

## **WEST DUNBARTONSHIRE COUNCIL**

### **Report by the Strategic Lead Housing and Employability**

**Council : 28 August 2019**

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**Subject:     Housing Revenue Account Budgetary Control Report  
                 to 31 July 2019 (Period 4)**

#### **1.     Purpose**

- 1.1**     The purpose of the report is to provide members with an update on the financial performance to 31 July 2019 (Period 4) of the HRA revenue and capital budgets.

#### **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 £0.029m (0.1%) at the year-end; and
- ii)      note the net projected annual position in relation to relevant capital projects which is showing no projected variance.

#### **3.     Background**

##### Revenue

- 3.1**     At the meeting of West Dunbartonshire Council on 14 February 2019, Members agreed the revenue estimates for 2018/2019 and a total budget of £43.204m.

##### Capital

- 3.2**     At the meeting of Council on 14 February 2019, Members also agreed the updated Capital Plan for 2019/20 which has been augmented by slippage from 2018/19 to produce a total planned spend for 2019/20 of £62.316m.

#### **4.     Main Issues**

##### Revenue

- 4.1**     The budgetary position for HRA Revenue is provided in Appendix 1 with information on projected variances valued at more than £50,000 being provided as Appendix 2, and shows a projected underspend of £0.029m.

##### Capital

- 4.2**     The HRA capital summary position is shown in Appendix 3. There are no projects categorised as either “red” or “amber” and Appendix 4 provides

information on two projects within the “Green” category. A summary of anticipated resources is shown in Appendix 5. At present projections are showing no variance or slippage within 2019/20.

- 4.3** The Strategic Housing Investment Plan (SHIP) 2018-2023, outlining West Dunbartonshire’s Affordable Housing Supply Programme (AHSP) through the More Homes West Dunbartonshire approach was approved by the Housing and Communities Committee in November 2018 with an updated budget being approved at Council on 14 February 2019. An update on the programme and progress on each site was provided to the Housing and Communities Committee on the 14 August 2019. At this point costings for the various sites within the AHSP are being finalised as part of the procurement processes for these sites. Current projections of costs are showing that the St Andrews site is expected to be over budget by around £0.900m, whilst others are currently projected to underspend. Currently the underspends projected don’t match the St Andrews projected overspend. Once the costing exercise is complete it may be necessary to seek Council permission to vire funds between budgets within the AHSP and/or to accelerate funds from planned future years spend within the AHSP.

## **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.

## **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.

**Peter Barry**  
**Strategic Lead – Housing and Employability**  
**Date: 15 August 2019**

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

**Background Papers:** None

**Wards Affected:** All

**WEST DUNBARTONSHIRE COUNCIL**  
**HRA REVENUE BUDGETARY CONTROL 2019/2020**

Appendix 1

PERIOD END DATE

31 July 2019

Subjective Summary	Total Budget 2019/20 £000	Spend to Date 2019/20 £000	Forecast Spend £000	Forecast Variance 2019/20 £000 %		Annual RAG Status
Employee Costs	5,232	1,558	5,273	41	1%	↓
Property Costs	1,776	627	1,820	44	2%	↓
Transport Costs	83	17	79	(4)	0%	↑
Supplies, Services And Admin	308	57	308	0	0%	→
Support Services	2,557	852	2,557	0	0%	→
Other Expenditure	404	172	432	28	7%	↓
Repairs & Maintenance	12,088	3,098	12,104	16	0%	↓
Bad Debt Provision	1,060	336	1,060	0	0%	→
Void Loss (Council Tax/Lost Rents)	870	269	759	(111)	-13%	↑
Loan Charges	18,826	6,275	18,826	0	0%	→
<b>Total Expenditure</b>	<b>43,204</b>	<b>13,261</b>	<b>43,218</b>	<b>14</b>	<b>0%</b>	<b>↓</b>

House Rents	41,517	12,557	41,558	(41)	0%	↑
Lockup Rents	231	68	228	3	1%	↓
Factoring/Insurance Charges	1,170	397	1,190	(20)	-2%	↑
Other rents	123	35	112	11	9%	↓
Interest on Revenue Balance	62	21	62	0	0%	→
Miscellaneous income	101	25	97	4	4%	↓
<b>Total Income</b>	<b>43,204</b>	<b>13,103</b>	<b>43,247</b>	<b>(43)</b>	<b>0%</b>	<b>↑</b>

<b>Net Expenditure</b>	<b>0</b>	<b>158</b>	<b>(29)</b>	<b>(29)</b>
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WEST DUNBARTONSHIRE COUNCIL  
HRA REVENUE BUDGETARY CONTROL 2019/2020  
ANALYSIS FOR VARIANCES OVER £50,000

APPENDIX 2

MONTH END DATE	31 July 2019
PERIOD	4

Budget Details		Variance Analysis			
Subjective Analysis		Budget	Forecast Spend	forecast Variance	RAG Status
		£000	£000	£000	%
VOID LOSS		870	759	(111)	-13%
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	One of the main reasons for this favourable variance relates to an underspend on the cost of void council tax. This budget has been set too high, since it included properties which were previously identified for demolition.				
Mitigating Action	No mitigating action is required.				
Anticipated Outcome	A year end underspend is anticipated.				

PERIOD 4

Project Status Analysis	Project Life Status Analysis				Current Year Project Status Analysis			
	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status	Number of Projects at RAG Status	% Projects at RAG Status	Spend to Date £000	% Project Spend at RAG Status
Red								
Projects are forecast to be overspent and/or experience material delay to completion	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Amber								
Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Green								
Projects are on target both in relation to overall budget and the forecast stages in the project life cycle and no issues are anticipated at this time	27	100.0%	31,698	100.0%	27	100.0%	8,136	100.0%
TOTAL EXPENDITURE	27	100%	31,698	100%	27	100%	8,136	100%
Project Status Analysis	Project Life Financials				Current Year Financials			
	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000	Budget £000	Spend to Date £000	Forecast Spend £000	Forecast Variance £000
Red								
Projects are forecast to be overspent and/or significant delay to completion	0	0	0	0	0	0	0	0
Amber								
Projects are either at risk of being overspent and/or delay in completion (although this is unquantifiable at present) or the project has any issues that require to be reported at this time	0	0	0	0	0	0	0	0
Green								
Projects are on target both in relation to overall budget and the forecast stages in the project life cycle and no issues are anticipated at this time	208,779	31,698	208,679	(100)	62,316	8,136	62,316	0
TOTAL EXPENDITURE	208,779	31,698	208,679	(100)	62,316	8,136	62,316	
TOTAL RESOURCES	208,779	31,698	208,679	100	62,316	8,136	62,316	0
NET EXPENDITURE	0	0	0	0	0	0	0	0

MONTH END DATE

31 July 2019

PERIOD

4

Budget Details	Project Life Financials					
	Budget £000	Spend to Date £000	%	Forecast Spend £000	Variance £000	%

1	Targeted SHQS Compliance Works						
	Project Life Financials	1,200	17	1%	1,100	(100)	-8%
	Current Year Financials	300	17	6%	300	0	0%
	Project Description	This budget is to focus on work required to maintain the SHQS compliance with WDC housing stock.					
	Project Lifecycle	Planned End Date	31-Mar-24	Forecast End Date	31-Mar-24		
	Main Issues / Reason for Variance						
	This budget anticipates the amount of work required to those properties in abeyance, in order to make them SHQS compliant. The overall project life budget required to meet this need, is less than anticipated and therefore the project shows an overall favourable variance of £0.100m.						
Mitigating Action							
None required at this time.							
Anticipated Outcome							
Project to complete as planned and under budget.							

2	Affordable Housing Supply Programme						
Project Life Financials		96,924	5,370	6%	96,924	0	0%
Current Year Financials		33,984	1,430	4%	33,984	0	0%
Project Description		Affordable Housing Supply Programme					
Project Lifecycle		Planned End Date		31-Mar-24	Forecast End Date		31-Mar-24
Main Issues / Reason for Variance							
The Strategic Housing Investment Plan (SHIP) 2018-2023, outlining West Dunbartonshire's Affordable Housing Supply Programme through the More Homes West Dunbartonshire approach was approved by the Housing and Communities Committee in November 2018. An update on the programme and progress on each site was reported to the Housing and Communities Committee on the 14th August 2019. At this point costings for the various sites within the AHSP are being finalised as part of the procurement processes for these sites. Current projections of costs are showing that the St Andrews site is expected to be over budget by around £0.900m, whilst others are currently projected to underspend. Currently the underspends projected don't match the St Andrews projected overspend. Once the costing exercise is complete it may be necessary to seek Council permission to vire funds between budgets within the ASHP and/or to accelerate funds from planned future years spend within the ASHP.							
Mitigating Action							
Progress on this programme will be closely monitored on a regular basis through the More Homes Project Board and reported to the Housing and Communities Committee on a quarterly basis.							
Anticipated Outcome							
The Affordable Housing Supply Programme will be delivered on time and within the overall project life budget.							

<b>TOTAL GREEN</b>						
Project Life Financials	208,779	31,698	15%	208,679	(100)	0%
Current Year Financials	62,316	8,136	13%	62,316	0	0%

MONTH END DATE

31 July 2019

PERIOD

4

Budget Details	Project Life Financials					
	Budget	Income to Date		Forecast Spend	Forecast Variance	
	£000	£000	%	£000	£000	%

1

<b>New Build Grant</b>						
Project Life Financials	(35,623)	(3,774)	11%	(35,508)	115	0%
Current Year Financials	(20,175)	0	0%	(20,175)	0	0%
Project Description	Grant to facilitate the building of new build housing					
Project Lifecycle	Planned End Date	31-Mar-24	Forecast End Date	31-Mar-24		
<b>Main Issues / Reason for Variance</b>						
The Scottish Government grant funding is awarded based upon the cost of providing the properties required by those most in housing need. In general, as a Local Authority we are providing properties that directly deal with housing need and there are approximately 4,000 applicants currently on the housing list. There is an under supply of larger family accommodation, however most of the projects will increase the number of 3, 4 and 5 bedroom properties. These properties cost more to develop and take up a greater proportion of each site thus reducing the number of units on each site. It is anticipated that there will be a small under recovery of funding of £0.115m (0.03%).						
<b>Mitigating Action</b>						
It is the intention to have discussions with the Scottish Government to secure additional Affordable Housing Supply Programme funding. Progress on the programme will be closely monitored on a regular basis and reported to the Housing and Communities Committee on a quarterly basis.						
<b>Anticipated Outcome</b>						
It may be possible to bring the resource budget back in line, should additional funding become available.						

<b>TOTAL RESOURCES</b>						
Project Life Financials	(208,779)	(31,698)	15%	(208,679)	100	0%
Current Year Financials	(62,316)	(8,136)	13%	(62,316)	0	0%