

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	7 February 2024
Report by:	Head of Finance (Strategy) Executive Director (Housing and Technical Resources)

Subject:	Revenue Budget Monitoring 2023/2024 - Housing and Technical Resources (Housing Revenue Account (HRA))
----------	--

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 1 December 2023 for Housing and Technical Resources (Housing Revenue Account (HRA))

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 2024 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 2023/2024.
- 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. Probable Outturn: Following the Council's formal probable outturn exercise, the forecast for the budget to 31 March 2024 is a breakeven position.
- 5.2. This breakeven position includes a lower than budgeted Transfer from Reserves being required in the financial year. It is assumed that the increased level of costs experienced will be offset by an underspend in Loan Charges this financial year.
- 5.3. A reduction in spend on Loan Charges is anticipated in 2023/2024 from utilising an in-year benefit from the HRA Loans Fund Review. This work has been carried out and forms part of the 2024/2025 budget setting report for the HRA to this Committee (Housing Revenue and Capital Account Budget 2024/2025).

5.4. As at 1 December 2023, there is a breakeven position against the phased budget.

6. Other Implications

6.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk is managed through 4-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.

6.2. Inflationary and budget pressures this year increase the risk of overspend, however, these pressures are assessed and managed within the budget planning exercise for current and future years.

7. Climate Change, Sustainability and Environmental Implications

7.1. There are no climate change, sustainability and environmental implications in terms of the information 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.

Jackie Taylor

Head of Finance (Strategy)

Stephen Gibson

Executive Director (Housing and Technical Resources)

10 January 2024

Link(s) to Council Values/Priorities/Outcomes

♦ Accountable, effective, efficient and transparent

Previous References

♦ Executive Committee, 24 January 2024

List of Background Papers

♦ Financial ledger and budget monitoring results to 1 December 2023

Contact for Further Information

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

Graham Booth, Finance Manager

Ext: 2699 (Tel: 01698 452699)

E-mail : Graham.Booth@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 1 December 2023 (No.9)

Housing Revenue Account

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 01/12/23	Actual 01/12/23	Variance 01/12/23		% Variance 01/12/23	Notes
Employee Costs	15,310	15,401	(91)	10,015	10,054	(39)	over	(0.4%)	a
Property Costs	50,929	56,610	(5,681)	29,002	32,968	(3,966)	over	(13.7%)	1
Supplies & Services	653	691	(38)	478	488	(10)	over	(2.1%)	b
Transport & Plant	196	189	7	130	121	9	under	6.9%	
Administration Costs	5,570	5,597	(27)	363	378	(15)	over	(4.1%)	
Payments to Other Bodies	2,974	2,979	(5)	1,395	1,401	(6)	over	(0.4%)	
Payments to Contractors	100	145	(45)	62	62	0	-	0.0%	
Transfer Payments	0	0	0	0	0	0	-	0.0%	
Financing Charges	27,162	27,162	0	24,390	24,390	0	-	0.0%	
Total Controllable Exp.	102,894	108,774	(5,880)	65,835	69,862	(4,027)	over	(6.1%)	
Total Controllable Inc.	(115,940)	(116,768)	828	(70,811)	(71,086)	275	over recovered	0.4%	2
Transfer to/(from) Balance Sheet	(4,907)	(853)	(4,054)	(2,093)	0	(2,093)	under recovered	(100.0%)	3
Net Controllable Exp.	(17,953)	(8,847)	(9,106)	(7,069)	(1,224)	(5,845)	over	(82.7%)	
Loan Charges	17,953	8,847	9,106	5,845	0	5,845	under	(100.0%)	4, a, b
Net Controllable Exp.	0	0	0	(1,224)	(1,224)	0	-	0.0%	

Variance Explanations

1. The net overspend reflects the volume and cost of repairs and maintenance, including additional costs for the internal contractor.
2. The additional income is due to the favourable timing of new build and purchased council housing units being available to rent.
3. The net combined overspend requires for a lower than budgeted level of transfer from reserves at this time.
4. The underspend is due to a reduction in spend on Loan Charges anticipated from utilising an in-year benefit from the Housing Revenue Account Loans Fund Review.

Virements

- a. Realignment of budget to fund the anticipated increase in employee costs due to pay award. Net Effect £0: Employee Costs £1.057m and Loan Charges (£1.057m).
- b. Realignment of budget to fund the anticipated costs associated with IT system development. Net Effect £0: Supplies and Services £0.220m and Loan Charges (£0.220m).