

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	5 May 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 26 February 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 of the report, and the forecast to 31 March 2021 of a breakeven position, be noted
- (2) that the proposed budget virements be approved.

3. Background

3.1. This is the fourth 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. This reflects the impact of COVID-19 being managed within the overall HRA finances.

5.2. As at 26 February 2021, there is a breakeven position against the phased budget.

5.3. The impact of COVID-19 on the budget continues to be monitored, including the impact on repairs which has varied throughout the year. Rental debt continues to be at higher 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 for which rental income had been assumed within the budget.

- 5.4. COVID-19 restrictions have also 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, an element of which requires 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)

30 March 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 28 April 2021
- ◆ Housing and Technical Resources Committee, 17 February 2021

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 26 February 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 26 February 2021 (No.12)

Housing Revenue Account

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 26/02/21	Actual 26/02/21	Variance 26/02/21		% Variance 26/02/21	Notes
Employee Costs	13,721	13,384	337	337	12,196	12,017	179	under	1.5%	1
Property Costs	46,661	47,752	(1,091)	(1,091)	37,086	37,261	(175)	over	(0.5%)	2
Supplies & Services	996	809	187	187	720	671	49	under	6.8%	
Transport & Plant	195	223	(28)	(28)	166	169	(3)	over	(1.8%)	
Administration Costs	5,644	5,632	12	12	4,287	4,285	2	under	0.0%	
Payments to Other Bodies	3,176	3,130	46	46	2,854	2,848	6	under	0.2%	
Payments to Contractors	100	131	(31)	(31)	89	94	(5)	over	(5.6%)	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	18,134	18,142	(8)	(8)	18,201	18,211	(10)	over	(0.1%)	a
Total Controllable Exp.	88,627	89,203	(576)	(576)	75,599	75,556	43	under	0.1%	
Total Controllable Inc.	(107,634)	(105,901)	(1,733)	(1,733)	(87,364)	(85,743)	(1,621)	under recovered	(1.9%)	3
Transfer to/(from) Balance Sheet	3,418	1,109	2,309	2,309	2,322	744	1,578	over recovered	(68.0%)	4, a
Net Controllable Exp.	(15,589)	(15,589)	0	0	(9,443)	(9,443)	0	-	0.0%	
Loan Charges	15,589	15,589	0	0	11,788	11,788	0	-		
Net Controllable Exp.	0	0	0	0	2,345	2,345	0	-	0.0%	

Variance Explanations

- The variance in Employee Costs is due to higher than anticipated staff turnover.
- 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
- 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.
- The year end transfer to or from balance sheet is dependent on actual final outturns, the current shortfall on income due to lockdown suggests the required transfer to the balance sheet will be lower than anticipated

Virements

- The Capital Financed by Current Revenue (CFCR) budget is amended to reflect the approved capital programme and transferred to Reserves net Nil:- Transfers to/(from) Balance Sheet £1.314m and Finance Charges (£1.314m).