

# 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 2019/2020 - Housing and Technical Resources (Excl 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 2019 to 31 March 2020 for Housing and Technical Resources (excl HRA)

## 2. Recommendation(s)

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

- (1) that the Housing and Technical Resources (excl HRA) final outturn position as at 31 March 2020 of an overspend of £0.033 million, after transfers to reserves as detailed in Appendix A of the report, be noted; and
- (2) that the proposed budget virements be approved.

## 3. Background

3.1. This is the sixth revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2019/2020.

3.2. The report details the financial position for Housing and Technical Resources (excl HRA) in Appendix A, and then details for the individual services in Appendices B and C.

## 4. Employee Implications

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

## 5. Financial Implications

5.1. As at 31 March 2020, there was an underspend position against the budget, being £0.401 million. This was the position before transfers to reserves. The Resource position as at 31 March 2020, after approved transfers to reserves were taken into account, was an overspend of £0.033 million.

5.2. The £0.033 million overspend is entirely due to additional and unforeseen Health and Safety costs incurred during March as a result of Covid-19. Further details on the variances for the individual services are detailed in Appendices B and C.

5.3. Virements are proposed to realign budgets. These movements have been detailed in the appendices to this report.

## **6. Other Implications**

6.1. 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. Climate Change, Sustainability and Environmental Implications**

7.1. There are no issues in relation to climate change, sustainability and environment contained within 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**

♦ Housing and Technical Resources Committee 16 June 2020

## **List of Background Papers**

♦ Financial ledger and budget monitoring results to 31 March 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 31 March 2020 (No.14)

## Housing and Technical Resources Summary (excl HRA)

<b>Budget Category</b>	<b>Annual Budget £000</b>	<b>Forecast for Year BEFORE Transfers £000</b>	<b>Annual Forecast Variance BEFORE Transfers £000</b>	<b>Annual Forecast Variance AFTER Transfers £000</b>	<b>Budget Proportion 31/03/20 £000</b>	<b>Actual 31/03/20 £000</b>	<b>Variance 31/03/20 £000</b>		<b>% Variance 31/03/20</b>	<b>Note</b>
Employee Costs	42,260	42,055	205	165	42,260	41,829	431	under	1.0%	
Property Costs	19,836	19,862	(26)	(112)	19,836	19,399	437	under	2.2%	
Supplies & Services	14,078	13,494	584	584	14,078	11,832	2,246	under	16.0%	
Transport & Plant	4,602	4,070	532	532	4,602	4,203	399	under	8.7%	
Administration Costs	3,746	3,759	(13)	(13)	3,746	3,773	(27)	over	(0.7%)	
Payments to Other Bodies	8,406	8,377	29	29	8,406	8,475	(69)	over	(0.8%)	
Payments to Contractors	18,924	17,804	1,120	1,099	18,924	14,249	4,675	under	24.7%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	154	142	12	12	154	154	0	-	0.0%	
<b>Total Controllable Exp.</b>	<b>112,006</b>	<b>109,563</b>	<b>2,443</b>	<b>2,296</b>	<b>112,006</b>	<b>103,914</b>	<b>8,092</b>	<b>under</b>	<b>7.2%</b>	
<b>Total Controllable Inc.</b>	<b>(94,655)</b>	<b>(92,465)</b>	<b>(2,190)</b>	<b>(2,296)</b>	<b>(94,655)</b>	<b>(86,964)</b>	<b>(7,691)</b>	<b>under recovered</b>	<b>(8.1%)</b>	
<b>Net Controllable Exp.</b>	<b>17,351</b>	<b>17,098</b>	<b>253</b>	<b>0</b>	<b>17,351</b>	<b>16,950</b>	<b>401</b>	<b>under</b>	<b>(2.3%)</b>	
<b>Transfer to Reserves (as at 31/01/20)</b>	<b>0</b>	<b>253</b>	<b>(253)</b>	<b>0</b>	<b>0</b>	<b>434</b>	<b>(434)</b>	<b>under recovered</b>		
<b>Position After Transfers to Reserves (as at 31/01/20)</b>	<b>17,351</b>	<b>17,351</b>	<b>0</b>	<b>0</b>	<b>17,351</b>	<b>17,384</b>	<b>(33)</b>	<b>over</b>	<b>0.2%</b>	

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 31 March 2020 (No.14)

## Housing Services

<b>Budget Category</b>	<b>Annual Budget £000</b>	<b>Forecast for Year BEFORE Transfers £000</b>	<b>Annual Forecast Variance BEFORE Transfers £000</b>	<b>Annual Forecast Variance AFTER Transfers £000</b>	<b>Budget Proportion 31/03/20 £000</b>	<b>Actual 31/03/20 £000</b>	<b>Variance 31/03/20 £000</b>		<b>% Variance 31/03/20</b>	<b>Note</b>
Employee Costs	2,720	2,624	96	56	2,720	2,585	135	under	5.0%	1,a
Property Costs	5,376	4,920	456	370	5,376	5,093	283	under	5.3%	2
Supplies & Services	155	164	(9)	(9)	155	169	(14)	over	(9.0%)	
Transport & Plant	122	78	44	44	122	86	36	under	29.5%	
Administration Costs	160	154	6	6	160	167	(7)	over	(4.4%)	
Payments to Other Bodies	3,713	3,674	39	39	3,713	3,734	(21)	over	(0.6%)	
Payments to Contractors	2,918	2,863	55	34	2,918	2,566	352	under	12.1%	3
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	10	11	(1)	(1)	10	15	(5)	over	(50.0%)	
<b>Total Controllable Exp.</b>	15,174	14,488	686	539	15,174	14,415	759	under	5.0%	
<b>Total Controllable Inc.</b>	(6,650)	(6,283)	(367)	(473)	(6,650)	(6,384)	(266)	under recovered	(4.0%)	4
<b>Net Controllable Exp.</b>	8,524	8,205	319	66	8,524	8,031	493	under	(5.8%)	
<b>Transfer to Reserves (as at 31/01/20)</b>	0	253	(253)	0		434	(434)	under recovered		i, ii
<b>Position After Transfers to Reserves (as at 31/01/20)</b>	8,524	8,458	66	66	8,524	8,465	59	under	(0.7%)	

**Variance Explanations**

1. The underspend in Employee Costs relates to the timing of RRTP funding being used to recruit additional homelessness staff. This will be transferred to reserves for use in future years, as noted below.
2. This underspend in Property costs relates to the change in profile of temporary accommodation and income collection rates ahead of forecast, as well as the timing of Furniture spend within the RRTP funding. This will be transferred to reserves for use in future years, as noted below.
3. This reflects the underspend on forecast RRTP payments to external partners which had been in the process of procurement. This will be transferred to reserves for use in future years, as noted below.
4. 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 apprenticeship levy. Net Effect £0.009m: Employee Costs £0.009m.

**Year End Transfers to Reserves Forecast, £0.253m. Final Actual, £0.434m**

- i. General Homelessness Reserves Transfer. Forecast £0.106m. Final Actual £0.089m.
- ii. Rapid Re-Housing Transition Plan Reserves Transfer. £0.147m. Final Actual £0.345m

## SOUTH LANARKSHIRE COUNCIL

## Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 31 March 2020 (No.14)

## Property Services

<b>Budget Category</b>	<b>Annual Budget £000</b>	<b>Forecast for Year BEFORE Transfers £000</b>	<b>Annual Forecast Variance BEFORE Transfers £000</b>	<b>Annual Forecast Variance AFTER Transfers £000</b>	<b>Budget Proportion 31/03/20 £000</b>	<b>Actual 31/03/20 £000</b>	<b>Variance 31/03/20 £000</b>		<b>% Variance 31/03/20</b>	<b>Note</b>
Employee Costs	39,540	39,431	109	109	39,540	39,244	296	under	0.7%	1,a
Property Costs	14,460	14,942	(482)	(482)	14,460	14,306	154	under	1.1%	2
Supplies & Services	13,923	13,330	593	593	13,923	11,663	2,260	under	16.2%	3
Transport & Plant	4,480	3,992	488	488	4,480	4,117	363	under	8.1%	4
Administration Costs	3,586	3,605	(19)	(19)	3,586	3,606	(20)	over	(0.6%)	
Payments to Other Bodies	4,693	4,703	(10)	(10)	4,693	4,741	(48)	over	(1.0%)	b
Payments to Contractors	16,006	14,941	1,065	1,065	16,006	11,683	4,323	under	27.0%	5
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	144	131	13	13	144	139	5	under	3.5%	
<b>Total Controllable Exp.</b>	<b>96,832</b>	<b>95,075</b>	<b>1,757</b>	<b>1,757</b>	<b>96,832</b>	<b>89,499</b>	<b>7,333</b>	<b>under</b>	<b>7.6%</b>	
<b>Total Controllable Inc.</b>	<b>(88,005)</b>	<b>(86,182)</b>	<b>(1,823)</b>	<b>(1,823)</b>	<b>(88,005)</b>	<b>(80,580)</b>	<b>(7,425)</b>	<b>under recovered</b>	<b>(8.4%)</b>	<b>6</b>
<b>Net Controllable Exp.</b>	<b>8,827</b>	<b>8,893</b>	<b>(66)</b>	<b>(66)</b>	<b>8,827</b>	<b>8,919</b>	<b>(92)</b>	<b>over</b>	<b>1.0%</b>	
<b>Transfer to Reserves (as at 31/01/20)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>-</b>		
<b>Position After Transfers to Reserves (as at 31/01/20)</b>	<b>8,827</b>	<b>8,893</b>	<b>(66)</b>	<b>(66)</b>	<b>8,827</b>	<b>8,919</b>	<b>(92)</b>	<b>over</b>	<b>1.0%</b>	

Variance Explanations

1. The variance in Employee Costs relates to vacancies which are actively being recruited, or are still under consideration whilst service requirements are determined.
2. Estates bad debt provision was forecast to be higher than budget due to the level of bad debts being experienced in shopping centre leases however this issue was not resolved by year-end and resulted in an underspend.
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. The COVID-19 lockdown also resulted in a reduction in spend.
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. The COVID-19 lockdown also resulted in a reduction in spend.
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. The COVID-19 lock down had an impact on the level of income recovered in relation to repairs.

Budget Virements

- a. Realignment to reflect apprenticeship levy. Net Effect £0.151m: Employee Costs £0.151m.
- b. Realignment to reflect demand for adaptations for the Private Sector Scheme of Assistance. Net Effect £0.111m: Payments to Contractors £0.111m.