

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	17 February 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 (Excl Housing Revenue Account) (HRA)
----------	---

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 1 January 2021 for Housing and Technical Resources (excl 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 overspend of £0.491 million as at 1 January 2021 on Housing and Technical Resources (excl HRA) Revenue Budget, as detailed in Appendix A to the report, be noted, and
- (2) that the forecast to 31 March 2021 of a £1.147 million overspend position, be noted.
- (3) that the proposed budget virements be approved

3. Background

3.1. This is the third 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 provides 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. **Probable Outturn:** As at 31 March 2021, there is an overspend of £1.147 million forecast against the annual budget. This is made up of overspends due to COVID-19 of £1.165 million, partially offset by an underspend of £0.018 million as a result of reduced printing costs due to COVID-19. These costs are being considered and reported as part of the Council's probable outturn position.

5.2. As at 1 January 2021, there is an overspend of £0.491 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 for employees and service users.
- 5.3. COVID-19 restrictions have also had an impact on Property Services which provides the property investment, repairs and maintenance service to the HRA, as well as to other Resource Capital and Revenue budgets. The Service continues to incur non variable costs which require to be offset by income recovery.
- 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 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. 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)

27 January 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 10 February 2021
- ◆ Housing and Technical Committee, 25 November 2020

List of Background Papers

- ◆ Financial ledger and budget monitoring results to 1 January 2021

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 1 January 2021 (No.10)

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 01/01/21	Actual 01/01/21	Variance 01/01/21	% Variance 01/01/21	Notes
Employee Costs	43,324	41,764	1,560	1,560	31,837	30,787	1,050	under	3.3%
Property Costs	20,018	21,373	(1,355)	(1,355)	15,390	16,171	(781)	over	(5.1%)
Supplies & Services	14,036	9,267	4,769	4,769	10,558	5,592	4,966	under	47.0%
Transport & Plant	4,607	4,272	335	335	3,417	2,835	582	under	17.0%
Administration Costs	3,795	3,908	(113)	(113)	2,842	2,913	(71)	over	(2.5%)
Payments to Other Bodies	8,621	8,819	(198)	(198)	5,268	5,471	(203)	over	(3.9%)
Payments to Contractors	18,790	12,881	5,909	5,909	13,545	8,649	4,896	under	36.1%
Transfer Payments	0	0	0	0	0	0	0	-	0.0%
Financing Charges	154	142	12	12	117	111	6	under	5.1%
Total Controllable Exp.	113,345	102,426	10,919	10,919	82,974	72,529	10,445	under	12.6%
Total Controllable Inc.	(97,868)	(85,802)	(12,066)	(12,066)	(70,217)	(59,281)	(10,936)	under recovered	(15.6%)
Net Controllable Exp.	15,477	16,624	(1,147)	(1,147)	12,757	13,248	(491)	over	3.8%
Transfer to Reserves as at (01/01/21)	0	0	0	0	0	0	0	-	
Position After Transfers to Reserves (01/01/21)	15,477	16,624	(1,147)	(1,147)	12,757	13,248	(491)	over	3.8%

Variance Explanations

Variances are shown in Appendix B - 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 1 January 2021 (No.10)

Housing Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/01/21	Actual 01/01/21	Variance 01/01/21		% Variance 01/01/21	Notes
Employee Costs	2,854	2,480	374	374	2,062	1,884	178	under	8.6%	1, a
Property Costs	5,584	5,515	69	69	3,973	3,947	26	under	0.7%	a, b
Supplies & Services	115	160	(45)	(45)	65	70	(5)	over	(7.7%)	a, b
Transport & Plant	113	91	22	22	35	24	11	under	31.4%	
Administration Costs	168	174	(6)	(6)	114	130	(16)	over	(14.0%)	a
Payments to Other Bodies	4,420	4,263	157	157	2,873	2,856	17	under	0.6%	a, b
Payments to Contractors	2,784	2,795	(11)	(11)	1,449	1,449	0	-	0.0%	a
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	11	11	0	0	9	9	0	-	0.0%	a
Total Controllable Exp.	16,049	15,489	560	560	10,580	10,369	211	under	2.0%	
Total Controllable Inc.	(7,251)	(6,846)	(405)	(405)	(5,298)	(5,149)	(149)	under recovered	(2.8%)	2, a, b
Net Controllable Exp.	8,798	8,643	155	155	5,282	5,220	62	under	(1.2%)	
Transfer to Reserves as at (01/01/21)	0	0	0	0	0	0	0	-		
Position After Transfers to Reserves (01/01/21)	8,798	8,643	155	155	5,282	5,220	62	under	(1.2%)	

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. The majority of this variance is an under recovery of income on- temporary accommodation stock, stock levels and demand are continually re-assessed. Costs and income for additional temporary accommodation units in response to COVID emergency are included at Appendix D

Budget Virements

- a. Homelessness Business plan realignments including allocation of additional Rapid Rehousing Transition Plan funding net £0.250m:- £0.072m Employee Costs, £0.345m Property Costs, (£0.007m) Supplies & Services, £0.260m Payments to Other Bodies, £0.129m Payments to Contractors, £0.001m Financing Charges and (£0.522m) Income.
- b. Vulnerable Person Relocation Scheme (VPRS) realignment of Home Office Funding net Nil:- (£0.027m) Property Costs, (£0.044m) Supplies & Services, £0.015m Payments to Other Bodies and £0.056m Income.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 1 January 2021 (No.10)

Property Services

Budget Category	Annual Budget	Forecast for Year BEFORE Transfers	Annual Forecast Variance BEFORE Transfers	Annual Forecast Variance AFTER Transfers	Budget Proportion 01/01/21	Actual 01/01/21	Variance 01/01/21		% Variance 01/01/21	Notes
Employee Costs	40,470	39,284	1,186	1,186	29,775	28,903	872	under	2.9%	1
Property Costs	14,434	14,613	(179)	(179)	11,417	11,628	(211)	over	(1.8%)	2, a, b
Supplies & Services	13,921	9,050	4,871	4,871	10,493	5,457	5,036	under	48.0%	3
Transport & Plant	4,494	4,177	317	317	3,382	2,811	571	under	16.9%	4
Administration Costs	3,627	3,669	(42)	(42)	2,728	2,718	10	under	0.4%	
Payments to Other Bodies	4,201	4,191	10	10	2,395	2,403	(8)	over	(0.3%)	c
Payments to Contractors	16,006	10,065	5,941	5,941	12,096	7,178	4,918	under	40.7%	5
Transfer Payments	0	0	0	0	0	0	0	-	0.0%	
Financing Charges	143	131	12	12	108	102	6	under	5.6%	
Total Controllable Exp.	97,296	85,180	12,116	12,116	72,394	61,200	11,194	under	15.5%	
Total Controllable Inc.	(90,617)	(78,364)	(12,253)	(12,253)	(64,919)	(53,663)	(11,256)	under recovered	(17.3%)	6, a
Net Controllable Exp.	6,679	6,816	(137)	(137)	7,475	7,537	(62)	over	0.8%	
Transfer to Reserves as at (01/01/21)	0	0	0	0	0	0	0	-		
Position After Transfers to Reserves (01/01/21)	6,679	6,816	(137)	(137)	7,475	7,537	(62)	over	0.8%	

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 restrictions.
2. Estates bad debt provision is forecast to be higher than budget due to the level of bad debts being experienced across the portfolio.
3. COVID-19 restrictions have 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. COVID-19 restrictions have 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. COVID-19 restrictions have 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. COVID-19 restrictions have 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.

Budget Virements

- a. Additional planned maintenance funding CFCR/Reserves net £0.381m: £3.000m Property Costs and additional income (£2.619m).
- b. Additional Fuel budget net £0.097m: £0.097m Property Costs.
- c. Transfer from Capital in respect of Private Sector Housing Scheme of Assistance. Net Effect £0.750m: Payment to Other Bodies £0.750m.

SOUTH LANARKSHIRE COUNCIL

Revenue Budget Monitoring Report

Housing and Technical Resources Committee: Period Ended 1 January 2021 (No.10)

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 01/01/21	Actual 01/01/21	Variance 01/01/21	% Variance 01/01/21	Notes
Employee Costs	0	0	0	0	0	0	0	-	0.0%
Property Costs	0	1,245	(1,245)	(1,245)	0	596	(596)	over	0.0% 1
Supplies & Services	0	57	(57)	(57)	0	65	(65)	over	0.0% 2
Transport & Plant	0	4	(4)	(4)	0	0	0	-	0.0%
Administration Costs	0	65	(65)	(65)	0	65	(65)	over	0.0% 2
Payments to Other Bodies	0	365	(365)	(365)	0	212	(212)	over	0.0% 1
Payments to Contractors	0	21	(21)	(21)	0	22	(22)	over	0.0% 2
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	1,757	(1,757)	(1,757)	0	960	(960)	over	0.0%
Total Controllable Inc.	0	(592)	592	592	0	(469)	469	over recovered	0.0% 3
Net Controllable Exp.	0	1,165	(1,165)	(1,165)	0	491	(491)	over	0.0%
Transfer to Reserves as at (01/01/21)	0	0	0	0	0	0	0	-	
Position After Transfers to Reserves (01/01/21)	0	1,165	(1,165)	(1,165)	0	491	(491)	over	0.0%

Variance Explanations

1. The majority of this additional expenditure is for temporary accommodation costs for homeless people and is partially offset by income.
2. This reflects the cost of additional Health and Safety measures for Housing and Property Staff and service users.
3. This reflects the income recovered from rental income for the additional temporary accommodation supplied.

Budget Virements

None