

Meeting of:	Homes and Safe Communities Scrutiny Committee
Date of Meeting:	Wednesday, 07 July 2021
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Closure of Accounts 2020/21
Purpose of Report:	The accounts are complete and this report is to inform Scrutiny Committee of the provisional financial position for this Committee for the 2020/21 financial year.
Report Owner:	Report of the Director of Environment and Housing
Responsible Officer:	Carys Lord, Section 151 Officer
Elected Member and Officer Consultation:	This report does not require Ward Member consultation.
Policy Framework:	This is a matter for Executive decision by Cabinet. Slippage has been approved via the use of Managing Director's emergency powers.
Executive Summary:	<ul style="list-style-type: none"> • The year end revenue position was an adverse variance of £7k after a net transfer to reserves of £132k. • The Housing Revenue Account was able to increase the level of its ringfenced reserve to £12.0m after achieving a £4.052m surplus. • There was capital expenditure during the year of £9.793m.

Recommendation

1. That the report and the financial measures taken and proposed be approved.

Reason for Recommendation

1. To approve the report and the financial measures taken and proposed.

1. Background

- 1.1 Following the end of the financial year, Scrutiny Committees are provided with provisional outturn figures. It is anticipated that the Statement of Accounts will be approved by Council during September 2021, which will follow the audit by Audit Wales.

2. Key Issues for Consideration

Revenue

- 2.1 Council on 8th March 2020 agreed the Council's budget requirement for 2020/21.
- 2.2 The revenue budgets have been amended and approved by Cabinet during the financial year, however, they are at the same overall net level.
- 2.3 The following table compares the amended budget and the actual expenditure, including transfers to and from reserves, for this Committee. The final column shows the net transfers to specific reserves which has been included within the actual expenditure figures.

Service	Original Revenue Budget	Amended Revenue Budget	Total Provisional Actual	Variance +Favourable (-) Adverse	Net Transfer to /(From) Reserve
Year - 2020/21	£000	£000	£000	£000	£000
Youth Offending Service	737	718	569	+149	+56
Regulatory Services	1,894	1,900	1,900	0	+88
Council Fund Housing	1,339	1,317	1,317	0	(19)
Private Housing	848	854	1,010	(156)	+7
TOTAL	4,818	4,789	4,796	(7)	+132

2.4 The main reasons for the variances are set out in the following paragraphs.

2.5 Youth Offending Service - Favourable variance of £149k

There is a favourable variance of £205k on staffing mainly as a result of vacancies. The favourable variance has meant that there has been a transfer of £56k to the Social Services Legislative Changes fund.

2.6 Regulatory Services - Breakeven

The Vale of Glamorgan Council has acted as host for a Shared Regulatory Service (SRS) since May 1st, 2015. There was a favourable variance of £88k on the Regulatory Services base budget, held by the Vale of Glamorgan Council for its own share of the service. Included within this figure is £25k which relates to the repayment to the Vale of Glamorgan for its apportionment of the underspend from the SRS during 2019/20, which was allocated following approval by the Joint Committee in September 2020.

This underspend allowed a £88k transfer to the Neighbourhood Services reserve.

2.7 Council Fund Housing - Breakeven

There were adverse variances totalling £215k with £108k due to unfunded costs of the CCTV service for the year. Sluggish recovery of Housing Benefit income on clients placed in temporary accommodation resulted in an adverse variance of £38k, however it is hoped that this can be clawed back during 2021/22. There was also an adverse variance of £6k on the provision of bond payments for private landlord properties where claims were made on bond guarantees previously issued by the Housing Solutions Service to assist service users into permanent accommodation. There were adverse variances within the Community Safety service of £13k on Cadoxton House as running costs exceeded the rental income received on the property and officers are reviewing future capacity and opportunities in light of the pandemic to increase income in future. There was also a £50k adverse variance on the Domestic Abuse Service whose income streams did not cover the costs of running the service.

There were favourable variances totalling £196k, with £107k relating to the Homelessness Prevention team, due mostly to staff vacancies. Lower than budgeted costs on Homelessness prevention measures were needed due to the Service being able to use other innovative measures, not just financial means to save service users tenancies resulting in a further £20k favourable variance. Employee related savings account for favourable variances of £33k in the Supporting People budget and £36k in the Community Safety Coordinator budget.

There were net transfers from reserves of £19k which includes a transfer into the Homelessness reserve of £70k to help manage the homelessness issue as the pandemic eases and also the creation of a rapid rehousing team to coordinate the move on from temporary accommodation. There was also a transfer of £45k into the Supporting People reserve. Adverse variances totalling £26k on Cadoxton House, Community Safety Coordinator plus the Domestic Abuse service were drawn down from the Community Safety reserve. £108k was also drawn down from the Regulatory reserve for the CCTV service.

2.8 Private Sector Housing : Grants- Breakeven

There were adverse variances totalling £29k. A revenue contribution to capital of £7k was required to cover overspends on the Disabled Access Toilets at Barry Island and Cosmeston capital project. There was also an adverse variance of £22k due to a lower than budgeted drawdown from reserves to fund the cost of the Occupational Therapist post in the Disabled Facility Grants Team, with £34k being required from the Private Sector Housing reserve.

There have been a number of favourable variances totalling £36k. Due to income from the Welsh Government Hardship Fund for 2020/21 the Disabled Facilities Grant fee income matched the 2019/20 actual receipts and this was £17k higher than the budget. There was a £14k favourable variance on management recharges to Regeneration. Administration fees and penalty fee income on Home Loans were also higher than anticipated by £5k during the year.

This favourable position allowed £7k to be transferred into the Private Sector Housing reserve for Home Loans purposes.

2.9 Private Sector Housing : Rent Allowances - Adverse Variance £156k

There were adverse variances of £214k with £3k relating to the annual audit fee, and £211k on Housing Benefit/Administration subsidy received from the Department for Works and Pensions (DWP). The adverse variance on DWP subsidy is mainly attributable to the effects of welfare reform in terms of migrating Housing Benefit claims over to universal credit, impacting on the subsidy the Council receives on its overpayments.

There was a favourable variance of £58k with £23k relating to discretionary housing payments. Discretionary Housing Payments are used to provide support to claimants adversely affected by some of the key welfare reforms. The grant allocation received from the DWP has been used to fund the cost of the discretionary payments. The saving is due to a lower take-up from claimants than anticipated from the top up allocation provided by the Council from its own funds. There was also a favourable variance of £35k on the bad debt provision.

Housing Revenue Account

2.10 Council on 26th February 2020 (minute no.712) agreed the Authority's 2020/21 Housing Revenue Account (HRA) budget.

2.11 The 2020/21 Housing Revenue Account (HRA) resulted in a surplus of £4.052m compared to the amended budget deficit of £7.058m. A breakdown is shown in Appendix 1. The HRA reserve balance opened at £7.948m and closed at £12.000m. This level is higher than the figure projected in the current Housing Business Plan, mainly due to a reduction in the required revenue contribution to capital. The level of this balance will therefore be reviewed as part of the production of the next Housing Business Plan.

2.12 The net favourable HRA revenue budget variance of £11.110m is identified over the following areas.

2.13 Supervision & Management General – Favourable Variance £107k

There were adverse variances on £207k with £190k relating to central support charges and £17k on premises.

There were favourable variances of £314k with £86k relating to vacant staff posts and apprentices, £161k relating to supplies and services mainly due to a reduction in leaflets, publications, surveys, hardware and software purchases for a new Housing system, £22k relating to transport due to a reduction in the use of pool cars due to COVID-19. There was also a £45k favourable variances relating to additional income.

2.14 Supervision and Management Special Services – Favourable Variance £151k

This budget is split into three areas, Ty Iolo Homeless Hostel, Vale Temporary Accommodation and Vale Special Services. The term 'Special Services' relates to communal costs for all housing areas throughout the Vale of Glamorgan, including sheltered accommodation, such as grass cutting, rubbish removal, communal lighting, security, warden salaries and environmental improvements.

There were adverse variances on Special Services of £38k with £21k relating to employee costs for the additional payments due to COVID-19 and overtime and £17k on hardware/software.

There were favourable variances on Special Services of £189k, with £146k relating to premises cost which included £71k due to a reduction in grounds maintenance, £27k on waste collection, £16k on utilities, £30k relating to fixtures & fittings and £2k on general maintenance. There were also favourable variances of £42k on supplies and services such as printing and stationery, furniture, environmental etc. and £1k in the reduction in transfers to reserves.

2.15 Housing Repairs – Favourable Variance £216k

2.16 There were favourable variances on planned and cyclical maintenance mainly as a consequence of not being able to access properties due to COVID-19.

2.17 Capital Financing Costs – Favourable Variance £95k

Interest charges were lower than originally estimated due to a lower amount of borrowing required during the year to fund the Housing Investment Programme.

2.18 Rents, Rates, Taxes and Other Charges – Favourable Variance £40k

This is mainly due to rates, general legal expenses and consultant fee's.

2.19 Increase in the Provision for Bad and Doubtful Debts – Favourable Variance £344k

It was anticipated that the bad debt provision would need to be increased due to the impact of the introduction of Universal Credit and the impact of COVID-19. As the roll out of this scheme has staggered, the calculated amount was lowered when the budget was revised in November 2020 to reflect the arrears at that time. The current COVID-19 pandemic has increased pressures on tenant's ability to pay rent but this should be a delay rather than a bad debt going forward.

2.20 Capital Expenditure from Revenue Account – Favourable Variance £9.997m

It was not possible to fully spend the allocated 2020/21 capital budget, mainly due to the impact of the COVID-19 pandemic which caused delays both to new build developments and other planned schemes. Slippage has been requested into 2021/22 for continuation of the Holm View, Former Civic Amenity site and Hayeswood Road package projects. The receipt from the sale of Council Houses was £97k this year. Contributions from leaseholders has also reduced the level of revenue contribution required to fund capital expenditure. This has led to an increased balance on the HRA Reserve.

2.21 Dwellings Rents – Favourable variance £36k

Dwelling rents collected were higher than budgeted.

2.22 Non Dwelling Rents – Favourable variance £1k

Rents collected on garages were slightly higher than budgeted.

2.23 Interest Received – Adverse variance £23k

While the HRA had a higher closing balance at year end the interest rate during the year reduced.

2.24 Charges for Services and Facilities – Favourable variance £24k

This is mainly due to additional income of £8k collected from leaseholders re outstanding ground rent. Other favourable variances were £4k lighting, £3k door entry, grounds maintenance £6k and £3k on lease income.

2.25 Contribution towards expenditure – Adverse variance £31k

This adverse variance is largely due to the water commission received being less than budgeted by £16k, commission on collections £3k and £14k court fees. There was a favourable variance relating to the contribution from Homes4U of £2k.

2.26 Other Income – Favourable variance £153k

This favourable variance is due to additional grants from Welsh Government, ICF, DWP and Cardiff and Vale UHB.

Capital

2.27 Council on the 26th February 2020 (minute no. C211) agreed the Authority's capital budget for 2020/21.

2.28 Attached at Appendix 2 is a breakdown of the 2020/21 capital programme by scheme. The overall outturn for this Committee is a variance of £12.019m.

2.29 Housing Improvement Programme – Favourable variance of £12.053m with slippage of £10.034m

2.30 WHQS Internal Works – Central heating and boiler replacements have been delayed at Wick Road due to COVID-19 and therefore the works will be carried out during 2021/22. Rewiring schemes have also been delayed due to access into homes because of COVID-19 and therefore will resume in 2021/22. It has therefore been requested that £114k is carried forward into 2021/22. The

remaining underspend will offset the overspend on the ICF Penarth Older Person Village project.

- 2.31** WHQS External Works- £650k relates to the Aireys project which will be re-evaluated in 21/22 to ensure value for money. The roof renewals budget of £4k and walls and repointing budget of £183k are requested to be vired to the Roof Renewals budget. The windows and doors contract continues into 2021/22 requiring £265k with the remaining £81k also being vired to Roof Renewals scheme. Sewage treatment works will continue into 2021/22 requiring £27k and the remaining £110k also to be vired to the roof renewals scheme. It has therefore been requested that £1.320m is carried forward into 2021/22.
- 2.32** Environmental Works – The Buttrills Environmental scheme ended this financial year with an underspend. This is due to in part the Buttrills Awbrey House scheme being put on hold for a large period of time. These works will continue to be delivered during 2021/22. Environmental improvements Trebeferad works will be completed in 2021/22. Due to staffing issues within Highways, there was an impact on the delivery of the Highways Maintenance & Street Lighting replacement programmes. Pathways works have been delayed due to problems in packaging the works. It has therefore been requested that £1.045m is carried forward into 2021/22.
- 2.33** Common Parts- This budget is allocated to enable works to communal areas and fire safety works. Due to difficulties in accessing properties this year it has been requested that £1.501m is carried forward into 2021/22.
- 2.34** Integrated Heat Pumps (IHP) Retrofit- Works could not be progressed during 2020/21 due to access issues and funding only being provided in January 2021 therefore to facilitate the continuation of works into 2021/22 it has been requested that £695k is carried forward into 2021/22.
- 2.35** Emergency Works- Works were not undertaken during 2020/21 and therefore to assist with the continuation of emergency works projects going forward it has been requested that £197k is carried forward into 2021/22.
- 2.36** Individual Schemes- Pontalun porch scheme and works at Severn Avenue and Long Meadow have all been delayed due to COVID-19. They will continue into 2021/22 and therefore it has been requested that £1.674m is carried forward into 2021/22.
- 2.37** Energy Efficiency- Street lighting was underspent £47k due to staffing issues. External Wall Insulation was underspent £84k due to small delays and will continue into 2021/22. It has therefore been requested that £131k is carried forward into 2021/22.

2.38 New Builds – Information is provided below by various developments.

- Holm View suffered delays caused by inclement weather and the disruption due to COVID-19. The scheme was completed and handed over on the 10th May 2021.

- Hayeswood Road acquisition was delayed due to Welsh Government consultation. Approval has now been received and the scheme will now continue into 2021/22.

- Cwrt St Cyres scheme was delayed due to COVID-19 and the drainage strategy. Tenders were received on 19th May 2021 and are currently being evaluated. This scheme will now continue into 2021/22.

- Colcot Clinic scheme has been delayed onsite and is anticipated to commence demolition in 2021/22.

- Homelessness Phase 2 consists of works on the former civic amenity site which was delayed due to material shortages and new incoming service delays caused by both Western Power Distribution and Dwr Cymru.

- Land Appropriation at Pencoedre High School (£700k) and at the Gladstone compound site (£395k) were completed prior to 31st March 2021. As these are appropriations there is no actual expenditure as the method of accounting for these transactions is via the transfer of debt from the General Fund to the HRA.

- Land Appropriation for Holm View Phase 2 was not completed due to the consultation on the loss of open space.

It has therefore been requested that £3.352m is carried forward into 2021/22.

Reserves

2.39 A reserve is an appropriation from a revenue account and does not constitute a cost of service until the expenditure is eventually incurred. A reserve does not cover a present obligation or liability and is a voluntary means of setting aside monies for future requirements either capital or revenue.

2.40 A provision is a charge to revenue and is included as part of the cost of the relevant service at the point the provision is created. A provision covers a present obligation or liability that has occurred due to a past event and is compulsory under accounting regulations.

2.41 Attached at Appendix 3 is a schedule showing the Committee's reserves as at 31st March 2021.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 The Council's revenue budget and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan 2020-2025 through the 4 well-being outcomes.

4. Resources and Legal Considerations

Financial

Revenue (Including Efficiency Targets)

- 4.1 As part of the Final Revenue Budget Proposals for 2020/21, an efficiency target was set for the Council. No efficiency targets were set for the services within the remit of this Committee.

Capital

- 4.2 As a result of the capital underspend in 2020/21, an allocation of £9.987m has been approved via Managing Director's Emergency Powers, as slippage into 2021/22 for this Committee. This will fund the completion of schemes as shown in Appendix 4.
- 4.3 Housing Revenue Account - £9.222m was spent on major improvements to the Council's housing stock during 2020/21. The Major Repairs Allowance (MRA) is a grant given to the Authority by the WG and can be used for capital expenditure on HRA assets. The Authority's MRA for 2020/21 was £2.764m. The following table shows a breakdown of the financing of HRA expenditure in 2020/21.

Source of Funding	Outturn (£000)
Major Repairs Allowance	2,764
Housing Borrowing	515
Capital Receipts – Housing	97
Revenue	4,843
WG Grant	327
ICF Grant	573
Other Income	103
TOTAL	9,222

Legal (Including Equalities)

- 4.4 The provisional outturn figures for the Council have been used in the preparation of the Statements of Accounts. Regulation 10(1) of the Accounts and Audit

(Wales) Regulations 2014 (as amended) requires the Responsible Financial Officer to sign and date the Statement of Accounts and certify that they present a true and fair view of the financial position at the end of the year. This means that for 2020/21 the Statement of Accounts should be certified by the Section 151 Officer by 31st May 2021.

- 4.5** If it is not possible to meet this deadline the Council has to advertise that this has not happened and the reason why. Due to the pressures of the COVID-19 pandemic it was not possible to produce the Statement of Accounts by 31st May 2021 and the appropriate advert was placed. It is anticipated that the Statement of Accounts will however be signed by the S151 Officer by 30th June 2021.

5. Background Papers

None

HRA Income & Expenditure	Amended		Variance	
	Budget	Actual Outturn		
	2020/21	2020/21	Fav +/-	
	£000	£000	Adv -	%
			£000	
Expenditure				
Supervision & Management				
– General	3,949	3,842	107	3%
– Special	1,330	1,179	151	11%
Housing Repairs	2,793	2,577	216	8%
Capital Financing Costs	4,697	4,602	95	2%
Rent, Rates, Taxes and Other Charges	219	179	40	18%
Increase in Provision for Bad & Doubtful Debts	502	158	344	69%
Capital Expenditure from Revenue Account (CERA)	14,840	4,843	9,997	67%
	28,330	17,380	10,950	39%
Income				
Dwelling Rents	-20,113	-20,149	36	0%
Non Dwelling Rents	-165	-166	1	-1%
Interest Received	-29	-6	-23	79%
Charges for Services and Facilities	-478	-502	24	-5%
Contribution towards Expenditure	-282	-251	-31	11%
Grant Income	-205	-358	153	-75%
	-21,272	-21,432	160	-1%
(Surplus)/Deficit for the year	7,058	-4,052	11,110	157%

HRA Reserve	Amended	
	Budget	Actual Outturn
	2020/21	2020/21
	£000	£000
Balance Brought Forward as at 1st April 2020	-7,948	-7,948
(Surplus)/Deficit for the Year	7,058	-4,052
Balance Carried Forward as at 31st March 2021	-890	-12,000

	APPROVED PROGRAMME 2020/21 £000	ACTUAL OUTTURN 2020/21 £000	VARIANCE AT OUTTURN 2020/21 £000	PROJECT SPONSOR	COMMENTS
<u>Youth Offending Service</u>					
YOS Building Gas Mains Renewal	15	0	15	R Evans	Scheme complete. Requested slippage of £16k via emergency powers to the Social Services unallocated asset renewal budget.
	15	0	15		
<u>Housing Improvement Programme</u>					
HRA Internal Works	707	139	568	M Punter	Requested slippage of £114k via emergency powers for continuation of scheme.
HRA External Works	2,103	627	1,476	M Punter	Requested slippage of £1,320k via emergency powers for continuation of scheme.
Individual Schemes	1,703	27	1,676	M Punter	Requested slippage of £1,674k via emergency powers for continuation of scheme.
Energy Efficiency	2,229	2,098	131	M Punter	Requested slippage of £131k via emergency powers for continuation of scheme.
Emergency Works	421	191	230	M Punter	Requested slippage of £197k via emergency powers for continuation of scheme.
Aids and Adaptations	485	397	88	M Punter	2020/21 scheme complete.
Common Parts	1,685	184	1,501	M Punter	Requested slippage of £1,501k via emergency powers for continuation of scheme.
Environmental Improvements	1,821	521	1,300	M Punter	Requested slippage of £1,045k via emergency powers for continuation of scheme.
New Build	8,697	4,304	4,393	M Punter	Requested slippage of £3,352k via emergency powers for continuation of scheme.
IHP- Heating retrofit	831	135	696	M Punter	Requested slippage of £696k via emergency powers for continuation of scheme.
ICF - Penarth Older Persons Village	573	584	(11)	M Punter	Overspend offset with underspend on internals
Everyone Garden Education Centre	20	15	5	M Punter	Requested slippage of £5k via emergency powers for continuation of scheme.
	21,275	9,222	12,053		
<u>Community Safety</u>					
Upgrade of CCTV system	35	32	3	M Punter	Requested slippage of £3k via emergency powers for continuation of scheme.
	35	32	3		
<u>Public Housing</u>					
Community POD Penarth	3	0	3	N Jones	Scheme complete.
	3	0	3		
<u>Private Housing</u>					
Disabled Facilities Grant	300	354	(54)	P Chappell	Requested via emergency powers to bring forward £54k from the 2021/22 Capital Programme.
Barry Island and Cosmeston Toilets	18	23	(5)	P Chappell	Overspend funded from a revenue contribution.
Penarth Renewal Area	5	0	5	P Chappell	Requested slippage of £5k via emergency powers for continuation of scheme.
ENABLE	161	163	(2)	P Chappell	Scheme complete. Overspend funded from a revenue contribution.
Castleland RA - Gladstone Gardens Improvements	0	-1	1	P Chappell	Scheme complete.
	484	539	-55		
COMMITTEE TOTAL	21,812	9,793	12,019		

ANALYSIS OF RESERVES**APPENDIX 3**

Name	Bal 01/04/20 £000	In £000	Out £000	Est Bal 31/03/21 £000	Comments
<u>Housing Revenue Account</u>	7,948	4,052	0	12,000	The fund is ring fenced by statute for use by the Housing Revenue Account (HRA). As well as acting as a working balance for the HRA, it is also used to fund repairs and the capital programme.
<u>Specific Reserves</u>					
Youth Offending Service	174	0	0	174	To assist with potential reductions in grant funding in future years and to carry out works at YOS building
Rural Housing Needs	56	0	0	56	To be used to fund Rural Enabler post.
Homelessness and Housing	655	70	0	725	This sum will be used to support homelessness prevention work.
Housing Strategy	10	0	0	10	This funding will be used to produce the Housing Strategy including facilitating consultation events.
Supporting People	50	45	0	95	To continue to provide housing support.
Community Safety	31	0	-26	5	To fund community safety initiatives.
Regulatory Improvements	406	0	-108	298	Monies set aside for Regulatory Services issues and to be used for any future issues arising from the shared services collaboration.
Private Sector Housing	251	7	-34	224	To fund initiatives for Private Sector Housing, including an Occupational Therapist within the DFG team.
Capital					
Gypsy Traveller	1,052	0	0	1,052	To support the provision of a Gypsy/Traveller site.
COMMITTEE TOTAL	10,633	4,174	-168	14,639	

Schemes	Current Approved 21/22 Budget £	Change of Budget £	Revised 21/22 Budget £
Youth Offending Service			
Salisbury Road No. 91 (YOS) External Repairs Phase 2	15,000		15,000
HRA			
Housing Improvement Programme			
WHQS Internals	1,353,000	114,174	1,467,174
WHQS Externals	1,694,000	1,320,274	3,014,274
Individual Schemes	2,760,000	1,674,062	4,434,062
Emergency Works	300,000	196,825	496,825
Aids and Adaptations	350,000		350,000
Energy Efficiency	5,075,000	131,066	5,206,066
Common Parts	3,800,000	1,500,646	5,300,646
WHQS Environmental Improvements	5,066,000	1,044,683	6,110,683
New Build	16,356,000	3,352,244	19,708,244
IHP- Heating retrofit	0	695,397	695,397
ICF - Penarth Older Persons Village	300,000		300,000
Everyone Garden Education Centre	0	4,750	4,750
Total Housing Improvement Programme	37,054,000	10,034,121	47,088,121
Community Safety			
Upgrade of CCTV system	345,000	2,622	347,622
Total Community Safety	345,000	2,622	347,622
Private Sector Housing			
Disabled Facility Grants	1,250,000	-53,884	1,196,116
Penarth Renewal Area		4,618	4,618
Total Private Sector Housing	1,250,000	-49,266	1,200,734
COMMITTEE TOTAL	38,664,000	9,987,477	48,651,477