

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	10 August 2022
Report by:	Executive Director (Finance and Corporate Resources) Executive Director (Housing and Technical Resources)

Subject:	Revenue Budget Monitoring 2021/2022 - 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 2021 to 31 March 2022 for Housing and Technical Resources (HRA).

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, be noted; and
- (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 2021/2022.

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. As at 31 March 2022, there is a breakeven position against the phased budget.

5.2. The COVID-19 lockdown has had an impact on the Property Services section which provides the property repairs and maintenance service to the HRA. The section continues to incur non variable costs which require to be offset by income recovery, therefore a recharge to HRA revenue budget was required at year-end to cover a share of these fixed costs.

6. Other Implications

6.1. 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 4-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. Climate Change, Sustainability and Environmental Implications

7.1. There are no Climate Change, Sustainability and Environmental Implications in terms of the information contained within 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)

29 June 2022

Link(s) to Council Values/Priorities/Outcomes

◆ Accountable, Effective, Efficient and Transparent

Previous References

◆ Executive Committee, 29 June 2022.

◆ Housing & Technical Committee, 8 December 2021.

List of Background Papers

◆ Financial ledger and budget monitoring results to 31 March 2022.

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 2022 (No.14)

Housing Revenue Account

Budget Category	Annual Budget	Forecast for Year	Annual Forecast Variance	Annual Forecast Variance AFTER Transfers	Budget Proportion 31/03/22	Actual 31/03/22	Variance 31/03/22		% Variance 31/03/22	Notes
Employee Costs	14,090	13,842	248	248	14,090	13,957	133	under	0.9%	1
Property Costs	46,061	46,666	(605)	(605)	46,061	46,893	(832)	over	(1.8%)	2 a,b
Supplies & Services	879	841	38	38	879	701	178	under	20.3%	3
Transport & Plant	195	167	28	28	195	153	42	under	21.5%	
Administration Costs	5,645	5,633	12	12	5,645	5,485	160	under	2.8%	4
Payments to Other Bodies	3,076	3,113	(37)	(37)	3,076	3,130	(54)	over	(1.8%)	5 b
Payments to Contractors	100	97	3	3	100	69	31	under	31.0%	
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	19,637	19,662	(25)	(25)	19,637	19,744	(107)	over	(0.5%)	6
Total Controllable Exp.	89,683	90,021	(338)	(338)	89,683	90,132	(449)	over	(0.5%)	
Total Controllable Inc.	(106,485)	(106,823)	338	338	(106,485)	(108,765)	2,280	over recovered	2.1%	7 a
Transfer to/(from) Balance Sheet	971	971	0	0	971	2,917	(1,946)	under recovered	200.4%	8 c
Net Controllable Exp.	(15,831)	(15,831)	0	0	(15,831)	(15,716)	(115)	over	(0.7%)	
Loan Charges	15,831	15,831	0	0	15,831	15,716	115	over recovered		9 c
Net Controllable Exp.	0	0	0	0	0	0	0	-	0.0%	

Variance Explanations

- The variance in Employee Costs is due to higher than anticipated staff turnover.
- The net overspend reflects a reduction in repairs and maintenance during the various periods of lockdown throughout the year, offset by an increase in demand when restrictions eased and for the level of void work required. The position includes the agreed recharge from Property Services for downtime during the COVID-19 lockdown. This was partly offset by a lower than budgeted level of bad debt provision. During the year collection rates for rental income have been better than forecast, which is due in part to schemes such as the tenancy sustainment fund mitigating the overall level of debt. This underspend is used to manage the additional repairs and voids expenditure in the current year.
- This underspend reflects slippage in milestone payments for the new IT system which is under development. The funding will be carried forward into a future year to complete the project.
- A large element of this underspend is due to demand led legal expenses and the underspend reflects the current level of court action. This also reflects a reduced charge in relation to efficiency savings made within central support departments
- This overspend reflects the costs of our contracted services for tenant scrutiny participation and is managed within the overall budget.
- The IT leasing budget has been impacted by changing demands post Covid-19 and realignment of budget is required in future years to manage this pressure. The interest on revenue balances is impacted by the levels held and interest rates and is lower than budget.
- This over recovery is a combination of additional one off funding including insurance, funded posts, energy funding and rental income due to the timing of new build completions.
- The net combined underspend at year end date allows for a higher than budgeted level of transfer to reserves.
- The overall level of debt charges was lower than anticipated due to the profile of funding requirements.

Virements

- The estimated expenditure and income for owner occupier energy efficiency measures was adjusted to reflect the revised annual demand levels - net £0.000m: Property Costs (£1.860m) and Income £1.860m.
- An allocation of £0.100m was transferred from Bad Debt Provision to allow for Tenancy Sustainment measures - net £0.000m: Property Costs (£0.100m) and Payments to Other Bodies £0.100m.
- The estimated expenditure on Loan Charges is amended to better reflect the profile of funding requirements - net £0.000m: Loan Charges (£1.810m) and Transfer to/(from) Balance Sheet £1.810m.