)
Children & Communities Grant				
Expenditure	840,256	840,256	768,317	71,939
Grant Funding	(840,256)	(840,256)	(768,317)	(71,939)
C4W Grant				
Expenditure	500,808	500,808	593,907	(93,099)
Grant Funding	(500,808)	(500,808)	(593,907)	93,099
Communities for Work Plus Additional Funding				
Expenditure	558,568	558,568	269,036	289,532
Grant Funding	(558,568)	(558,568)	(269,036)	(289,532)
Planning Services				
Planning Services Management	148,811	148,811	150,712	(1,901)
Regeneration & Planning Administrative Support	569,603	569,603	533,663	35,940
Strategic Planning	335,624	335,624	419,073	(83,449)
Transfer to Community Infrastructure Levy Ringfenced Reserve			(45,354)	45,354
Agreed Use of Reserves for LDP			(45,866)	45,866
Development Control	319,469	319,469	292,149	27,320
Building Control	103,468	103,468	20,806	82,662
Land Charges	16,091	16,091	17,826	(1,735)
GIS & Land Gazetteer	60,191	60,191	58,838	1,353
TOTAL NET BUDGET	3,162,516	3,162,516	2,859,718	302,798



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

**SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING –
OUTTURN POSITION 2021/22**

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform Members of the outturn position for the Housing Revenue Account (HRA) for the 2021/22 financial year, based on the income and expenditure movements during the year. The HRA capital programme which is predominantly funded by the HRA is also included within this report

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via Council Tax and the Revenue Support Grant (RSG). Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the taxpayers' purse and therefore value for money must always be sought.
- 2.2 The HRA budget for 2021/22 is £51.7m with its main components consisting of £17m of salaries, £8m of capital financing charges, £4.6m of building maintenance & response repairs (net of salaries), £2.7m of internal service recharges, and £15.6m of revenue contributions to fund the WHQS programme. There is also a budget of £11.5m for the PAMS (Post Asset Management Strategy) which is recharged fully to the Capital Programme and predominantly covers the maintenance of the WHQS programme, voids and remodelling works. The spend on the HRA is self-financed mainly by the rental income we collect from our Council Tenants, of which about 75% is funded by Housing Benefits. The main variances on the HRA are explained below.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are informed of the financial position of the Housing Revenue Account.

5. THE REPORT

5.1 Introduction

- 5.1.1 The HRA underspent its budget by £7.3m for the 2021/22 financial year, which represents about 14% of the total HRA budget. The surplus is split between general revenue underspends (£4m) and capital related underspends (£3.3m). The main variances are summarised below, and full financial details are provided in Appendix 1.

5.2 Salaries & Mileage (£1.3m under spend)

- 5.2.1 Salaries and associated costs within the HRA are underspent by some £1.3m which represents about 7% of the salary budget. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, requests for reduced hours and timing for filling vacant posts. There has also been difficulty in backfilling vacant posts in particular within the Housing Repairs service where more competitive rates are being offered in the private sector and Registered Social Landlord providers. The underspend does not include any variances from the Post Asset Management (PAMS) salary budget as this is recharged to the capital programme and is included in 5.4.2 below.

5.3 Non-Pay Related (2.4m under spend)

- 5.3.1 This includes an overspend of £522k associated with office related costs where although there has been savings in areas such as stationery, photocopying and postage, mainly as a result of offices not being occupied because of Covid-19 restrictions, there have been additional costs in respect of the new IT system which were unforeseen, and this has offset the office cost savings overall.
- 5.3.2 £1.4m underspend is attributable to budgets that are service specific such as Strategy & Development, Allocation recharges, Tenant Participation, and utility charges within our sheltered schemes. Some costs however have increased due to Covid-19 restrictions such as security of void properties, and Council Tax charges on void properties. A further £488 underspend on Bad Debt Provision arose as a result of a favourable BDP calculation.

5.4 Building Maintenance & Response Repairs (£151k overspend)

- 5.4.1 There are a variety of under and over spends within the cyclical and revenue projects making up an overall overspend of £512k. Underspends on Lift Maintenance, Alarm and Light Servicing, Non DLO Works, and Contingency has been offset by overspends on Insurance Claims for disrepair work, Damp Proof Works, Gas Servicing, and costs for Montclair Avenue estimated at £1.6m which has been earmarked into 2022/2023 due to survey delays. Expenditure on the Housing Response Operations (HRO) budget and Building Maintenance support was some £1m underspent overall, which includes salaries and non-pay savings identified in 5.2 & 5.3 above. There was a reduced spend on materials and transport costs compared to budget, which was offset by an overspend on sub contractors. However, spend is expected to increase in 2022/23 to account for the backlog of repairs that the team were unable to complete during the pandemic. Furthermore, an increase in material prices nationally is likely to affect contractor's ability to

procure supplies efficiently. Contractors have recently been awarded a significant increase on the prices originally submitted as result of these increased costs. Members will be aware of our Single Source Supplier arrangement which appears to have protected us initially from the material increases due to advance ordering.

5.4.2 A budget of £11.5m has been allocated for the In-House team who support the capital programme. The work involved includes the final delivery of the WHQS Programme, maintenance of the WHQS programme through the PAMS programme, sheltered remodelling and some void works. There is a nil cost to the HRA because the cost is fully recharged to the capital programme. However, there was an underspend of £3.6m due to reduced expenditure on, materials, transport and salary savings which means this has been passed onto the capital programme in year, resulting in less funding required by the RCCO (as explained in 5.7 below). Covid-19 had a detrimental effect on the commencement of the PAMS programme which has been reprofiled to fit in with the revised completion of WHQS. The underspend is a result of not being able to progress with the PAMS programme whilst the WHQS programme was being finalised. Members will be aware that Welsh Government confirmed the extended deadline for authorities to achieve WHQS by December 2021. Caerphilly Homes has now achieved that target and is fully WHQS compliant in all its eligible stock which includes acceptable fails. The total cost of the WHQS programme was £266.4m.

5.5 **Capital Financing Requirement (CFR) (£133k under spend)**

5.5.1 The HRA debt charges are slightly lower than budgeted, due to some capital receipts which resulted in a lower Minimal Revenue Provision (MRP) charge and interest charge.

5.5.2 Further borrowing to complete the WHQS programme was not required due to the high level of underspends the previous year as a result of Covid-19. The total borrowing requirement to fund the WHQS programme was £40.9m which represents about 15% of the total programme funding. The MRA allowance from Welsh Government funded £73.4m towards the total programme which represents about 28% of the funding, and the HRA funded £149.2m which represents 56% of the funding. There was a further £2.9m from grant funding and contributions.

5.5.3 The 2022/23 Housing Business Plan shows further borrowing from 2023/24 of £45.5m to fund the commitments built into the plan for increasing housing supply.

5.6 **Income (£344k variance)**

5.6.1 Variations represent less than 0.7% of the total income budget but includes void rent overspend of some £158k offset with investment income of some £256k more than anticipated due to the large volume of balances retained within the HRA in year.

5.7 **Revenue Contributions to Capital Outlay (RCCO) (£3.3m underspend)**

5.7.1 The HRA allowed for some £15.6m of revenue contributions towards finalising and maintaining the WHQS programme and the start of the PAMS programme.

5.7.2 The HRA RCCO allocation funds the majority of the capital spend in year in addition to the £7.3m Major Repairs Allowance (MRA) from Welsh Government. The MRA allowance is utilised first as this funding does not carry over into financial years.

5.7.3 Total capital spend for 2021/22 was £23.8m of which £12.2m was the finalising of the WHQS programme. £7.4m was adaptations, voids and commencing with the PAMS

programme. and £4.2m was increasing housing supply.

5.7.4 There was an underspend of some £9m overall on the capital programme, mainly as a consequence of not being able to progress fully with the PAMS programme whilst trying to complete the WHQS Programme. Therefore, the full RCCO allocation was not required resulting in an underspend of £3.3m

5.7.5 Funding for the programme consisted of RCCO of £12.2m, MRA of £7.3m, £1m capital receipts, and the balance from specific grants and contributions.

5.8 HRA Working Balances

5.8.1 Working balances at the start of 2021/22 financial year were £14.1m. The majority of this is derived from underspends in 2020/21 and was anticipated to be used to contribute towards the capital programme this year. However due to the delay with progressing with the PAMS programme and the associated underspend on the RCCO budget mentioned above, these balances, together with the accumulated surpluses this year, will be retained and earmarked towards funding the 2022/2023 capital programme, and beyond where appropriate. The year end working balance now stands at £21.5m. There are further earmarked balances of £1.6m to complete the drainage works at Montclair Avenue, Blackwood, and £695k for supporting tenants.

6. ASSUMPTIONS

6.1 The outturn position is based on actual income and expenditure details for the 2021/22 financial year. However, spend and income activity has been unprecedented during this time which makes it difficult to compare results to preceding years or indeed forecast for future years.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report is for information only so an IIA is not required

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations

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Consultees:	Cllr Andrew Whitcombe	- Chair Housing & Regeneration Scrutiny Committee
	Cllr Patricia Cook	- Vice Chair Housing & Regeneration Scrutiny Committee
	Cllr Shayne Cook	- Cabinet Member for Housing
	Dave Street	- Corporate Director Social Services and Housing
	Nick Taylor-Williams	- Head of Housing
	Stephen R Harris	- Head of Corporate Finance and S151 Officer
	Fiona Wilkins	- Housing Services Manager
	Jane Roberts-Waite	- Strategic Co-ordination Manager
	Sandra Isaacs	- Rents Manager
	Alan Edmunds	- WHQS Project Manager
	Jason Fellows	- HRO Manager
	Kerry Denman	- Housing Solutions Manager
	Rhian Williams	- Group Accountant (Treasury & Capital)

Appendices: Appendix 1 HRA Financial Plan 2021/22 outturn

Appendix 1

Housing	Estimate	Projected	Variance
	2021/22	Outturn	2021/22
	£	2021/22	£
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUMMARY</u>			
GENERAL MANAGEMENT	1,874,613	1,956,056	(81,443)
CAPITAL FINANCING	8,083,135	7,929,441	153,694
CENTRAL RECHARGES	2,745,024	2,745,024	-
STRATEGY AND DEVELOPMENT	1,919,958	1,436,096	483,862
PUBLIC SECTOR HOUSING	6,086,179	5,383,132	703,047
SUPPORTED HOUSING	-	-	-
BUILDING MAINTENANCE SERVICES	31,018,422	22,647,739	8,370,683
GROSS EXPENDITURE	51,727,331	42,097,487	9,629,844
INCOME	(51,727,331)	(51,847,064)	119,733
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	-	(9,749,577)	9,749,577
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>GENERAL MANAGEMENT</u>	1,874,613	1,956,056	(81,443)
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	5,660,208	5,509,544	150,664
Principal	2,372,927	2,369,897	3,030
Debt Management	50,000	50,000	-
Rescheduling Discount	-	-	-
EXPENDITURE TO HRA SUMMARY	8,083,135	7,912,569	153,694
<u>CENTRAL RECHARGES</u>			
Central Recharges	2,248,134	2,248,134	-
Grounds Maintenance recharge to HRA	496,890	496,890	-
EXPENDITURE TO HRA SUMMARY	2,745,024	2,745,024	-

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>STRATEGY AND DEVELOPMENT</u>			
Housing Strategy and Development	1,919,958	1,436,096	483,862
Transforming Lives and Communities	-	-	-
EXPENDITURE TO HRA SUMMARY	1,919,958	1,436,096	483,862
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	349,520	297,288	52,232
Sheltered Accommodation	1,516,702	1,295,225	221,477
Holly Road Community Support	4,782	4,918	(136)
Eastern Valley Area Housing Office	821,998	752,795	69,203
Upper Rhymney Area Housing Office	895,888	796,324	99,564
Lower Rhymney Valley Area Housing Office	31,002	27,946	3,056
Lansbury Park Neighbourhood Housing Office	322,495	288,359	34,136
Graig Y Rhacca Neighbourhood Housing Office	303,759	277,493	26,266
Housing Allocations Contribution	128,845	105,406	23,439
Tenants & Communities Involvement	371,885	316,380	55,505
Leaseholders Management	46,635	35,175	11,460
Tenancy Enforcement	338,675	311,140	27,535
Rents	991,213	912,676	78,536
Community Wardens	(37,219)	(37,995)	776
EXPENDITURE TO HRA SUMMARY	6,086,179	5,383,132	703,047

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS AND MAINTENANCE</u>			
Employee Expenses net of recharges	655,194	607,031	48,163
Repairs & Maintenance on Housing Stock			
Responsive Repairs	10,873,564	10,932,947	(59,383)
Revenue Contribution to Capital – WHQS Programme	15,589,241	7,000,000	8,589,241
Group/Planned Repairs (priorities 5 & 8)	-	-	-
Void Repairs (priority 6)	-	-	-
Depot Recharges	100,000	100,000	-
Revenue Projects	1,894,000	2,205,969	(311,969)
Planned Cyclical	1,762,600	1,668,541	94,059
Planned Programme	-	-	-
	30,219,405	21,907,457	8,311,948
Transport Related	15,980	14,806	1,175
Supplies and Services	127,843	118,445	9,398
EXPENDITURE TO HRA SUMMARY	31,018,422	22,647,739	8,370,683

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents – Dwelling</u>			
Gross Rent – Dwellings	(46,165,179)	(46,785,441)	620,262
Gross Rent – Sheltered	(4,675,807)	(4,071,621)	(604,186)
Gross Rent – Hostel	-	-	-
Voids – General Needs Dwelling/Sheltered	1,271,025	1,110,896	160,129
Additional Income O/Side Rent Debit (WHQS)	-	(1,333)	1,333
Voids – Hostel	-	-	-
Net Rent	(49,569,961)	(49,747,500)	177,539
<u>Rents – Other</u>			
Garages	(351,694)	(351,191)	(503)
Garage Voids	117,099	113,388	3,711
Shop Rental	(54,488)	(54,488)	-
	(289,083)	(292,291)	3,208
<u>Service Charges</u>			
Sheltered – Service Charges	(1,271,043)	(1,217,266)	(53,777)
Sheltered – Heating & Lighting	(106,268)	(70,586)	(35,682)
Sheltered & Dispersed – Alarms	-	-	-
Catering Recharge – Sheltered Accommodation	-	-	-
Voids Schedule Water	114,507	81,191	33,316
Non Scheduled Water Rates	(31,914)	(27,043)	(4,871)
Welsh Water Commission	(560,569)	(560,569)	-
Leaseholder – Service Charges	-	-	-
	(1,855,287)	(1,794,273)	(61,014)
<u>Government Subsidies</u>			
Housing Subsidy	-	-	-
	-	-	-
<u>Interest Receivable</u>			
Mortgage Interest	-	-	-
Investment Income	(10,000)	(10,000)	-
	(10,000)	(10,000)	-
<u>Miscellaneous</u>			
Miscellaneous	-	-	-
Private Alarms	-	-	-
Ground Rent	(3,000)	(3,000)	-
	(3,000)	(3,000)	-
INCOME TO HRA SUMMARY	(51,727,331)	(51,847,064)	119,733



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING – PERIOD 3

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected position for the Housing Revenue Account (HRA) for the 2022/23 financial year, based on the income and expenditure movements of the first 3 months of the year. The HRA capital programme which is predominantly funded by the HRA is also included within this report

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via Council Tax and the Revenue Support Grant (RSG). Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the taxpayers' purse and therefore value for money must always be sought.
- 2.2 The HRA budget for 2022/23 is £52.8m with its main components consisting of £18.3m of salaries, £8.4m of capital financing charges, £3.6m of building maintenance & response repairs (net of salaries), £2.7m of internal service recharges, and £14.8m of revenue contributions to fund the WHQS programme. There is also a budget of £10.6m for the PAMS (Post Asset Management Strategy) which is recharged fully to the Capital Programme and predominantly covers the maintenance of the WHQS programme, voids and remodelling works. The spend on the HRA is self-financed mainly by the rental income we collect from our Council Tenants, of which about 78% is funded by Housing Benefits. The main projected variances on the HRA are explained below.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are informed of the financial position of the Housing Revenue Account.

5. THE REPORT

5.1 Introduction

- 5.1.1 The HRA has a projected underspend of £1.3m for the end of 2022/23 financial year, which represents about 2.5% of the total HRA budget. This is based on the income and expenditure patterns for the first 3 months of the year together with knowledge of the service from the respective managers. The surplus is split between general revenue underspends and capital related underspends. The main variances are summarised below, and full financial details are provided in Appendix 1.

5.2 Salaries & Mileage (£554k under spend)

- 5.2.1 Salaries and associated costs within the HRA are currently expected to underspend by some £554k which represents about 3% of the salary budget. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, requests for reduced hours and timing for filling vacant posts. There has also been difficulty in backfilling vacant posts in particular within the Housing Repairs service where more competitive rates are being offered in the private sector and Registered Social Landlord providers.

5.3 Non-Pay Related (£163k under spend)

- 5.3.1 This includes an overspend of £113k associated with office related costs where although there has been savings in areas such as stationery, photocopying and postage, mainly as a result of offices not being occupied fully due to Covid-19 restrictions, there have been additional costs in respect of the new IT system which is ongoing and also the transition towards the new Renting Homes Wales Act by December 2022, which has been offset.
- 5.3.2 £50k underspend is attributable to budgets that are service specific such as Tenant Participation and decoration allowances. Some costs however have increased such as Council Tax charges on void properties and energy costs which are currently being offset.

5.4 Building Maintenance & Response Repairs (£438k underspend)

- 5.4.1 This area is currently projecting an underspend of some £438k. There are some under spends within the cyclical and revenue projects which includes, non – DLO works and Contingency. Expenditure on the Housing Response Operations (HRO) budget is anticipating a £470k underspend overall which includes salaries and non-pay savings identified in 5.2 & 5.3 above. There is currently an increased spend on sub-contractors as Contractors have recently been awarded a significant increase on the prices originally submitted as a result of Covid recovery and material costs are expected to rise as inflation continues to increase. Spend is also expected to increase to account for the backlog of repairs that the team were unable to complete during the pandemic, although resources issues have delayed progress. Members will be aware of our Single Source Supplier arrangement that is due to end in a years' time which could impact the cost of materials in the future.
- 5.4.2 A budget of £10.6m has been allocated for the In-House team who support the capital

programme. The work involved includes the maintenance of the WHQS programme through the PAMS programme, sheltered remodelling and some void works. There is a nil cost to the HRA because the cost is fully recharged to the capital programme. However, there is a predicted underspend of £319k due to reduced expenditure on materials and salary savings which means this will be passed onto the capital programme in year. The reduction is as a result of resource issues unable to progress with delivery.

5.5 Capital Financing Requirement (CFR)

5.5.1 Borrowing levels forecasted in the 2022/23 Business Plan have not changed at this stage, and no borrowing is anticipated for this financial year.

5.5.2 The borrowing cap of £90m was agreed by Full Council on 19th July 2022 to accommodate anticipated borrowing in 2023/24 and 2024/25 to fund commitments for increasing housing supply.

5.6 Income (£174k variance)

5.6.1 Variations represent less than 0.3% of the total income budget and is mainly as a result of a projected reduction on void loss.

5.7 Revenue Contributions to Capital Outlay (RCCO)

5.7.1 The HRA allows for some £14.8m of revenue contributions towards finalising and maintaining the WHQS programme.

5.7.2 The HRA RCCO allocation will fund the capital spend this year in addition to the £7.3m Major Repairs Allowance (MRA) from Welsh Government. The MRA allowance will need to be utilised first as this funding does not carry over into financial years.

5.7.3 Total capital spend to period 3 is some £2.3m which is predominantly WHQS work. There has been a delay in awarding contracts due to resource issues meaning spend is relatively low this quarter. Some contracts are now likely to progress into next financial year. The initial capital budget of 27.9m will be reprofiled but at this stage it is estimated that the RCCO will be fully utilised, however once the initial capital budget of £27.9m has been reprofiled, it is likely there will be an underspend on this budget.

5.8 HRA Working Balances

5.8.1 Working balances at the start of 2022/23 financial year were £21.5m. The majority of this is derived from underspends in previous years and was anticipated to be used to contribute towards the capital programme this year. However due to the delay with progressing with the PAMS programme mentioned above, these balances, together with the accumulated surpluses this year, will be retained and earmarked towards funding the 2023/2024 capital programme, and beyond where appropriate.

6. ASSUMPTIONS

6.1 The projected outturn position is based on actual income and expenditure details for the first three months in the 2022/23 financial year.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 This report is for information only so an IIA is not required

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations

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Consultees:	Cllr Andrew Whitcombe	- Chair Housing & Regeneration Scrutiny Committee
	Cllr Patricia Cook	- Vice Chair Housing & Regeneration Scrutiny Committee
	Cllr Shayne Cook	- Cabinet Member for Housing
	Dave Street	- Corporate Director Social Services and Housing
	Nick Taylor-Williams	- Head of Housing
	Stephen R Harris	- Head of Corporate Finance and S151 Officer
	Fiona Wilkins	- Housing Services Manager
	Jane Roberts-Waite	- Strategic Co-ordination Manager
	Alan Edmunds	- WHQS Project Manager
	Jason Fellows	- HRO Manager
	Kerry Denman	- Housing Solutions Manager
	Rhian Williams	- Group Accountant (Treasury & Capital)

Appendices: Appendix 1 HRA Financial Plan 2022/23 period 3

Appendix 1

Housing	Estimate 2022/23	Projected Outturn 2022/23	Variance 2022/23
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>SUMMARY</u>			
GENERAL MANAGEMENT	2,306,532	2,281,270	25,262
CAPITAL FINANCING	8,391,786	8,391,786	-
CENTRAL RECHARGES	2,544,249	2,544,587	(338)
STRATEGY AND PERFORMANCE	2,769,588	2,674,189	95,399
PUBLIC SECTOR HOUSING	6,644,206	6,389,724	254,482
SUPPORTED HOUSING	-	-	-
BUILDING MAINTENANCE SERVICES	30,170,884	29,390,210	780,674
GROSS EXPENDITURE	52,827,245	51,671,766	1,155,479
INCOME	(52,827,245)	(53,001,500)	174,255
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	-	(1,329,734)	1,329,734
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>GENERAL MANAGEMENT</u>	2,306,532	2,281,270	25,262
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	5,664,018	5,664,018	-
Principal	2,677,768	2,677,768	-
Debt Management	50,000	50,000	-
Rescheduling Discount	-	-	-
EXPENDITURE TO HRA SUMMARY	8,391,786	8,391,786	-
<u>CENTRAL RECHARGES</u>			
Central Recharges	2,043,633	2,043,971	(338)
Grounds Maintenance recharge to HRA	500,616	500,616	-
EXPENDITURE TO HRA SUMMARY	2,544,249	2,544,587	(338)

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>STRATEGY AND PERFORMANCE</u>			
Housing Strategy and Development	2,769,588	2,674,189	95,399
Transforming Lives and Communities	-	-	-
EXPENDITURE TO HRA SUMMARY	2,769,588	2,674,189	95,399
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	481,440	455,467	25,973
Sheltered Accommodation	1,611,504	1,606,260	5,244
Holly Road Community Support	4,849	5,283	(434)
Eastern Valley Area Housing Office	832,517	807,943	24,574
Upper Rhymney Area Housing Office	924,641	873,426	51,215
Lower Rhymney Valley Area Housing Office	-	-	-
Lansbury Park Neighbourhood Housing Office	330,745	315,410	15,335
Graig Y Rhacca Neighbourhood Housing Office	314,464	307,790	6,674
Housing Allocations Contribution	125,643	126,689	(1,046)
Tenants & Communities Involvement	377,250	341,772	35,478
Leaseholders Management	(1,718)	(15,339)	13,621
Tenancy Enforcement	355,209	340,499	14,710
Rents	1,077,959	1,002,483	75,476
Community Wardens	(39,527)	(39,527)	-
Renting Homes Act	249,230	261,568	(12,338)
EXPENDITURE TO HRA SUMMARY	6,644,206	6,389,724	254,482

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS AND MAINTENANCE</u>			
Employee Expenses net of recharges	650,188	616,649	33,539
Repairs & Maintenance on Housing Stock			
Responsive Repairs	11,138,273	10,668,329	469,944
Revenue Contribution to Capital – WHQS Programme	14,763,099	14,763,099	-
Group/Planned Repairs (priorities 5 & 8)	-	-	-
Void Repairs (priority 6)	-	-	-
Depot Recharges	-	-	-
Revenue Projects	1,394,000	1,124,171	269,829
Planned Cyclical	2,082,600	2,082,600	-
Planned Programme	-	-	-
	29,377,972	28,638,199	739,773
Transport Related	15,858	15,040	818
Supplies and Services	126,866	120,322	6,544
EXPENDITURE TO HRA SUMMARY	30,170,884	29,390,210	780,674

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents – Dwelling</u>			
Gross Rent – Dwellings	(47,738,243)	(47,858,134)	119,891
Gross Rent – Sheltered	(4,160,280)	(4,071,621)	(88,659)
Gross Rent – Hostel	-	-	-
Voids – General Needs Dwelling/Sheltered	1,309,688	1,127,184	182,504
Additional Income O/Side Rent Debit (WHQS)	-	-	-
Voids – Hostel	-	-	-
Net Rent	(50,588,835)	(50,802,571)	213,736
<u>Rents – Other</u>			
Garages	(352,380)	(358,018)	5,638
Garage Voids	105,110	104,583	527
Shop Rental	(50,604)	(50,604)	-
	(297,874)	(304,039)	6,165
<u>Service Charges</u>			
Sheltered – Service Charges	(1,217,441)	(1,204,891)	(12,550)
Sheltered – Heating & Lighting	(79,776)	(48,400)	(31,376)
Sheltered & Dispersed – Alarms	-	-	-
Catering Recharge – Sheltered Accommodation	-	-	-
Voids Schedule Water	86,249	86,117	132
Non Scheduled Water Rates	(28,728)	(26,876)	(1,852)
Welsh Water Commission	(557,840)	(557,840)	-
Leaseholder – Service Charges	-	-	-
	(1,797,536)	(1,751,890)	(45,646)
<u>Government Subsidies</u>			
Housing Subsidy	-	-	-
	-	-	-
<u>Interest Receivable</u>			
Mortgage Interest	-	-	-
Investment Income	(140,000)	(140,000)	-
	(140,000)	(140,000)	-
<u>Miscellaneous</u>			
Miscellaneous	-	-	-
Private Alarms	-	-	-
Ground Rent	(3,000)	(3,000)	-
	(3,000)	(3,000)	-
INCOME TO HRA SUMMARY	(52,827,245)	(53,001,500)	174,255