

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	17 February 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 - 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 1 January 2021 for Housing and Technical Resources (HRA)
- ◆ provide a forecast for the year to 31 March 2021

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 to the report, and the forecast to 31 March 2021 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 2020/2021.

3.2. The report details the financial position for Housing and Technical Resources (HRA) in 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 2021 is a breakeven position.

5.2. As at 1 January 2021, there is a breakeven position against the phased budget. The forecast for the budget to 31 March 2021 is also a breakeven position. This reflects the impact of COVID-19 being managed within the overall HRA finances by drawdown from reserves in the current year.

- 5.3 The impact of COVID-19 on the budget continues to be monitored. There had been an initial reduced demand for repairs which had increased again through to December 2020. There continues to be an increase in the rental debt levels in comparison to previous years which would have the impact of requiring increased bad debt provision levels at the end of the year. The annual rental income projections for the year are lower as a result of COVID-19 delaying the completion of new build properties and which had a rental income assumed within the budget.
- 5.4. COVID-19 restrictions have had an impact on Property Services through the property repairs and maintenance service provided to the HRA. The Service continues to incur non variable costs which require to be offset by income recovery.
- 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)

27 January 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 10 February 2021
- ◆ Housing and Technical Committee, 25 November 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 1 January 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 1 January 2021 (No.10)

Housing Revenue Account

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/01/21	Actual 01/01/21	Variance 01/01/21		% Variance 01/01/21	Notes
Employee Costs	13,721	13,384	337	337	10,093	9,924	169	under	1.7%	1
Property Costs	46,661	48,396	(1,735)	(1,735)	31,342	32,112	(770)	over	(2.5%)	2
Supplies & Services	996	809	187	187	785	752	33	under	4.2%	
Transport & Plant	195	223	(28)	(28)	71	77	(6)	over	(8.5%)	
Administration Costs	5,644	5,632	12	12	3,823	3,820	3	under	0.1%	
Payments to Other Bodies	3,176	3,130	46	46	2,375	2,371	4	under	0.2%	
Payments to Contractors	100	131	(31)	(31)	72	80	(8)	over	(11.1%)	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	19,448	19,456	(8)	(8)	19,343	19,344	(1)	over	(0.0%)	
Total Controllable Exp.	89,941	91,161	(1,220)	(1,220)	67,904	68,480	(576)	over	(0.8%)	
Total Controllable Inc.	(107,634)	(105,901)	(1,733)	(1,733)	(73,898)	(72,623)	(1,275)	under recovered	(1.7%)	3
Transfer to/(from) Balance Sheet	2,104	(849)	2,953	2,953	1,430	(421)	1,851	over recovered	(129.4%)	4, a
Net Controllable Exp.	(15,589)	(15,589)	0	0	(4,564)	(4,564)	0	-	0.0%	
Loan Charges	15,589	15,589	0	0	10,592	10,592	0	-		a
Net Controllable Exp.	0	0	0	0	6,028	6,028	0	-	0.0%	

Variance Explanations

1. The variance in Employee Costs is due to higher than anticipated staff turnover.
2. The overspend in Property Costs is due to repairs and maintenance work, although there was an initial reduced demand in relation to the level and type of repairs and maintenance work that had been carried out due to the initial lockdown, workload had increased through to December 2020. This increased demand and the payments made to property services to reflect fixed costs are reflected in the overspend actual expenditure.
3. The rental income assumed additional new build properties would be available during 2020/21 but delayed due to Covid-19.
4. The year end transfer to or from balance sheet is dependent on actual final outturns, the current shortfall on income due to lockdown suggests a transfer from the balance sheet will be required.

Virements

- a. The loan charges budget is amended to reflect the impact of revised borrowing profile as a result of Covid-19 and the timing of borrowing net Nil:- Transfers to/(from) Balance Sheet £2.419m and Loan Charges (£2.419m).