

Cheltenham Borough Council

Cabinet Housing Committee – 12 September 2024

HRA Budget Monitoring Report- Q1 30 June 2024

Accountable member:

Cllr Alisha Lewis – Cabinet Member for Finance and Assets

Accountable officer:

Gemma Bell - Director of Finance and Assets (Deputy Section 151 Officer)

Ward(s) affected:

All

Key Decision: No

Executive summary:

This report provides the monitoring position statement for the HRA for the financial year 2024/25 against the budget approved by Council on 23 February 2024. The purpose of this report is to notify the committee of any known significant variations to the budget for 2024/25 and highlight any key issues.

The forecast net operating surplus, after the first quarter of 2024/25, shows an adverse variance of £101k from the budget. The accounts as at 30 June 2024 show a forecast surplus of £255k versus the budget of £356k for the year.

The current forecast will increase the HRA revenue reserve from £936k to £1,191k. The reserve remains below our target of £1.5m due to additional costs in 2023/24 leading to a lower opening revenue reserve balance than originally budgeted. This is expected to partially recover in 2024/25 because of the savings generated from bringing the housing services back within the Council.

Recommendations:

1. It is recommended that the Committee note the contents of this report including the key projected variances to the revenue and capital budgets approved by Council on 23 February 2024.
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1. Implications

1.1 Financial, Property and Asset implications

As detailed throughout this report.

Signed off by: Gemma Bell, Director of Finance and Assets (Deputy s151 Officer), 01242 264124

1.2 Legal implications

None arising from the report recommendations.

Signed off by: One Legal legalservices@onelegal.org.uk

1.3 Environmental and climate change implications

The investment set out in the capital programme will help maintain progress against the actions set out in the Climate Emergency Action Plan.

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Making Cheltenham the Cyber Capital of the UK
- Working with residents, communities and businesses to help make Cheltenham #netzero by 2030
- Increasing the number of affordable homes through our £180m housing investment plan
- Ensuring residents, communities and businesses benefit from Cheltenham's future growth and prosperity
- Being a more modern, efficient and financially sustainable council

1.5 Performance management – monitoring and review

The budget position will continue to be monitored by the Finance team throughout the year and the Q2 management accounts will be presented to the Committee in November.

2 Background

2.1 On 23 February 2024, Council approved the budget for 2024/25. This report shows the Q1 forecast for the HRA against the revenue and capital budgets.

3 Reasons for recommendations

3.1 The quarter 1 management accounts including the latest annual forecast are included in Appendix 2.

4 Alternative options considered

4.1 N/A

5 Consultation and feedback

5.1 Appropriate officers were consulted in the process of preparing the management accounts report.

6 Key risks

6.1 See Appendix 1.

Report author:

Stafford Cruse, Head of Finance & ICT

Appendices:

- i. Risk Assessment
- ii. HRA Q1 Management Accounts

Background information:

HRA Budget 2024/25 approved by Council in February 2024

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	If the robustness of the income and expenditure forecasts is not sound then there is a risk that the surplus identified within the budget will not materialise during the course of the year.	ED Finance and Assets	3	3	9	Reduce	Robust forecasting is applied in preparing budget targets taking into account previous results and prevailing economic conditions.	ED Finance and Assets	Ongoing
2	If material and labour price increases and contractor resource constraints continue throughout this year this may cause further financial pressures and the need for additional savings in the HRA	ED Finance and Assets	3	3	9	Reduce the risk	Long term supply agreements are in place or will be put in place for new programmes through competitive procurement to reduce the risk of labour and material shortages.	ED Finance and Assets	Ongoing
3	If there are insufficient internal resources to deliver planned maintenance to existing homes or meet	ED Finance and Assets	4	2	8	Reduce the risk	Additional resource is in place to review compliance requirements and agency staff are	ED Finance and Assets	Ongoing

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	additional compliance requirements, then homes may become non decent or there may be an increase in void loss						used to cover vacancies and other resource gaps. Framework agreements are under review to cover short term contractor requirements.		
4	If the demand for reactive and void repairs increases, there may be insufficient resource and budget to meet demand	ED Finance and Assets	3	4	12	Reduce the risk	Staffing requirements are closely monitored and agency staff used where necessary. Resource allocation, both internal and subcontractors, are closely monitored and updated to deliver against demand.	ED Finance and Assets	Ongoing