

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	17 June 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 (excl 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 28 February 2020 for Housing and Technical Resources (excl HRA)
- ◆ provide a forecast for the year to 31 March 2020

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' (excl HRA) revenue budget, as detailed in Appendix A of the report, and the financial forecast to 31 March 2020 of a breakeven position, be noted.

3. Background

- 3.1. This is the fifth revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2019/2020.
- 3.2. The Resource has completed its formal probable outturn exercise for the year. This exercise identifies the expected spend to 31 March 2020. Details are included in section 5.
- 3.3. The report details the financial position for Housing and Technical Resources (excl HRA) on Appendix A, and then details the individual services in Appendices B and C.

4. Employee Implications

4.1. None.

5. Financial Implications

- 5.1. **Probable Outturn:** Following the Council's formal Probable Outturn exercise, the financial forecast for the revenue budget to 31 March 2020 is a breakeven position after transfers to reserves of £0.253 million. The Resource position before any transfers to reserves is an underspend of £0.253 million.

- 5.2. The underspend before transfers to reserves within Housing Services is within the Homelessness budget. This is due to the timing of the Rapid Rehousing Transition Planning (RRTP) funding roll out. An allocation of £0.566 million has been made for 2019/2020, however, due to the timing of the allocation and the resultant implementation profile an underspend of £0.147 million is forecast. In addition, due to the temporary accommodation stock profile and good income collection within the Homelessness service, an underspend of £0.106 million is forecast, it is proposed to transfer these sums to reserves to fund future investment in the Homelessness service.
- 5.3. As at 28 February 2020, the financial forecast for the revenue budget to 28 February 2020 is a breakeven position after transfers to reserves of £0.242 million. There is an underspend of £0.242 million against the phased budget before any transfers to reserves.
- 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)

13 May 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Housing and Technical Resources Committee, 1 April 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 28 February 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 28 February 2020 (No.12)

Housing and Technical Resources Summary (excl HRA)

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 28/02/20 £000	Actual 28/02/20 £000	Variance 28/02/20 £000	% Variance 28/02/20	Note
Employee Costs	42,099	41,894	205	165	37,602	37,140	462	under	1.2%
Property Costs	19,835	19,861	(26)	(112)	18,219	17,988	231	under	1.3%
Supplies & Services	14,078	13,494	584	584	11,138	10,777	361	under	3.2%
Transport & Plant	4,602	4,070	532	532	4,029	3,793	236	under	5.9%
Administration Costs	3,787	3,800	(13)	(13)	3,283	3,335	(52)	over	(1.6%)
Payments to Other Bodies	8,295	8,266	29	29	7,337	7,346	(9)	over	(0.1%)
Payments to Contractors	18,924	17,804	1,120	1,099	13,376	11,106	2,270	under	17.0%
Transfer Payments	0	0	0	0	0	0	0	-	0.0%
Financing Charges	154	142	12	12	140	187	(47)	over	(33.6%)
Total Controllable Exp.	111,774	109,331	2,443	2,296	95,124	91,672	3,452	under	3.6%
Total Controllable Inc.	(94,688)	(92,498)	(2,190)	(2,296)	(78,050)	(74,840)	(3,210)	under recovered	(4.1%)
Net Controllable Exp.	17,086	16,833	253	0	17,074	16,832	242	under	(1.4%)
Transfer to Reserves (as at 31/01/20)	0	253	(253)	0	0	242	(242)	under recovered	
Position After Transfers to Reserves (as at 31/01/20)	17,086	17,086	0	0	17,074	17,074	0	-	0.0%

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 28 February 2020 (No.12)

Housing Services

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 28/02/20 £000	Actual 28/02/20 £000	Variance 28/02/20 £000		% Variance 28/02/20	Note
Employee Costs	2,711	2,615	96	56	2,419	2,285	134	under	5.5%	1
Property Costs	5,376	4,920	456	370	4,615	4,204	411	under	8.9%	2
Supplies & Services	155	164	(9)	(9)	111	105	6	under	5.4%	
Transport & Plant	122	78	44	44	108	69	39	under	36.1%	
Administration Costs	160	154	6	6	63	63	0	-	0.0%	
Payments to Other Bodies	3,713	3,674	39	39	3,272	3,268	4	under	0.1%	
Payments to Contractors	2,918	2,863	55	34	1,814	1,794	20	under	1.1%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	10	11	(1)	(1)	11	26	(15)	over	(136.4%)	
Total Controllable Exp.	15,165	14,479	686	539	12,413	11,814	599	under	4.8%	
Total Controllable Inc.	(6,650)	(6,283)	(367)	(473)	(5,490)	(5,192)	(298)	under recovered	(5.4%)	3
Net Controllable Exp.	8,515	8,196	319	66	6,923	6,622	301	under	(4.3%)	
Transfer to Reserves (as at 31/01/20)	0	253	(253)	0		242	(242)	under recovered		i, ii
Position After Transfers to Reserves (as at 31/01/20)	8,515	8,449	66	66	6,923	6,864	59	under	(0.9%)	

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. The under recovery in rental income is due to the timing of properties becoming available for use as Homeless lets.

Budget Virements

None

Year End Transfers to Reserves £0.253m

- i. General Homelessness Reserves Transfer. £0.106m.
- ii. Rapid Re-Housing Transition Plan Reserves Transfer. £0.147m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 28 February 2020 (No.12)

Property Services

Budget Category	Annual Budget £000	Forecast for Year BEFORE Transfers £000	Annual Forecast Variance BEFORE Transfers £000	Annual Forecast Variance AFTER Transfers £000	Budget Proportion 28/02/20 £000	Actual 28/02/20 £000	Variance 28/02/20 £000		% Variance 28/02/20	Note
Employee Costs	39,388	39,279	109	109	35,183	34,855	328	under	0.9%	1
Property Costs	14,459	14,941	(482)	(482)	13,604	13,784	(180)	over	(1.3%)	2
Supplies & Services	13,923	13,330	593	593	11,027	10,672	355	under	3.2%	3
Transport & Plant	4,480	3,992	488	488	3,921	3,724	197	under	5.0%	4
Administration Costs	3,627	3,646	(19)	(19)	3,220	3,272	(52)	over	(1.6%)	
Payments to Other Bodies	4,582	4,592	(10)	(10)	4,065	4,078	(13)	over	(0.3%)	
Payments to Contractors	16,006	14,941	1,065	1,065	11,562	9,312	2,250	under	19.5%	5
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	144	131	13	13	129	161	(32)	over	(24.8%)	
Total Controllable Exp.	96,609	94,852	1,757	1,757	82,711	79,858	2,853	under	3.4%	
Total Controllable Inc.	(88,038)	(86,215)	(1,823)	(1,823)	(72,560)	(69,648)	(2,912)	under recovered	(4.0%)	6
Net Controllable Exp.	8,571	8,637	(66)	(66)	10,151	10,210	(59)	over	0.6%	
Transfer to Reserves (as at 31/01/20)	0	0	0	0			0	-		
Position After Transfers to Reserves (as at 31/01/20)	8,571	8,637	(66)	(66)	10,151	10,210	(59)	over	0.6%	

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 is forecast to be higher than budget due to the level of bad debts being experienced in shopping centre leases.
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.
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.
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.

Budget Virements

None