



Report to:	STOCKPORT HOMES MEMBER COMMITTEE		
	05 July 2021		
Report of:	DIRECTOR OF RESOURCES		
Contact Officer and contact details	John Kennedy 0161 474 2868 john.kennedy@stockporthomes.org		
Type of Report	Consultation		
Title of Report:	FINANCIAL MONITORING UPDATE		
Purpose of Report:	To provide an update to the Stockport Homes Members Committee of Stockport Homes' financial performance to May 2021.		
Recommendation(s):	The Stockport Homes Member Committee is recommended to note and comment on the latest financial results		
Confidentiality	Non Confidential		
Resource Implications	The report highlights the financial performance of each company for the year. Reported surpluses will support SHG in its future ambitions		
Impact on Risk Appetite and Risk Register	An audited set of financial statements ensures SHG's statutory and regulatory requirements are met		
	Risk Number	Risk Description	Risk Mitigation
		Without a strong financial management function any organisation can fail. Stockport Homes' financial	There is a rigorous financial control framework underpinned by robust policies and strategies around financial

		management is a key priority for the company. Without real-time information on budgets sound business decisions cannot be made and therefore monies cannot be used in the most advantageous way for tenants	management. This ensures financial resources are safeguarded against fraud, error and negligence
		The effects of Covid-19 negatively impact on income and expenditure budgets.	The monthly monitoring of income and expenditure ensures that any variances which may affect the financial position are detected at an early stage and corrective action can be taken.
Customer Voice	N/A		
Equality, Diversity & Inclusion implications	N/A		
Regulatory compliance	An audited set of financial statements fulfils the regulatory requirement		
Comments of the Stockport Homes Monitoring Group:	<p>The Stockport Homes Monitoring Group provided comments relating to the Financial Monitoring Update. The comments covered:</p> <p>The Monitoring Group commended SHG's financial performance and highlighted that there are no concerns and it was in line with what is expected from such a well-managed organisation</p>		

1 PURPOSE

- 1.1 The purpose of this report is to update the Stockport Homes Member Committee on the financial performance of Stockport Homes and the budgets it manages on behalf of the Council.

2 FINANCIAL UPDATE 2021/22

- 2.1 As at May 2021, the overall annual forecast for the Group is generally in line with approved budgets. As this report covers the first two months of the new financial year, it is generally too early for significant patterns to have emerged and result in a change to overall annual forecasts. Forecasts will continue to be updated and will be provided in subsequent reports as the year progresses and more activity has taken place.
- 2.2 Stockport Homes continues to operate within approved budgets. The Stockport Homes positive year-end forecast is made up of a number of variances within several areas. Several of the shared ownership sales budgeted in 2021/22 took place during March 2021 hence have already been achieved and were reported within 2020/21. Income and expenditure forecasts are both less than originally budgeted, in relation to the proposed transfer of security services from TLC, elements of which are now forecast within Three Sixty rather than Stockport Homes.
- 2.3 During April Repair 1st transferred successfully into Three Sixty, enabling all works to continue as normal, and the new fixed wire testing programme to begin to be delivered. Both income and expenditure forecasts are greater than budgeted relating to the proposed security services transfer which was originally budgeted within Stockport Homes.
- 2.4 The position for both Viaduct and Foundations remains in line with the budget as no significant patterns have yet emerged.
- 2.5 Cash flows continue to be regularly monitored and remain positive across the Group.

Stockport Homes Ltd

Income & Expenditure Account

For the Period May 21

Period:

2

	Annual Forecast		
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
<u>1. SHL excl Shared Ownership Sales</u>			
Income	45,395	44,165	(1,230)
Repairs and Maintenance Expenditure	10,107	10,107	0
Other Expenditure	34,272	33,076	1,196
Surplus/(deficit)	1,016	982	(34)
<u>2. Shared Ownership Sales</u>			

Total Income	32,895	32,094	(801)
Total Expenditure	29,142	28,374	768
Surplus/(deficit)	3,753	3,720	(33)
3. Grand Total			
Total Surplus	4,769	4,702	(67)

Viaduct Partnerships Limited

Income & Expenditure Account

For the Period May 21

Period: 2

Annual Forecast			
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
Total Income	13,046	13,046	0
Total Expenditure	13,041	13,041	0
Surplus	5	5	0

Three Sixty SHG Limited

Income & Expenditure Account

For the Period May 21

Period: 2

Annual Forecast			
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
Total Income	18,759	19,768	1,009
Total Expenditure	18,337	19,306	(969)
Surplus	422	462	40

Foundations Stockport Limited

Income & Expenditure Account

For the Period May 21

Period: 2

Annual Forecast			
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
Total Income	1,278	1,278	0
Total Expenditure	1,554	1,554	0

Surplus

(276)

(276)

0

3 CAPITAL MONITORING

- 3.1 The total Capital Programme budget for 2021/22 is £17.541m with expenditure to the end of May of £1.47m as the works planned for the year get underway. Forecasts will be refined as the year progresses.

4 NEW BUILD DEVELOPMENT PROGRAMME

- 4.1 To the end of May 2021 the new build development programme is:-

Ownership	Completed	Under Construction	Pipeline	Total
Non HRA – Rented	469	32	166	667
Non HRA - Shared Ownership	301	204	12	517
Non HRA – Outright Sale	1	62	0	63
Total Non HRA Owned	771	298	178	1247
HRA – Rented	209	26	152	387
HRA – Shared Ownership	0	16	109	125
Total HRA Owned	209	42	261	512

- 4.2 The new build development programme is progressing well and in line with budget. Sales of shared ownership remain strong.

5 STOCKPORT HOMES BORROWING

- 5.1 Stockport Homes' rolling loan credit facility is currently £91.9 million which will enable the completion of the HCA's shared ownership and affordable homes programmes, along with other potential market rent / outright sale opportunities. The total debt outstanding from this facility as at May 2021 is £67.474m.

6 CONCLUSION

- 6.1 The May financial update shows a favourable forecast position for the Group. Forecasts will continue to be updated as the year develops and further information becomes available.
- 6.2 The new group structure arrangements have continued to progress well and will provide a Stockport model from which to expand services and house building opportunities in the Borough.

7 RECOMMENDATION

- 7.1 The Stockport Homes Members Committee is recommended to note and comment on the latest financial results.