

Report

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| Report to: | Housing and Technical Resources Committee |
| Date of Meeting: | 16 September 2020 |
| Report by: | Executive Director (Finance and Corporate Resources) Executive Director (Housing and Technical Resources) |

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| Subject: | Revenue Budget Monitoring 2020/2021 - 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 2020 to 19 June 2020 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 overspend of £0.244 million as at 19 June 2020 on Housing and Technical Resources (excl HRA) revenue budget, as detailed in Appendix A of the report, be noted.

3. Background

3.1. This is the first 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) in Appendix A, then details for 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 19 June 2020, there is a overspend of £0.244 million against the phased budget.

5.2. The overspend is caused by additional expenditure in relation to the COVID-19 response including additional expenditure for temporary accommodation costs for homeless people and the cost of additional health and safety measures employees and service users.

5.3. The COVID-19 lock down has also had an impact on the Property Services section which provides the property investment, repairs and maintenance service to the HRA and other Resources Capital and Revenue budgets. The section continues to incur non variable costs which require to be offset by income recovery, therefore a recharge of £9.538 million has been required to date to these budgets to cover fixed costs.

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.

7.2. There are no implications for sustainability in terms of the information contained in 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.

Paul Manning

Executive Director (Finance and Corporate Resources)

Daniel Lowe

Executive Director (Housing and Technical Resources)

6 August 2020

Link(s) to Council Values/Ambitions/Objectives

♦ Accountable, Effective, Efficient and Transparent

Previous References

♦ Executive Committee, 12 August 2020

List of Background Papers

♦ Financial ledger and budget monitoring results to 19 June 2020

Contact for Further Information

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

Hazel Goodwin, Finance Manager

Ext: 2699 (Tel: 01698 452699)

E-mail: Hazel.Goodwin@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 19 June 2020 (No.3)

Housing and Technical Resources Summary (excl HRA)

| Budget Category | Annual Budget | Forecast for Year BEFORE Transfers | Annual Forecast Variance BEFORE Transfers | Annual Forecast Variance AFTER Transfers | Budget Proportion 19/06/20 | Actual 19/06/20 | Variance 19/06/20 | % Variance 19/06/20 | Notes |
|--|----------------------|---|--|---|-----------------------------------|------------------------|--------------------------|----------------------------|--------------|
| Employee Costs | 43,252 | 43,252 | 0 | 0 | 8,620 | 8,220 | 400 under | 4.6% | |
| Property Costs | 16,603 | 16,603 | 0 | 0 | 3,512 | 3,866 | (354) over | (10.1%) | |
| Supplies & Services | 14,086 | 14,086 | 0 | 0 | 2,950 | 677 | 2,273 under | 77.1% | |
| Transport & Plant | 4,612 | 4,612 | 0 | 0 | 967 | 630 | 337 under | 34.9% | |
| Administration Costs | 3,805 | 3,805 | 0 | 0 | 806 | 796 | 10 under | 1.2% | |
| Payments to Other Bodies | 7,596 | 7,596 | 0 | 0 | 1,315 | 1,328 | (13) over | (1.0%) | |
| Payments to Contractors | 18,661 | 18,661 | 0 | 0 | 3,978 | 953 | 3,025 under | 76.0% | |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 - | 0.0% | |
| Financing Charges | 153 | 153 | 0 | 0 | 29 | 26 | 3 under | 10.3% | |
| Total Controllable Exp. | 108,768 | 108,768 | 0 | 0 | 22,177 | 16,496 | 5,681 under | 25.6% | |
| Total Controllable Inc. | (94,774) | (94,774) | 0 | 0 | (19,708) | (13,783) | (5,925) under recovered | (30.1%) | |
| Net Controllable Exp. | 13,994 | 13,994 | 0 | 0 | 2,469 | 2,713 | (244) over | 9.9% | |
| Transfer to Reserves as at (19/06/20) | 0 | 0 | 0 | 0 | 0 | 0 | 0 - | | |
| Position After Transfers to Reserves (19/06/20) | 13,994 | 13,994 | 0 | 0 | 2,469 | 2,713 | (244) over | 9.9% | |

Variance Explanations

Variances are shown in Appendix B and D as appropriate.

Budget Virements

Virements are shown in Appendix B and C as appropriate.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 19 June 2020 (No.3)

Housing Services

| Budget Category | Annual Budget | Forecast for Year BEFORE Transfers | Annual Forecast Variance BEFORE Transfers | Annual Forecast Variance AFTER Transfers | Budget Proportion 19/06/20 | Actual 19/06/20 | Variance 19/06/20 | | % Variance 19/06/20 | Notes |
|--|----------------------|---|--|---|-----------------------------------|------------------------|--------------------------|-----------------|----------------------------|--------------|
| Employee Costs | 2,782 | 2,782 | 0 | 0 | 559 | 514 | 45 | under | 8.1% | |
| Property Costs | 5,266 | 5,266 | 0 | 0 | 368 | 398 | (30) | over | (8.2%) | |
| Supplies & Services | 165 | 165 | 0 | 0 | 13 | 4 | 9 | under | 69.2% | |
| Transport & Plant | 118 | 118 | 0 | 0 | 10 | 0 | 10 | under | 100.0% | |
| Administration Costs | 178 | 178 | 0 | 0 | 25 | 28 | (3) | over | (12.0%) | |
| Payments to Other Bodies | 4,145 | 4,145 | 0 | 0 | 754 | 755 | (1) | over | (0.1%) | |
| Payments to Contractors | 2,655 | 2,655 | 0 | 0 | 471 | 471 | 0 | - | 0.0% | |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% | |
| Financing Charges | 10 | 10 | 0 | 0 | 3 | 0 | 3 | under | 100.0% | |
| Total Controllable Exp. | 15,319 | 15,319 | 0 | 0 | 2,203 | 2,170 | 33 | under | 1.5% | |
| Total Controllable Inc. | (6,776) | (6,776) | 0 | 0 | (1,035) | (1,002) | (33) | under recovered | (3.2%) | |
| Net Controllable Exp. | 8,543 | 8,543 | 0 | 0 | 1,168 | 1,168 | 0 | - | 0.0% | |
| Transfer to Reserves as at (19/06/20) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | | |
| Position After Transfers to Reserves (19/06/20) | 8,543 | 8,543 | 0 | 0 | 1,168 | 1,168 | 0 | - | 0.0% | |

Variance Explanations

None.

Budget Virements

None.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 19 June 2020 (No.3)

Property Services

| Budget Category | Annual Budget | Forecast for Year BEFORE Transfers | Annual Forecast Variance BEFORE Transfers | Annual Forecast Variance AFTER Transfers | Budget Proportion 19/06/20 | Actual 19/06/20 | Variance 19/06/20 | | % Variance 19/06/20 | Notes |
|--|----------------------|---|--|---|-----------------------------------|------------------------|--------------------------|------------------------|----------------------------|--------------|
| Employee Costs | 40,470 | 40,470 | 0 | 0 | 8,061 | 7,706 | 355 | under | 4.4% | 1 |
| Property Costs | 11,337 | 11,337 | 0 | 0 | 3,144 | 3,242 | (98) | over | (3.1%) | 2 |
| Supplies & Services | 13,921 | 13,921 | 0 | 0 | 2,937 | 660 | 2,277 | under | 77.5% | 3 |
| Transport & Plant | 4,494 | 4,494 | 0 | 0 | 957 | 630 | 327 | under | 34.2% | 4 |
| Administration Costs | 3,627 | 3,627 | 0 | 0 | 781 | 763 | 18 | under | 2.3% | |
| Payments to Other Bodies | 3,451 | 3,451 | 0 | 0 | 561 | 573 | (12) | over | (2.1%) | |
| Payments to Contractors | 16,006 | 16,006 | 0 | 0 | 3,507 | 482 | 3,025 | under | 86.3% | 5 |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% | |
| Financing Charges | 143 | 143 | 0 | 0 | 26 | 26 | 0 | - | 0.0% | |
| Total Controllable Exp. | 93,449 | 93,449 | 0 | 0 | 19,974 | 14,082 | 5,892 | under | 29.5% | |
| Total Controllable Inc. | (87,998) | (87,998) | 0 | 0 | (18,673) | (12,781) | (5,892) | under recovered | (31.6%) | 6 |
| Net Controllable Exp. | 5,451 | 5,451 | 0 | 0 | 1,301 | 1,301 | 0 | - | 0.0% | |
| Transfer to Reserves as at (19/06/20) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | | |
| Position After Transfers to Reserves (19/06/20) | 5,451 | 5,451 | 0 | 0 | 1,301 | 1,301 | 0 | - | 0.0% | |

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 lockdown.
2. Estates bad debt provision is forecast to be higher than budget due to the level of bad debts being experienced across the portfolio but in particular the majority of this is expected to be in relation to a major shopping centre lease.
3. The COVID-19 lockdown has 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. The COVID-19 lockdown has 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. The COVID-19 lockdown has 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. The COVID-19 lockdown has 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 which require to be offset by income recovery, therefore a recharge of £9.548m has been required to date to Resources revenue and capital budgets to cover these fixed costs.

Budget Virements

None

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 19 June 2020 (No.3)

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

| Budget Category | Annual Budget | Forecast for Year BEFORE Transfers | Annual Forecast Variance BEFORE Transfers | Annual Forecast Variance AFTER Transfers | Budget Proportion 19/06/20 | Actual 19/06/20 | Variance 19/06/20 | % Variance 19/06/20 | Notes |
|--|----------------------|---|--|---|-----------------------------------|------------------------|--------------------------|----------------------------|--------------|
| Employee Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Property Costs | 0 | 0 | 0 | 0 | 0 | 226 | (226) | over | 0.0% 1 |
| Supplies & Services | 0 | 0 | 0 | 0 | 0 | 13 | (13) | over | 0.0% |
| Transport & Plant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Administration Costs | 0 | 0 | 0 | 0 | 0 | 5 | (5) | over | 0.0% |
| Payments to Other Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Payments to Contractors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Transfer Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Financing Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Total Controllable Exp. | 0 | 0 | 0 | 0 | 0 | 244 | (244) | over | 0.0% |
| Total Controllable Inc. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0.0% |
| Net Controllable Exp. | 0 | 0 | 0 | 0 | 0 | 244 | (244) | over | 0.0% |
| Transfer to Reserves as at (19/06/20) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | |
| Position After Transfers to Reserves (19/06/20) | 0 | 0 | 0 | 0 | 0 | 244 | (244) | over | 0.0% |

Variance Explanations

- The majority of this additional expenditure is for temporary accommodation costs for homeless people and the cost of additional Health and Safety measures for Housing and Property Staff and service users.

Budget Virements

None