

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	5 February 2019
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Housing and Technical Resources)

Subject:	Revenue Budget Monitoring 2019/2020 - Housing and Technical Resources (excl HRA)
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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 to 6 December 2019 for Housing and Technical Resources (excl HRA)
- ◆ provide a forecast for the year to 31 March 2020

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 (excl HRA) revenue budget, as detailed in Appendix A of the report, and the financial forecast to 31 March 2020 of a breakeven position, be noted; and
- (2) that the proposed budget virements be approved.

3. Background

- 3.1. This is the third revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2019/2020.
- 3.2. The Resource has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to the 31 March 2020. Details are included in section 5.
- 3.3. The report details the financial position for Housing and Technical Resources (excl HRA) on Appendix A, and then details the individual services in Appendices B and C.

4. Employee Implications

4.1. None.

5. Financial Implications

- 5.1. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the Resource position before any transfers to reserves is an underspend of £0.253 million. The financial forecast for the revenue budget to 31 March 2020 is a breakeven position after transfers to reserves of £0.253 million.

- 5.2. The underspend within Housing Services is within the Homelessness budget. This is due to the timing of the Rapid Rehousing Transition Planning (RRTP) funding roll out. An allocation of £0.566 million has been made for 2019/2020, however, due to the timing of the allocation and the resultant implementation profile an underspend of £0.147 million is forecast. In addition, due to the temporary accommodation stock profile and good income collection within the Homelessness service, an underspend of £0.106 million is forecast and it is proposed to transfer these sums to reserves to fund future investment in the Homelessness service.
- 5.3. As at 6 December 2019, there is an underspend of £0.135 million against the phased budget before any transfers to reserves. The financial forecast for the revenue budget to 6 December 2019 is a breakeven position after transfers to reserves of £0.135 million.
- 5.4. Virements are proposed to realign budgets. These movements have been detailed in the appendices to this report.
- 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.
- 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)

31 December 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 6 December 2019

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 6 December 2019 (No.9)

Housing and Technical Resources Summary (excl HRA)

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	42,099	41,894	205	165	27,789	27,667	122	under	0.4%	
Property Costs	19,835	19,861	(26)	(112)	14,420	14,301	119	under	0.8%	
Supplies & Services	14,078	13,494	584	584	7,385	7,004	381	under	5.2%	
Transport & Plant	4,602	4,070	532	532	2,442	2,238	204	under	8.4%	
Administration Costs	3,787	3,800	(13)	(13)	2,122	2,148	(26)	over	(1.2%)	
Payments to Other Bodies	8,295	8,266	29	29	5,308	5,300	8	under	0.2%	
Payments to Contractors	18,924	17,804	1,120	1,099	8,979	7,974	1,005	under	11.2%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	154	142	12	12	93	110	(17)	over	(18.3%)	
Total Controllable Exp.	111,774	109,331	2,443	2,296	68,538	66,742	1,796	under	2.6%	
Total Controllable Inc.	(94,688)	(92,498)	(2,190)	(2,296)	(55,722)	(54,061)	(1,661)	under recovered	(3.0%)	
Net Controllable Exp.	17,086	16,833	253	0	12,816	12,681	135	under	(1.1%)	
Transfer to Reserves (as at 06/12/19)	0	253	(253)	0	0	135	(135)	under recovered		
Position After Transfers to Reserves (as at 06/12/19)	17,086	17,086	0	0	12,816	12,816	0	-	0.0%	

Variance Explanations

Variances are shown in Appendix B and C as appropriate.

Budget Virements

Virements are shown in Appendix B and C as appropriate.

Year End Transfers to Reserves

Year End Transfers to Reserves are shown in Appendix B and C as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 6 December 2019 (No.9)

Housing Services

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	2,711	2,615	96	56	1,791	1,761	30	under	1.7%	a
Property Costs	5,376	4,920	456	370	3,844	3,596	248	under	6.5%	1
Supplies & Services	155	164	(9)	(9)	97	102	(5)	over	(5.2%)	
Transport & Plant	122	78	44	44	79	48	31	under	39.2%	
Administration Costs	160	154	6	6	20	25	(5)	over	(25.0%)	
Payments to Other Bodies	3,713	3,674	39	39	2,331	2,311	20	under	0.9%	a
Payments to Contractors	2,918	2,863	55	34	1,331	1,294	37	under	2.8%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	10	11	(1)	(1)	8	10	(2)	over	(25.0%)	
Total Controllable Exp.	15,165	14,479	686	539	9,501	9,147	354	under	3.7%	
Total Controllable Inc.	(6,650)	(6,283)	(367)	(473)	(3,969)	(3,779)	(190)	under recovered	(4.8%)	2
Net Controllable Exp.	8,515	8,196	319	66	5,532	5,368	164	under	(3.0%)	
Transfer to Reserves (as at 06/12/19)	0	253	(253)	0		135	(135)	under recovered		i, ii
Position After Transfers to Reserves (as at 06/12/19)	8,515	8,449	66	66	5,532	5,503	29	under	(0.5%)	

Variance Explanations

1. This underspend in Property costs relates to the change in profile of temporary accommodation and income collection rates ahead of forecast.
2. The under recovery in rental income is due to the timing of properties becoming available for use as Homeless lets.

Budget Virements

- a. Realignment to reflect alterations to reporting structures. Net Effect £0.000m: Employee Costs £0.093m and Payments to Other Bodies (£0.093m).

Year End Transfers to Reserves £0.253m

- i. General Homelessness Reserves Transfer. £0.106m.
- ii. Rapid Re-Housing Transition Plan Reserves Transfer. £0.147m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 6 December 2019 (No.9)

Property Services

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 06/12/19 £000	Actual 06/12/19 £000	Variance 06/12/19 £000		% Variance 06/12/19	Note
Employee Costs	39,388	39,279	109	109	25,998	25,906	92	under	0.4%	1, a
Property Costs	14,459	14,941	(482)	(482)	10,576	10,705	(129)	over	(1.2%)	2, b
Supplies & Services	13,923	13,330	593	593	7,288	6,902	386	under	5.3%	3, c
Transport & Plant	4,480	3,992	488	488	2,363	2,190	173	under	7.3%	4
Administration Costs	3,627	3,646	(19)	(19)	2,102	2,123	(21)	over	(1.0%)	d
Payments to Other Bodies	4,582	4,592	(10)	(10)	2,977	2,989	(12)	over	(0.4%)	
Payments to Contractors	16,006	14,941	1,065	1,065	7,648	6,680	968	under	12.7%	5
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	144	131	13	13	85	100	(15)	over	(17.6%)	
Total Controllable Exp.	96,609	94,852	1,757	1,757	59,037	57,595	1,442	under	2.4%	
Total Controllable Inc.	(88,038)	(86,215)	(1,823)	(1,823)	(51,753)	(50,282)	(1,471)	under recovered	(2.8%)	6
Net Controllable Exp.	8,571	8,637	(66)	(66)	7,284	7,313	(29)	over	0.4%	
Transfer to Reserves (as at 06/12/19)	0	0	0	0			0	-		
Position After Transfers to Reserves (as at 06/12/19)	8,571	8,637	(66)	(66)	7,284	7,313	(29)	over	0.4%	

Variance Explanations

1. The variance in Employee Costs relates to vacancies which are actively being recruited, or being held whilst service requirements are determined.
2. Estates bad debt provision is forecast to be higher than budget due to the level of bad debts being experienced in shopping centre leases.
3. The level of materials required varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
4. The level of plant and scaffolding varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
5. The underspend reflects the level of contractor payments which varies depending on current workload demands and timing of works on a wide variety of capital and revenue works. This is partially offset by the requirement to purchase external professional services within the Projects team, to meet current service demands.
6. The level of income recovered varies depending on the current workload and timing for the recovery of income on a wide variety of major capital projects.

Budget Virements

- a. Additional Superannuation due to increased uptake levels. Net Effect £0.246m: Employee Costs £0.246m.
- b. Additional Rates liability due to revised rates poundage. Net Effect £0.048m: Property Costs £0.048m.
- c. Transfer of adaptations budget from Social Work Resources. Net Effect £0.500m: Supplies & Services £0.500m.