

WEST DUNBARTONSHIRE COUNCIL**Report by the Strategic Lead Housing and Employability****Council : 26 August 2020**

**Subject: Housing Revenue Account Budgetary Control Report
 to 30 June 2020 (Period 3)**

1. Purpose

- 1.1** The purpose of the report is to provide members with an update on the financial performance to 30 June 2020 (Period 3) of the HRA revenue and capital budgets for 2020/21.

2. Recommendations

- 2.1** Members are asked to:

- i) note the contents of this report which shows the revenue budget forecast to underspend against budget by £1.048m (2.37%) at the year-end; and
- ii) note the net projected annual position in relation to relevant capital projects which is highlighting an in-year variance of £12.622m (21.07%) due to projected slippage.

3. BackgroundRevenue

- 3.1** At the meeting of West Dunbartonshire Council on 4 March 2020, Members agreed the revenue estimates for 2020/2021 and a total budget of £44.152m.

Capital

- 3.2** At the meeting of Council on 4 March 2020, Members also agreed the updated Capital Plan for 2020/21 which has been augmented by slippage from 2019/20 to produce a total planned spend for 2020/21 of £59.908m.

4. Main IssuesRevenue

- 4.1** The budgetary position for HRA Revenue is provided in Appendix 1 with information on projected variances valued at more than £0.050m being provided as Appendix 2, and shows a projected underspend of £1.048m.

The restrictions imposed from 23rd march 2020 lockdown due to COVID-19 has had an impact on housing service delivery activities and costs . The main points affecting revenue spend are :-

- Repairs underspend - only emergency repairs were able to be attended to, so reduced cost of repairs charged from Housing Maintenance Trading Account reflecting less work. Senior Management are working closely together to work through the optimum solution to get the backlog of work completed subject to Risk Assessments and COVID management processes to ensure operative and tenant safety.
- Void rent loss - house moves were not allowed between April and June so not possible to re let available properties which resulted in increased void rent loss for April to June. These restriction have now been lifted and properties are being re-let.
- Rent Income - house building programme was suspended so rent income from houses expected to be completed in 20/21 will not be realised until 21/22

Capital

4.2 The HRA capital summary position is shown in Appendix 3. Information on projects that are highlighted as being within the red and amber categories are provided in Appendices 4 & 5. Appendix 6 provides information on all the remaining projects which are categorised as being within the Green category. A summary of anticipated resources is shown in Appendix 7. The analysis shows that there is currently a projected in-year favourable variance of £12.622m which relates to anticipated slippage. COVID-19 restrictions have delayed construction and improvement works which is reflected in the slippage figures in this report. Works, having previously been paused due to COVID, are now being planned/progressed to resume in line with Ph3 of SG Routemap. Subject to Risk Assessments and COVID management processes to ensure operative and tenant safety

4.3 From the analysis within appendix 4 and appendix 5, it can be seen that there are 16 projects with forecast material slippage, as listed as follows:

Project Name	Slippage (£m)
Affordable Housing Supply Programme	6.474
Targeted EESSH compliance works	1.103
Building external component renewals	0.997
Doors/Window component Renewals	0.960
Statutory/regulatory compliance works (lifts/electrical/legionella/fire etc.)	0.533
Modern facilities and services	0.400
Heating improvement works	0.315
Capitalised minor works	0.307
Special needs adaptations	0.302
Environmental renewal works	0.259
Airport Noise Insulation scheme	0.192

MSF Fire Risk Assessment works	0.167
Defective structures/component renewals	0.153
Better Homes Priority Budget	0.122
Asbestos management works	0.120
Secure entry component renewals	0.109

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** Other than the financial position noted above, there are no financial implications of the budgetary control report. There are no procurement implications arising from this report.

7. Risk Analysis

- 7.1** The main financial risks to the ongoing financial position relate to unforeseen cost being identified between now and the end of the financial year. This can affect all service areas.

The projected cost of covid is based upon a variety of assumptions flexibilities; demand; timing of nationally agreed changes through the phasing out of lockdown. These assumptions change regularly and therefore there is a significant risk that the projected year end budgetary position will change from that reported.

8. Equalities Impact Assessment (EIA)

- 8.1** The report is for noting and therefore no Equalities Impact Assessment was completed for this report.

9. Consultation

- 9.1** The views of both Finance and Legal services have been requested on this report and both have advised there are neither any issues nor concerns with the proposal. As the report is for noting no further consultation is envisaged.

10. Strategic Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan. This report forms part of the financial governance of the Council. This report is for noting and, therefore, does not directly affect any of the strategic priorities.

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Date: 13 August 2020

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Appendices: Appendix 1 - Budgetary Position (Revenue)
Appendix 2 - Variance analysis (Revenue)
Appendix 3 - Budgetary Position (Capital)
Appendix 4 - Variance analysis Red Projects (Capital)
Appendix 5 - Variance analysis Amber Projects (Capital)
Appendix 6 - Variance analysis Green Projects (Capital)
Appendix 7 - Resources (Capital)

Background Papers: None

Wards Affected: All