

Report

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

Subject:	Revenue Budget Monitoring 2019/2020 - Housing and Technical Resources - Housing Revenue Account (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 2019 to 31 March 2020 for Housing and Technical Resources (HRA)

2. Recommendation(s)

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

- (1) that the final outturn breakeven position on Housing and Technical Resources' (HRA) revenue budget, 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 2019/20.

3.2. The report details the financial position for Housing and Technical Resources (HRA) on 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 31 March 2020, there was a breakeven position against the budget. The breakeven position was after a final transfer to the balance sheet of £0.244 million. The original budget anticipated a drawdown from reserves of £2.608 million would be required. The lower than anticipated drawdown position is primarily due to underspends in bad debt provision, IT milestone payments and employee costs, offset partially by overspends in repairs and an under recovery in rental income. Further details on the variances for the HRA are detailed in Appendix A.

5.2. Virements are proposed to realign budgets. These movements have been detailed in Appendix A of 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)

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 Revenue Account

Budget Category	Annual Budget £000	Forecast for Year £000	Annual Forecast Variance £000	Budget Proportion 31/03/20 £000	Actual 31/03/20 £000	Variance 31/03/20 £000		% Variance 31/03/20	Note
Employee Costs	13,526	12,785	741	13,526	12,953	573	under	4.2%	1
Property Costs	43,268	43,099	169	43,268	42,060	1,208	under	2.8%	2, a
Supplies & Services	1,475	1,475	0	1,475	809	666	under	45.2%	3
Transport & Plant	195	195	0	195	224	(29)	over	(14.9%)	
Administration Costs	5,702	5,656	46	5,702	5,633	69	under	1.2%	4
Payments to Other Bodies	3,174	3,126	48	3,174	3,129	45	under	1.4%	
Payments to Contractors	100	105	(5)	100	131	(31)	over	(31.0%)	
Transfer Payments	0	0	0	0	0	0	-	0.0%	
Financing Charges	20,589	20,599	(10)	20,589	20,441	148	under	0.7%	5
Total Controllable Exp.	88,029	87,040	989	88,029	85,380	2,649	under	3.0%	
Total Controllable Income	(100,585)	(100,391)	(194)	(100,585)	(100,942)	357	over recovered	(0.4%)	6, a
Transfer to/(from) Balance Sheet	(2,608)	(1,813)	(795)	(2,608)	244	(2,852)	under recovered	109.4%	7
Net Controllable Exp.	(15,164)	(15,164)	0	(15,164)	(15,318)	154	under	(1.0%)	
Loan Charges	15,164	15,164	0	15,164	15,318	(154)	over	(1.0%)	8
Net Controllable Exp.	0	0	0	0	0	0	-	0.0%	

Variance Explanations

1. The variance in Employee Costs relates to an underspend in pension contributions and vacancies, which are being actively recruited or are still under consideration whilst service requirements are determined.
2. The variance in Property Costs is due to repairs and grounds maintenance work which is a demand led service and is currently higher than budget. This is offset by an underspend in bad debt provision due to the demands following the roll out of Universal Credit and better than expected collection rates for rental income.
3. The variance in Supplies & Services is due slippage in the IT milestone payments for the new system being developed.
4. This relates to a minor underspend in the cost of legal fees incurred during the financial year.
5. The underspend reflects higher than forecast levels of Interest received on the revenue accounts balances.
6. The overall under recovery in rental income is impacted by the timing of new build completions.
7. The net impact of the underspends within the service has resulted in a transfer to Balance Sheet reserves rather than the forecast requirement to drawdown from reserves.
8. The overspend reflects a slightly higher than forecast level of loan charges for the financial year.

Budget Virements

- a. Realignment to reflect revised HEEPs project expenditure. Net Effect £0.000m: Property Costs (£1.336m) and Income £1.336m.