

# Report

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

Subject:	<b>Revenue Budget Monitoring 2020/2021 - Housing and Technical Resources - Housing Revenue Account (HRA)</b>
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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 (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 fifth revenue budget monitoring report presented to the Housing and Technical Resources Committee for the financial year 2020/21.

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 2021, there was a breakeven position against the budget. The breakeven position was after a final transfer to the balance sheet of £2.569m. The annual budget anticipated a transfer to reserves of £3.418m. The lower than anticipated transfer position is primarily due to overspends in repairs and an under recovery in rental income, offset partially by underspends in bad debt provision, IT milestone payments and employee costs. 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 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 Revenue Account

<b>Budget Category</b>	<b>Annual Budget</b>	<b>Forecast for Year</b>	<b>Annual Forecast Variance</b>	<b>Budget Proportion 31/03/21</b>	<b>Actual 31/03/21</b>	<b>Variance 31/03/21</b>		<b>% Variance 31/03/21</b>	<b>Notes</b>
Employee Costs	13,721	13,384	337	13,721	13,596	125	under	0.9%	1
Property Costs	44,394	45,485	(1,091)	44,394	43,694	700	under	1.6%	2, a
Supplies & Services	996	809	187	996	790	206	under	20.7%	3
Transport & Plant	195	223	(28)	195	165	30	under	15.4%	
Administration Costs	5,644	5,632	12	5,644	5,701	(57)	over	(1.0%)	4
Payments to Other Bodies	3,176	3,130	46	3,176	3,225	(49)	over	(1.5%)	
Payments to Contractors	100	131	(31)	100	97	3	under	3.0%	
Transfer Payments	0	0	0	0	0	0	-	0.0%	
Financing Charges	18,134	18,142	(8)	18,134	18,159	(25)	over	(0.1%)	
<b>Total Controllable Exp.</b>	86,360	86,936	(576)	86,360	85,427	933	under	1.1%	
Total Controllable Inc.	(105,367)	(103,634)	(1,733)	(105,367)	(103,479)	(1,888)	under recovered	(1.8%)	5, a
Transfer to/(from) Balance Sheet	3,418	1,109	2,309	3,418	2,569	849	over recovered	(24.8%)	6
<b>Net Controllable Exp.</b>	(15,589)	(15,589)	0	(15,589)	(15,483)	(106)	over	(0.7%)	
Loan Charges	15,589	15,589	0	15,589	15,483	106	over recovered		7
<b>Net Controllable Exp.</b>	0	0	0	0	0	0	-	0.0%	

**Variance Explanations**

1. The variance in Employee Costs is due to higher than anticipated staff turnover.
2. The variance in Property Costs relates to repairs and maintenance work which has varied through the financial year due to Covid-19. Payments continue to be made to property services reflecting fixed costs. This was more than offset by an underspend on the level of BDP, although arrears overall increased this was less extreme than initial estimates suggested with continuous improved recovery levels throughout the financial year. This was partially due to schemes such as the tenancy sustainment fund mitigating the overall level of debt.
3. The variance in Supplies & Services is due slippage in the IT milestone payments for the new system being developed.
4. The overspend relates mainly to costs in relation to revised agile working arrangements due to Covid-19.
5. The rental income assumed additional new build properties would be available during 2020/21 but delayed due to Covid-19. The under recovery of income includes a shortfall on insurance commission.
6. The net impact of the variances within the service has resulted in the net transfer to Balance Sheet reserves being lower than the forecast.
7. The overspend reflects a slightly higher than forecast level of loan charges for the financial year.

**Virements**

- a. The budget for rechargeable repairs and owners contributions to investment works has been reduced by £2.267m in both income and expenditure this reflects the reduced workload for 2020/21 due to Covid-19.