



Report to:	STOCKPORT HOMES MEMBER COMMITTEE		
	11 October 2021		
Report of:	EXECUTIVE DIRECTOR OF RESOURCES		
Contact Officer and contact details	John Kennedy, Assistant Director of Finance 0161 474 2868 john.kennedy@stockporthomes.org		
Type of Report	Assurance		
Title of Report:	FINANCIAL MONITORING UPDATE		
Purpose of Report:	To provide an update to the Stockport Homes Member Committee of Stockport Homes' financial performance to July 2021.		
Recommendation(s):	That the Member Committee 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

		<p>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</p>	<p>management. This ensures financial resources are safeguarded against fraud, error and negligence be</p>
		<p>The effects of Covid-19 negatively impact on income and expenditure budgets.</p>	<p>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.</p>
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 customers praised Stockport Homes' management of its finances. They added that in a challenging year, being able to maintain the finances is very positive.</p> <p>The customers praised Stockport Homes appetite to continue to still invest in its properties and still continue to maintain its financial stability.</p> <p>The completion of the Homes England shared ownership and affordable homes programmes in particular stood out to customers.</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 August 2021, the overall annual forecast for the Group is generally in line with approved budgets, with the exception of shared ownership and outright sales, where some sales income is now expected within 2022/23. Forecasts will continue to be updated and will be provided in subsequent reports as the year progresses.
- 2.2 Stockport Homes continues to operate within approved budgets. Though a number of shared ownership and outright sales are now forecast within 2022/23, this is the result of construction delays and does not reflect sales demand which remains strong. Higher property valuations are forecast which will result in higher surpluses when the sales complete. The lower surplus from sales forecast within 2021/22 will roll forward into 2022/23 and does not present any further financial issues. Other income and expenditure forecasts are both less than originally budgeted, in relation to the proposed transfer of security services from TLC as previously reported, and are generally offsetting.
- 2.3 Three Sixty continue to generate profits for the benefit of the Group and are forecast to achieve the approved budget. 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 forecast position for both Viaduct and Foundations remains generally in line with the budget.
- 2.5 Cash flows continue to be regularly monitored and remain positive across the Group.

Stockport Homes Ltd

Income & Expenditure Account

For the Period August 21

Period:

5

	Annual Forecast		
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
<u>1. SHL excl Shared Ownership</u>			
<u>Sales</u>			
Income	45,395	44,077	(1,319)
Repairs and Maintenance			
Expenditure	10,107	10,107	-
Other Expenditure	34,272	32,968	1,304
Surplus/(deficit)	1,016	1,001	(15)

2. Shared Ownership Sales

Total Income	32,895	23,375	(9,520)
Total Expenditure	29,142	21,095	8,047
Surplus/(deficit)	3,753	2,280	(1,473)
3. Grand Total			
Total Surplus	4,769	3,281	(1,488)

Viaduct Partnerships Limited

Income & Expenditure Account

For the Period August 21

Period: 5

	Annual Forecast		
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
Total Income	13,046	12,359	(688)
Total Expenditure	13,041	12,354	688
Surplus	5	5	0

Three Sixty SHG Limited

Income & Expenditure Account

For the Period August 21

Period: 5

	Annual Forecast		
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
Total Income	18,759	19,725	965
Total Expenditure	18,337	19,279	(942)
Surplus	422	446	24

Foundations Stockport Limited

Income & Expenditure Account

For the Period August 21

Period: 5

	Annual Forecast		
	Budget	Forecast	Variance
	2021/22	2021/22	£'000
Total Income	1,053	1,078	25
Total Expenditure	1,554	1,572	(18)

Surplus

(501)	(494)	7
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3 CAPITAL MONITORING

- 3.1 The total Capital Programme budget for 2021/22 is £17.541m with expenditure to the end of August of £4.8m as the works planned for the year get underway. The annual budget remains forecast to be achieved.

4 NEW BUILD DEVELOPMENT PROGRAMME

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

Ownership	Completed	Under Construction	Pipeline	Total
Non HRA – Rented	483	32	9	524
Non HRA - Shared Ownership	318	176	12	506
Non HRA – Outright Sale	1	62	-	63
Total Non HRA Owned	802	270	21	1,093
HRA – Rented	135	27	151	313
HRA – Shared Ownership	73	16	109	198
Total HRA Owned	208	43	260	511

- 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 August 2021 is £79.553m.

6 CONCLUSION

- 6.1 The August financial update shows a positive financial 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.