

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Infrastructure and Regeneration

Housing, Environment and Economic Development Committee: 5 February 2014

**Subject: Housing Revenue Account Budgetary Position 2013/14 as at
Period 9 (31 December 2013)**

1. Purpose

- 1.1** The purpose of this report is to advise Members of the financial performance of the HRA revenue and capital budgets for the period to 31 December 2013.

2. Recommendations

- 2.1** The financial management code of practice states that from period 8 all budgetary control reports will be prepared on a probable outturn basis and that reported variances will be calculated by comparing actual spend to date against probable outturn to date
- 2.2** Members are asked to
- i) consider and note the contents of this report which shows the revenue budget underspending against probable to period 9 by £0.041m and the capital budget showing a projected overspend against probable of £0.646m.

3. Background

- 3.1** Appendix 1 shows the probable outturn for both expenditure and income. The overall projected net position on the Housing Revenue Account at the year end, measuring the probable outturn against budget, is a small adverse variance of £116,700. The probable outturn for expenditure is £37,341,150. As the annual budget is £36,888,506 there is a projected adverse variance of £452,644 (1%). The probable outturn for income is £37,224,450. As the annual budget is £36,888,506 there is a favourable variance of £335,944 (less than 1%).
- 3.2** At period 9 there is a favourable variance of £41,100 in comparing phased probable net expenditure to actual net expenditure.
- 3.3** Appendices 2 and 3 show the probable outturn for HRA capital expenditure along with the resources to fund it. HRA budgeted expenditure was £39.283m. The probable outturn on capital expenditure is £35.715m. This is mainly attributable to slippage on improvement works (traditional and non-traditional) and new build at Granville St Ph 2 and Central Bellsmyre.

- 3.4** At period 9 there is an adverse variance of £0.646m in comparing probable gross expenditure with actual gross expenditure. This is mainly attributable to an acceleration in the programme for demolishing surplus stock.

4. Main Issues

Revenue Budget

- 4.1** The current departmental budgetary position is summarised in Appendix 1. The overall variance for the HRA to period 9 is £0.041m favourable. Actual expenditure is £27.650m against a phased probable to date of £27.634m. There is therefore an adverse variance of £0.016m (less than 1%). Actual income is £27.974m against a phased probable of £27.917m. There is therefore a favourable variance of £0.057m (less than 1%). An explanation of the key variances (those in excess of £25,000 or 10%) is given below:

Employee costs

- (i) There is a favourable variance of £0.072m (2%) This is partly due to winter overtime to date being less than anticipated.

(ii) Repairs & Maintenance

There is currently an overall adverse variance of £0.109m (1%) against repairs. The main reasons for this variance are:

- an adverse variance of £0.148m against jobbing repairs. There has been an increase in demand-led jobbing works and also void works partly offset by an increased charge to HRA Capital;
- a favourable variance against recoveries of £0.037m. There have been several recent insurance settlements for fires from 2008 and early 2009;

(vi) Income

There is a favourable variance of £0.057m (less than 1%). This is attributable to rental income from houses being slightly greater than probable and the salary recharge to HRA Capital being higher than anticipated.

Capital Budget

- 4.2** The current departmental budgetary position is summarised in Appendix 2. Details on funding is shown on Appendix 3.

5. People Implications

5.1 There are no people implications.

6. Financial Implications

6.1 Other than the financial position noted above, there are no financial implications of the budgetary control report.

7. Risk Analysis

7.1 The main financial risks to the ongoing financial position relate to unforeseen costs being identified between now and the end of the financial year and in particular the consequences of wider benefit changes which will be closely monitored. This can affect all service areas.

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 have been requested on this report and both have advised there are neither any issues nor concerns with the content. 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: 17 January 2014

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Appendices: Appendix 1 - Detailed Budgetary Position (Revenue)
Appendix 2 - Summary Budgetary Position (Capital)
Appendix 3 - HRA Capital Funding

Background Papers: None

Wards Affected: All