

WEST DUNBARTONSHIRE COUNCIL
HRA REVENUE BUDGETARY CONTROL 2023/24

ITEM 11 - APPENDIX 1

PERIOD END DATE

31/10/2023

Subjective Summary	Total Budget 2023/24 £000	Spend to Date 2023/24 £000	Forecast Spend £000	Forecast Variance 2023/24 £000 %		Annual RAG Status
Employee Costs	7,669	3,922	7,955	286	4%	↓
Property Costs	2,377	1,288	2,217	(160)	-7%	↑
Transport Costs	142	55	141	(1)	0%	↑
Supplies, Services And Admin	389	119	397	8	2%	↓
Support Services	2,720	1,564	2,681	(39)	-1%	↑
Other Expenditure	534	465	585	51	10%	↓
Repairs & Maintenance	16,257	7,675	16,147	(110)	-1%	↑
Bad Debt Provision	1,089	52	960	(129)	-12%	↑
Void Loss (Council Tax/Lost Rents)	1,261	958	1,475	214	17%	↓
Loan Charges	15,476	11,049	18,829	3,353	22%	↓
CFCR	1,729	0	0	(1,729)	-100%	↑
Total Expenditure	49,643	27,147	51,387	1,744	4%	↓
House Rents	47,729	26,861	47,652	77	0%	↓
Lockup Rents	217	116	202	15	7%	↓
Factoring/Insurance Charges	1,434	1,494	1,494	(60)	-4%	↑
Other rents	117	59	120	(3)	-3%	↑
Interest on Revenue Balance	30	0	146	(116)	-387%	↑
Transfer from Reserves	0	0	1,642	(1,642)	0%	↑
Miscellaneous income	116	37	131	(15)	-13%	↑
Total Income	49,643	28,567	51,387	(1,744)	-4%	↑
Net Expenditure	0	(1,420)	(0)	(0)		→

MONTH END DATE 31/10/2023

PERIOD 7

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
EMPLOYEE COSTS		7,669	7,955	286	4%
Subjective Description		This budget covers all employees charged directly to the HRA including caretakers.			
Variance Narrative					
Main Issues	This adverse variance is mainly due to additional posts being approved, after time of budget setting to meet the demands of the service. In addition to this , the pay award for 2324 is expected to be higher than the budgeted 4%.				
Mitigating Action	Managers will continue to consider ways to keep staffing costs down including considering each vacancy as it arises re need / urgency to fill.				
Anticipated Outcome	A year end overspend is anticipated				
Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
PROPERTY COSTS		2,377	2,217	(160)	-7%
Subjective Description		This budget covers electricity, gas, rates, rents, cleaning and insurance costs.			
Variance Narrative					
Main Issues	A favourable variance is expected due to the assumption that office accommodation and utility costs will be similar to last year which is lower than anticipated at time of budget setting, resulting in a favourable variance.				
Mitigating Action	No mitigating action is required.				
Anticipated Outcome	A year end underspend is anticipated				
Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
SUPPORT SERVICES		2,720	2,681	(39)	-1%
Subjective Description		This budget covers central support recharges to the HRA			
Variance Narrative					
Main Issues	A favourable variance is expected with the assumption that the 2023/24 forecast outturn for support services is expected to be in line with the 2022/23 outturn adjusted for pay uplifts etc. This charge is calculated each year end based on HRA's percentage usage of the total cost of WDC support services. The 2023/24 HRA budget was set before this 2022/23 outturn was known so was based on 2021/22 charge which was higher.				
Mitigating Action	No mitigating action is required.				
Anticipated Outcome	A year end underspend is anticipated				
Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
REPAIRS & MAINTENANCE		16,257	16,147	(110)	-1%
Service Description		This budget covers all repair and maintenance expenditure to houses and lockups			
Variance Narrative					
Main Issues	High volume of jobs and inflationary increases in materials and labour have resulted in the budget for jobbing repairs being insufficient to meet current demand. However this had been more than offset by an underspend in the electrical installation inspection reports (EICR) budget due to the contract only being awarded half way through the year.				
Mitigating Action	There are uncontrollable costs, such as materials and inflation as well as the demand for repairs which continues to increase. However as we continue to progress with the building services improvement plan, we expect costs to reduce particularly in relation to void houses. The later than anticipated start on EICR work at present covers these costs but we need to continue to ensure the costs remain contained.				
Anticipated Outcome	A year end small underspend is anticipated				

MONTH END DATE 31/10/2023

PERIOD 7

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
BAD DEBT PROVISION		1,089	960	(129)	-12% ↑
Service Description					
This budget allows for the provision for bad and doubtful debts to be maintained at an appropriate level					
Variance Narrative					
Main Issues	The Bad Debt Provision expected to be required for 2023/24 is less than estimated at time of budget setting, resulting in a favourable variance. This assumes that the provision required in 2023/24 will be similar to the 2022/23 provision.				
Mitigating Action	No mitigating action is required.				
Anticipated Outcome	A year end underspend is anticipated				

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
VOID LOSS		1,261	1,475	214	17% ↓
Service Description					
This budget covers the rents lost on void houses and lockups and the cost of council tax on void properties.					
Variance Narrative					
Main Issues	The main reason for the projected adverse variance relates to the number of void properties being higher than expected at time of budget setting. The budget was set on the assumption that backlogs following COVID delays in getting voids turned around would be resolved however the numbers continued to be high at the beginning of this financial year. They have now lowered considerably				
Mitigating Action	A void working group has been reviewing the issues and have been implementing actions and working with Housing Maintenance managers to improve the situation and it is expected that the void figures will continue to decrease over the next few months.				
Anticipated Outcome	A year end overspend is anticipated				

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
LOAN CHARGES		15,476	18,829	3,353	22% ↓
Service Description					
Loan Charges is made up of repayments of principle sums, and the payments of interest and expenses					
Variance Narrative					
Main Issues	The main reason for this variance is the due to interest payments being higher than anticipated at time of budget setting. The recent increase in bank interest rates has led to a significant increase in loan interest payments.				
Mitigating Action	None available				
Anticipated Outcome	A year end overspend is anticipated				

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
CFCR		1,729	0	(1,729)	-100% ↑
Service Description					
This budget covers the contribution from revenue to Capital					
Variance Narrative					
Main Issues	In order to offset the cost pressures on the revenue HRA in 2023/24, it is anticipated that there will be no contribution to capital spend in 2023/24.				
Mitigating Action	None available				
Anticipated Outcome	A year end underspend is anticipated				

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
Rents		47,729	47,652	77	0% ↓
Service Description					
This budget covers the rental income due from tenants					
Variance Narrative					
Main Issues	Timing of buy backs and new builds being ready for letting is slightly behind that budgeted				
Mitigating Action	Turn around of buy backs continues to be monitored to maximise income				
Anticipated Outcome	Small adverse variance				

Budget Details		Variance Analysis			
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MONTH END DATE 31/10/2023

PERIOD 7

Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status
	£000	£000	£000 %	
Factoring/Insurance Charges	1,434	1,494	(60) -4%	↑
Service Description				
Income received from insurance and factoring				
Variance Narrative				
Main Issues	10% increases were applied to fees 2324 in line with the councils sales fees charges increase approved in March 2023. The budget only assumed 4% increase			
Mitigating Action	None required			
Anticipated Outcome	Small favourable variance			

Budget Details	Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status
	£000	£000	£000 %	
Interest on Revenue Balance	30	146	(116) -387%	↑
Service Description				
Income received from insurance and factoring				
Variance Narrative				
Main Issues	This income is dependant on bank interest rates . The revised forecast takes account of the high interest rate rises in past year			
Mitigating Action	None required			
Anticipated Outcome	Small favourable variance			

Budget Details	Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status
	£000	£000	£000 %	
Transfer from Reserves	0	1,642	(1,642) 0%	↑
Service Description				
Utilisation of reserves to fund forecast overspend				
Variance Narrative				
Main Issues	In order to achieve a break even position within the HRA , it is necessary to draw down the shortfall from the current HRA reserves . The current reserve is £2.634M therefore this will reduce reserves to £0.992M which is just above the prudential reserve target of £0.984M			
Mitigating Action	If costs reduce below the forecast at P7 then the call on reserves can be reduced			
Anticipated Outcome	Reduction in reserves			