



Adnoddau
Corfforaethol | Corporate
Resources

HOMES AND SAFE COMMUNITIES SCRUTINY COMMITTEE DECEMBER 2023

HRA REVISED 2023/24 AND INITIAL PROPOSALS 2024/25

HRA

- Housing Revenue Account is a ringfenced account and is funded by rental income streams
- The annual rental increase is capped by Welsh Government.
- To increase rents from 1st April the Council must set rents for 2024/25 in January 2024 to ensure sufficient notice is given.
- The rent notification letter has been received which states the maximum rental uplift is 6.7% for 2024/25. This is based on CPI as at September 2023.
- Currently the Housing Business Plan 2023/24 is modelling 5.5% increase for 2024/25. Any additional income from an increase over the 5.5% will be used to contribute to funding Decarbonisation, WHQS23 and New builds
- The Housing Business plan 2024/25 is under review and has a submission date of 31st March 2024 but will be completed alongside the rent setting exercise in January 2024.

HRA

2023/24 Original Budget	2023/24 Revised Budget	Expenditure	2024/25 Initial Proposed Budget
£000	£000		£000
4,366	4,406	Supervision & Management – General	4,522
1,604	1,811	Supervision & Management – Special	1,866
4,681	4,981	Repairs & Maintenance	5,000
5,327	5,196	Capital Financing Costs	6,562
221	192	Rent, Rates, Taxes & Other Charges	238
948	146	Increase in Provision for Bad Debts	760
17,187	22,756	Capital Expenditure from Revenue Account (CERA)	5,875
34,334	39,488	Total Expenditure	24,823

2023/24 Original Budget	2023/24 Revised Budget	Income	2024/25 Initial Proposed Budget
£000	£000		£000
(22,453)	(22,773)	Dwelling Rents	(23,688)
(173)	(170)	Non Dwelling Rents	(173)
(156)	(156)	Interest	(156)
(601)	(591)	Charges For Services and Facilities	(601)
(74)	(55)	Contribution towards expenditure	(77)
(205)	(205)	Grant Income	(205)
(23,662)	(23,950)	Total Income	(24,900)
10,672	15,538	(Surplus)/ deficit for the year	(77)

Reserves 1 April 2023 £16,486K

The top left corner of the slide features a series of thin, light brown lines that intersect to form various geometric shapes, including triangles and polygons. These lines are scattered and do not form a single continuous shape, creating a modern, abstract graphic element.

2024/25 BUDGET AND MEDIUM TERM FINANCIAL PLAN REFRESH

BUDGET PLANNING CYCLE



FINANCIAL STRATEGY

- **Delivering Corporate Plan**
- Focus on supporting the most vulnerable
- Sustainable finances
- Appropriate level of reserves
- Generating local tax revenue
- Fees & charges
- Collective responsibility to manage the finances
- Accessible & transparent finances
- Deliver best value

	2024/25	2025/26	2026/27	2027/28	2028/29
	£K	£K	£K	£K	£K
Additional Funding					
Government Grant	6,084	2,089	2,110	2,131	2,152
Council Tax	4,761	3,937	4,090	4,250	4,416
Reversal of 2022/23 use of reserves	-496	0	0	0	0
Use of smoothing Reserves	-155	-1,700	-500	-445	0
Total Additional Funding	10,194	4,326	5,700	5,936	6,568
Investment	255	1,262	1,000	0	0
Demography	5,165	2,635	2,543	2,543	2,543
Inflation Pay	4,834	5,110	5,075	5,075	5,075
Inflation Non Pay	5,104	3,341	3,408	3,476	3,545
Capital Financing	0	190	224	187	0
Other Pressures	5,409	881	637	252	623
Total Pressures	20,767	13,419	12,887	11,533	11,786
Overall Gap	10,573	9,093	7,187	5,597	5,218

**REVIEW
AND
REFRESH**

**Very
challenging
financial
Position**

Significant
review
necessary
before 16
November
Cabinet Paper

NEXT STEPS

Action	Date
UK Government Budget	22 November 2023
Welsh Government Settlement	19 December 2023
HRA Rent Setting and Business Plan Approved by Council	15 January 2024
Budget for Consultation (both Revenue and Capital)	January 2024
Draft/Final Budget	February/March 2024

January/February – Key period for members to scrutinise the proposals – not just savings but also the funding and spending assumptions

CAPITAL PROGRAMME Q2 MONITORING

Q2 CAPITAL MONITORING

- Details progress of the Capital Programme from 1st April to 30th September 2023.
- Approved Programme - £129.298M
- Revised forecast outturn projected - £107.653M.
- Spend to end of September 2023 - £25.666M.

Actual Spend to September 2023	Directorate	Approved Programme 2023/24	Forecast Outturn 2023/24	Variance	Slippage Requested
£000		£000	£000	£000	£000
6,549	Learning & Skills	34,725	26,880	(7,845)	7,490
104	Social Services	937	928	(9)	0
13,425	Housing	53,727	49,927	(3,800)	3,800
4,649	Environment	26,269	21,582	(4,687)	4,520
710	Place	7,698	4,886	(2,812)	746
106	Corporate Resources	2,231	1,944	(287)	40
0	City Deal	2,506	301	(2,205)	2,205
123	Pipeline Schemes	1,205	1,205	0	0
25,666	Total	129,298	107,653	(21,645)	18,801

CAPITAL REVIEW

- The overall Capital Programme Review undertaken which will release £5.545M funding back into reserves.

Funding Source	£'000
Reserves	2,174
Capital Receipts	500
General Capital Funding	2,450
Borrowing	400
Revenue Contribution to Capital	21
Total	5,545

- Further proposals removed uncommitted schemes and vired money to help mitigate future years revenue pressures.

Within the remit of this Scrutiny Committee:

- Disabled Facilities Grant - £700k uncommitted in-year and removed from the capital programme to release funding back into reserves and capital receipts. Funding for the new Independent Living Policy will be reviewed as part of the 2024/25 budget proposals.

Q2 CAPITAL MONITORING

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Actual Spend 2023/24		Approved Programme 2023/24	Projected Outturn 2023/24	Variance at Outturn	Slippage	
£'000		£'000	£'000	£,000	£'000	
13,425	Housing Improvement Programme	53,727	49,927	(3,800)	3,800	Request to slip £3.8M into 2024/25
	Community Safety					
0	Target Hardening Grant	44	44	0	0	57 properties have received target hardening which has contributed to victims being able to stay within their home and feel safer.
0		44	44	0	0	
	Place					
0	Empty Homes Grant	931	931	0	0	Scope of scheme being determined.
	<u>Private Sector Housing</u>					
41	ENABLE	242	242	0	0	Scheme being delivered in accordance with grant conditions
128	Disabled Facility Grants	1,531	400	(1,131)	0	Request to reduce this scheme in the 2023/24 Capital Programme.
169		2,704	1,573	(1,131)	0	
13,594	Total Committee	56,475	51,544	(4,931)	3,800	

Within the remit of this Scrutiny Committee:

- Housing Improvement Programme – New Build.

Officers have reported that they are still facing delays due to elongated procurement exercises and team resourcing challenges. In addition, many of the schemes have been affected by delays in works starting on site and the process of appropriation. It has been requested to carry forward £3.8M of the new build scheme budget to the 2024/25 Capital Programme.

REVENUE 2023/24 Q2 MONITORING

KEY HEADLINES

- Continuing to see a challenging Revenue position for the period to Q2 Monitoring.
- This report sets out an overall unplanned use of reserves of £6.768m and a further £6.5m for schools.
- The report sets out a revised budget which strips out Corporate Recharges for Office Accommodation and services such as HR, Legal, Finance and the Contact Centre.
- The report also sets out some steps that have been taken to mitigate the emerging overspends in year.

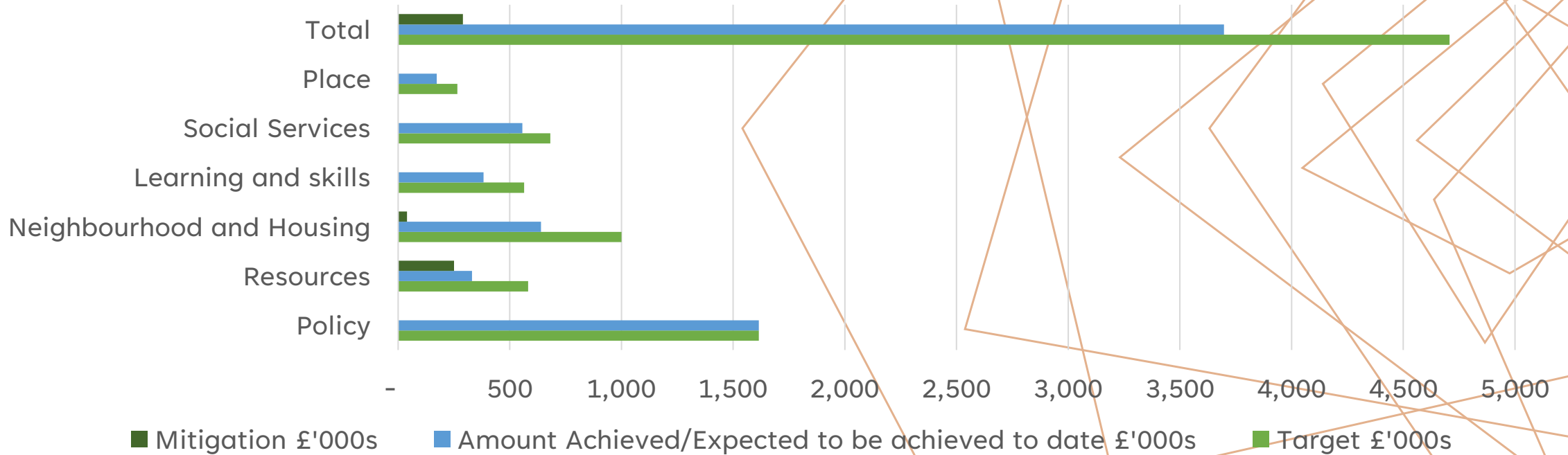
Directorate	Amended Budget 2023/24	Projected Outturn 2023/24	Variance	Unplanned Use of Reserves	Residual Variance 2023/24	Use of Reserves 2023/24
	£000's	£000's	£000's	£000's	£000's	£000's
Schools	114,239	114,410	171	171	0	8,921
Learning and Skills	14,050	14,671	621	621	0	1,718
Social Services	85,260	93,529	8,269	5,884	2,385	9,912
Environment and Housing	31,809	33,009	1,200	0	1,200	295
Corporate Resources	17,081	16,781	-300	0	-300	519
Place	3,401	3,493	92	92	0	485
Policy	30,678	27,393	-3,285	0	-3,285	-42
Use of Reserves	-2,096	-2,096	0	0	0	-2,096
Total	294,422	301,190	6,768	6,768	0	19,712
Housing Revenue Account	15,538	15,538	0	0	0	0
Adjusted Total	309,960	316,728	6,768	6,768	0	19,712

KEY HEADLINES

- Across Council have a significant emerging overspend position in Social Services across Adults and Childrens and Young People Sectors, this will be funded in year from Reserves.
- School Transport and highways maintenance also contribute to overspends.
- Some mitigation from Policy underspends against borrowing and additional Council Tax Surplus.

EFFICIENCIES

Projected Achievement of Savings by Directorate £000's



RESERVES

As at	Balance 01/04/2023	Capital Funding	Planned Transfer (from) reserves	Planned Transfer to reserves	Unplanned Drawdown from Reserves	Estimated Balance 31/03/2024
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	11,523	0	-496	0	-171	10,856
Insurance	4,877	0	0	0	0	4,877
Service Reserves	22,521	-672	-6,329	42	-6,666	8,896
Risk and Smoothing Reserves	29,802	-3,276	-3,966	0	0	22,560
Capital	17,726	-10,331	0	403	0	7,798
Schools	7,254	0	0	0	-6,500	754
Housing Revenue Account	16,486	-15,537	0	0	0	949
Total	110,190	-29,816	-10,791	445	-13,337	56,690

Significant planned use of reserves for Capital and HRA

The Council uses Reserves for three things....

1. To fund Council Priorities such as the Capital Programme
2. To manage known Risk
3. To manage ringfenced budgets such as HRA

COMMITTEE SPECIFIC POSITION

Forecast Year-end Position

	Original 2023/24 Budget	Budget Adjustment	Revised 2023/24 Budget	Projected Outturn	Variance	Use of Reserves
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
YOUTH OFFENDING SERVICE	768	-52	716	624	-92	0
GENERAL FUND HOUSING						
Community Safety	465	-40	425	425	0	25
Homelessness & Strategy	1,519	-153	1,366	1,366	0	20
Supporting People	229	-86	143	143	0	0
Total General Fund Housing	2,213	-279	1,934	1,934	0	45
PRIVATE HOUSING (Disabled Facility Grants)	227	-46	181	273	92	42
Unplanned use of reserves				-92	-92	92
Total Private Housing	227	-46	181	181	0	134
PUBLIC SECTOR HOUSING (HRA)	10,672	4,866	15,538	15,538	0	0
REGULATORY SERVICES	2,084	-416	1,668	1,668	0	0

COMMITTEE SPECIFIC POSITION

Key Pressures:

PRIVATE HOUSING Fee income on Disabled Facility Grants remains well behind profile and it is forecast that that income could be £110k to £120k below target this year. This is due to issues around means testing, a lack of available contractors to undertake capital works as well as potential applicants delaying submitting applications until the Council adopts the new Independent Living Policy. The service is projecting to be over budget by some £92,000 this year. This overspend will need to be offset by a contribution from the Place reserve

REGULATORY SERVICES (Pressures relate to the whole SRS service):

- The SRS 2023/24 budget is based on an assumption that the annual pay award will be 5%. The flat rate of £1,925 awarded means the staffing budget is short by around £30k for the whole of the SRS.
- The Service is dealing with a number of animal welfare investigations (linked to illegal dog breeding) in which the seizure of dogs and puppies has been necessary. The animals are now being cared for, pending resolution in court, at significant cost to the Service (circa £12k per month)

COMMITTEE SPECIFIC POSITION

Key Pressures:

GENERAL FUND HOUSING:

- Hotel accommodation for homeless people (possible need to extend use of hotel beyond March 24 or book more hotel rooms in 2023/24)
- Temp accommodation for Afghans at Copthorne. Hotel closing at end of August 2023. Need to identify accommodation solutions for remaining families
- Housing Solutions team staffing levels to provide assistance to homeless households and Afghan nationals
- Ukraine support to assist 90 families moving into Eagleswell school site Jan 2024
- ICT technical support to assist implementation of NEC Northgate system
- Deliver volunteering support to tenants and extend Value in Vale scheme from April 2024 when Public Health Wales funding ends

COMMITTEE SPECIFIC POSITION

Efficiencies Postion

GENERAL FUND HOUSING:

- Pre-Tenancy Adviser and VATs budget – The 2023/24 budget has been reduced by £26k and is on target
- Senior Officer Recharges to HRA to ensure no cross-subsidisation. The 2023/24 budget has been reduced by £33k and is on target
- Community Safety Support Function vacant post - The 2023/24 budget has been reduced by £25k and is on target

PRIVATE HOUSING:

Private Housing (DFG) – extensive work has been undertaken on the Reshaping project, and it has become clear that the removal of means testing alone will not achieve the agreed saving of £20k. The creation of a single Independent Living function within the Council should however create economies of scale, once established and this will be pursued now the Independent Living Policy has been adopted.

REGULATORY SERVICES:

£21k reduction in Vale base contribution – this was achieved at the start of the financial year as part of the agreed SRS budget for 2023/24. As a result, there are no on-going savings to track through the year.

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