

# Report

Report to:	<b>Housing and Technical Resources Committee</b>
Date of Meeting:	<b>16 September 2020</b>
Report by:	<b>Executive Director (Finance and Corporate Resources) Executive Director (Housing and Technical Resources)</b>

Subject:	<b>Revenue Budget Monitoring 2020/2021 - Housing and Technical Resources - Housing Revenue Account (HRA)</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide information on the actual expenditure measured against the revenue budget for the period 1 April 2020 to 19 June 2020 for Housing and Technical Resources (HRA)
- ◆ provide a forecast for the year to 31 March 2021

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the breakeven position on Housing and Technical Resources' (HRA) revenue budget, as detailed in Appendix A of the report, and the forecast to 31 March 2021 of a breakeven position, be noted.

## 3. Background

3.1. This is the first revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2020/21.

3.2. The report details the financial position for Housing and Technical Resources (HRA) at Appendix A.

## 4. Employee Implications

4.1. There are no employee implications as a result of this report.

## 5. Financial Implications

5.1. As at 19 June 2020, there is a breakeven position against the phased budget. The forecast for the budget to 31 March 2021 is also a breakeven position. This reflects the impact of COVID-19 being managed within the overall HRA finances by drawdown from reserves in the current year.

5.2. The impact of COVID-19 on the budget continues to be monitored. There has been a reduced volume of repairs completed to date, but this is not expected to continue. There has also been an increase in the rental debt levels in comparison to previous years which would have the impact of requiring increased bad debt provision levels

at the end of the year. The annual rental income projections for the year are expected to be lower as a result of COVID-19 delaying the completion of expected new properties assumed within the budget.

- 5.3. The COVID-19 lock down has had an impact on the Property Services section which provides the property repairs and maintenance service to the HRA. The section continues to incur non variable costs which require to be offset by income recovery, therefore a recharge of £4.635 million has been required to date to HRA revenue budget to cover these fixed costs.

## **6. Climate Change, Sustainability and Environmental Implications**

- 6.1. There are no implications for climate change, sustainability, or the environment in terms of the information contained in this report.

## **7. Other Implications**

- 7.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 7.2. There are no implications for sustainability in terms of the information contained in this report.

## **8 Equality Impact Assessment and Consultation Arrangements**

- 8.1 This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.
- 8.2 There is also no requirement to undertake any consultation in terms of the information contained in this report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

**Daniel Lowe**

**Executive Director (Housing and Technical Resources)**

6 August 2020

### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

- ◆ Executive Committee, 12 August 2020

### **List of Background Papers**

- ◆ Financial ledger and budget monitoring results to 19 June 2020

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 19 June 2020 (No.3)

## Housing Revenue Account

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 19/06/20	Actual 19/06/20	Variance 19/06/20		% Variance 19/06/20	Notes
Employee Costs	13,721	13,721	0	0	2,734	2,668	66	under	2.4%	1
Property Costs	46,661	46,661	0	0	8,114	7,033	1,081	under	13.3%	2
Supplies & Services	996	996	0	0	94	89	5	under	5.3%	
Transport & Plant	195	195	0	0	19	18	1	under	5.3%	
Administration Costs	5,644	5,644	0	0	804	776	28	under	3.5%	
Payments to Other Bodies	3,176	3,176	0	0	682	682	0	-	0.0%	
Payments to Contractors	100	100	0	0	5	0	5	under	100.0%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	19,448	19,448	0	0	3,357	3,357	0	-	0.0%	
<b>Total Controllable Exp.</b>	89,941	89,941	0	0	15,809	14,623	1,186	under	7.5%	
Total Controllable Inc.	(107,634)	(107,634)	0	0	(18,052)	(17,730)	(322)	under recovered	(1.8%)	3
Transfer to/(from) Balance Sheet	(315)	(315)	0	0	(69)	795	(864)	under recovered	(1,252.2%)	4
<b>Net Controllable Exp.</b>	(18,008)	(18,008)	0	0	(2,312)	(2,312)	0	-	0.0%	
Loan Charges	18,008	18,008	0	0	3,947	3,947	0	-		
<b>Net Controllable Exp.</b>	0	0	0	0	1,635	1,635	0	-	0.0%	

Variance Explanations

1. The variance in Employee Costs is due to higher than anticipated staff turnover.
2. The variance in Property Costs is due to repairs and maintenance work as there is a reduced demand in relation to the level and type of repairs and maintenance that can be carried out due to lockdown. This saving would have been larger however a charge of £4.6m has been required to the General Fund to cover the fixed costs of the service.
3. The rental income assumed additional new build properties would be available during 2020/21 but delayed due to COVID-19.
4. The underspend on repairs to date requires to be transferred to balance sheet until required. This may be this year when lockdown eases and actions are taken to undertake repairs that have not been able to be completed.