

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	30 June 2021
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Housing and Technical Resources)

Subject:	Revenue Budget Monitoring 2020/2021 - Housing and Technical Resources (Excl 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 2020 to 31 March 2021 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 2021 of an overspend of £7.084m, 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 fifth revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2020/2021.

3.2. The report details the financial position for Housing and Technical Resources (excl HRA) on Appendix A, then details the individual services in Appendices B and C and outlines the additional COVID-19 costs, in Appendix D.

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 2021, there was an overspend position against the budget, being £6.510m. This was the position before transfers to reserves. The position reported in the paper includes proposed transfers to reserves (as detailed in Appendix B) that are being considered for approval by the Executive Committee on 23rd June. At the time of publishing these papers, that meeting has still to take place. If these transfers to reserves are not approved at the Executive Committee, a verbal update will be provided at this meeting. The Resource position as at 31 March 2021, assuming these transfers to reserves are approved, will be an overspend of £7.084m.

5.2. The £7.084m overspend is mainly due to a combination of additional costs and reduced income as a result of Covid-19. This includes the Covid-19 related costs that were initially to be funded from capital funds. The Executive Committee, at its meeting held on 28 April 2021, agreed that these costs would be recorded within the revenue budget and met from Covid-19 funding. Further details on the variances for the individual services are detailed in Appendices B to C.

5.3. 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 Climate Change, Sustainability and Environmental Implications in terms of the information contained within 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)

1 June 2021

Link(s) to Council Values/Ambitions/Objectives

◆ Accountable, Effective, Efficient and Transparent

Previous References

◆ Executive Committee, 23 June 2021

◆ Housing and Technical Resources Committee, 5 May 2021

List of Background Papers

◆ Financial ledger and budget monitoring results to 31 March 2021

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 2021 (No.14)

Housing and Technical Resources Summary (excl HRA)

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 31/03/21	Actual 31/03/21	Variance 31/03/21		% Variance 31/03/21	Notes
Employee Costs	43,484	41,924	1,560	43,484	42,358	1,126	under	2.6%	
Property Costs	20,018	21,373	(1,355)	20,018	26,432	(6,414)	over	(32.0%)	
Supplies & Services	14,035	9,266	4,769	14,035	7,208	6,827	under	48.6%	
Transport & Plant	4,595	4,260	335	4,595	3,648	947	under	20.6%	
Administration Costs	3,647	3,760	(113)	3,647	3,694	(47)	over	(1.3%)	
Payments to Other Bodies	8,903	9,201	(298)	8,903	8,965	(62)	over	(0.7%)	
Payments to Contractors	18,790	12,881	5,909	18,790	14,300	4,490	under	23.9%	
Transfer Payments	0	0	0	0	0	0	-	0.0%	
Financing Charges	154	142	12	154	155	(1)	over	(0.6%)	
Total Controllable Exp.	113,626	102,807	10,819	113,626	106,760	6,866	under	6.0%	
Total Controllable Inc.	(97,883)	(84,817)	(13,066)	(97,883)	(84,507)	(13,376)	under recovered	(13.7%)	
Net Controllable Exp.	15,743	17,990	(2,247)	15,743	22,253	(6,510)	over	41.4%	
Transfer to Reserves as at (31/03/21)	0	0	0	0	574	(574)	under recovered		
Position After Transfers to Reserves (31/03/21)	15,743	17,990	(2,247)	15,743	22,827	(7,084)	over	45.0%	

Variance Explanations

Variances are shown in Appendix B - D 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 2021 (No.14)

Housing Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 31/03/21	Actual 31/03/21	Variance 31/03/21		% Variance 31/03/21	Notes
Employee Costs	2,864	2,490	374	2,864	2,589	275	under	9.6%	1, a
Property Costs	5,584	5,515	69	5,584	5,694	(110)	over	(2.0%)	2
Supplies & Services	115	160	(45)	115	94	21	under	18.3%	
Transport & Plant	113	91	22	113	63	50	under	44.2%	3
Administration Costs	168	174	(6)	168	174	(6)	over	(3.6%)	
Payments to Other Bodies	4,702	4,545	157	4,702	4,242	460	under	9.8%	4
Payments to Contractors	2,784	2,795	(11)	2,784	2,506	278	under	10.0%	4
Transfer Payments	0	0	0	0	0	0	-	0.0%	
Financing Charges	11	11	0	11	14	(3)	over	(27.3%)	
Total Controllable Exp.	16,341	15,781	560	16,341	15,376	965	under	5.9%	
Total Controllable Inc.	(7,251)	(6,846)	(405)	(7,251)	(6,993)	(258)	under recovered	(3.6%)	5
Net Controllable Exp.	9,090	8,935	155	9,090	8,383	707	under	(7.8%)	
Transfer to Reserves as at (31/03/21)	0	0	0	0	574	(574)	under recovered		
Position After Transfers to Reserves (31/03/21)	9,090	8,935	155	9,090	8,957	133	under	(1.5%)	

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. This overspend reflects additional property costs expenditure for Homelessness Service, mainly due to furnishing temporary accommodation units.
3. This underspend relates to reduced fleet costs for the problem solving unit.
4. The majority of these underspends are due to Homelessness and RRTP funding which is proposed to be transferred to reserves (see below).
5. The majority of this variance is an under recovery of income from lower than budgeted levels of temporary accommodation stock. Stock levels and demand are monitored and re-assessed on an ongoing basis

Budget Virements

- a. Realignment to reflect apprenticeship levy. Net Effect £0.010m: Employee Costs £0.010m.

Year End Transfers to Reserves

- i. Homelessness & Rapid Rehousing Transitions Plan (RRTP) £0.574m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 31 March 2021 (No.14)

Property Services

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 31/03/21	Actual 31/03/21	Variance 31/03/21		% Variance 31/03/21	Notes
Employee Costs	40,620	39,434	1,186	40,620	39,769	851	under	2.1%	1, a
Property Costs	14,434	14,613	(179)	14,434	14,858	(424)	over	(2.9%)	2
Supplies & Services	13,920	9,049	4,871	13,920	7,036	6,884	under	49.5%	3
Transport & Plant	4,482	4,165	317	4,482	3,582	900	under	20.1%	4
Administration Costs	3,479	3,521	(42)	3,479	3,464	15	under	0.4%	
Payments to Other Bodies	4,201	4,191	10	4,201	4,245	(44)	over	(1.0%)	
Payments to Contractors	16,006	10,065	5,941	16,006	11,773	4,233	under	26.4%	5
Transfer Payments	0	0	0	0	0	0	-	0.0%	
Financing Charges	143	131	12	143	141	2	under	1.4%	
Total Controllable Exp.	97,285	85,169	12,116	97,285	84,868	12,417	under	12.8%	
Total Controllable Inc.	(90,632)	(77,379)	(13,253)	(90,632)	(76,851)	(13,781)	under recovered	(15.2%)	6
Net Controllable Exp.	6,653	7,790	(1,137)	6,653	8,017	(1,364)	over	20.5%	
Transfer to Reserves as at (31/03/21)	0	0	0	0	0	0	-		
Position After Transfers to Reserves (31/03/21)	6,653	7,790	(1,137)	6,653	8,017	(1,364)	over	20.5%	

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. An element of the underspend is also due to lower levels of overtime as a result of Covid-19 restrictions.
2. Estates bad debt provision is forecast to be higher than budget due to the level of bad debts being experienced across the portfolio.
3. COVID-19 restrictions have impacted on the level of materials required. This varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
4. COVID-19 restrictions have impacted on the level of plant and scaffolding required. This varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
5. COVID-19 restrictions have impacted on the level of Sub Contractors required. This varies depending on the current workload demands and timing of works on a wide variety of capital and revenue works.
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 and revenue works. COVID-19 restrictions have had an impact on the level of income recovered as can be seen from the underspends above. The service continues to incur non variable costs of which an element was not offset by income recovery.

Budget Virements

- a. Realignment to reflect apprenticeship levy. Net Effect £0.151m: Employee Costs £0.151m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 31 March 2021 (No.14)

Housing and Technical Resources Summary (excl HRA) - Covid-19

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Budget Proportion 31/03/21	Actual 31/03/21	Variance 31/03/21	% Variance 31/03/21	Notes
Employee Costs	0	0	0	0	0	0	-	0.0%
Property Costs	0	1,245	(1,245)	0	5,880	(5,880)	over	0.0% 1
Supplies & Services	0	57	(57)	0	78	(78)	over	0.0% 2
Transport & Plant	0	4	(4)	0	3	(3)	over	0.0%
Administration Costs	0	65	(65)	0	56	(56)	over	0.0% 3
Payments to Other Bodies	0	465	(465)	0	478	(478)	over	0.0% 4
Payments to Contractors	0	21	(21)	0	21	(21)	over	0.0%
Transfer Payments	0	0	0	0	0	0	-	0.0%
Financing Charges	0	0	0	0	0	0	-	0.0%
Total Controllable Exp.	0	1,857	(1,857)	0	6,516	(6,516)	over	0.0%
Total Controllable Inc.	0	(592)	592	0	(663)	663	over recovered	0.0% 5
Net Controllable Exp.	0	1,265	(1,265)	0	5,853	(5,853)	over	0.0%
Transfer to Reserves as at (31/03/21)	0	0	0	0	0	0	-	
Position After Transfers to Reserves (31/03/21)	0	1,265	(1,265)	0	5,853	(5,853)	over	0.0%

Variance Explanations

1. The majority of this additional expenditure, £4.672m, is in relation to the accounting treatment for the non variable costs incurred in relation to the General Fund Capital works planned during the year. The remainder is mainly for additional temporary accommodation costs for homeless people and is partially offset by income.
2. This reflects the cost of additional Health and Safety supplies for Housing and Property Staff and service users.
3. This reflects the cost of additional Health and Safety measures (such as signage) for Housing and Property Staff and service users.
4. The majority of this additional expenditure is for temporary accommodation costs for homeless people and is partially offset by income.
5. This reflects the income recovered from rental income for the additional temporary accommodation supplied.

Budget Virements

None