

WEST DUNBARTONSHIRE COUNCIL
HRA REVENUE BUDGETARY CONTROL 2023/24
ANALYSIS FOR VARIANCES OVER £50,000

MONTH END DATE 31 January 2024

PERIOD 10

Budget Details		Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status	
	£000	£000	£000	%	
Employee Costs	7,669	7,986	317	4%	↓
Subjective Description					
This budget covers all employees charged directly to the HRA including caretakers.					
Variance Narrative					
Main Issues	The employee cost overspend reflects the impact of the 2023/24 local government pay award that was greater than the budgeted pay increase.				
Mitigating Action	Managers continue to consider ways to keep staffing costs down including considering each vacancy as it arises and the need / urgency to fill.				
Anticipated Outcome	A year end overspend.				
Budget Details					
		Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status	
	£000	£000	£000	%	
Property Costs	2,377	2,608	231	10%	↓
Subjective Description					
This budget covers electricity, gas, rates, rents, cleaning and insurance costs.					
Variance Narrative					
Main Issues	Property costs overspend mainly due to increased electricity costs advised through the electricity national framework agreement after the budget was set. In addition, insurance costs are forecast to be exceed budget reflecting the high rate of inflation and cost pressures across the insurance market.				
Mitigating Action	Managers are reviewing electricity usage to identify action that can be taken to reduce energy consumption and cost.				
Anticipated Outcome	A year end overspend.				
Budget Details					
		Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status	
	£000	£000	£000	%	
Other Expenditure	534	676	272	51%	↓
Subjective Description					
This budget covers rent abatements, payments to the Womens Aid service, legal expenses and other sundry costs.					
Variance Narrative					
Main Issues	The overspend is due to higher rent abatement payments this year due to challenges in Building Services addressing the backlog of voids and repairs alongside complex meter related issues preventing tenants being able to return to their homes. The abatement overspend is partly offset by underspends in legal and banking costs.				
Mitigating Action	Work is underway with Housing Operations and Building Service to review existing processes and enhance staff guidance, alongside improved monitoring reports to reduce the abatement spend going forward. Help to move and support workers continuing to support work to resolve meter related issues.				
Anticipated Outcome	A year end overspend.				

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	£000	£000	£000	%	
Repairs & Maintenance	16,257	16,068	(189)	-1%	↑
Service Description					
This budget covers all repair and maintenance expenditure to houses and lockups					
Variance Narrative					
Main Issues	A higher volume of repair orders, partly due to the clearance of a COVID related backlog, and inflationary pressures with pay and construction materials has driven up both in-house repairs team (Building Services) and external contractor costs. These costs pressures have led to overspends on responsive repair and void repair budgets. These overspends have been offset by an underspend against the electrical installation inspection reports (EICR) budget where some of the planned programme has slipped into the next financial year, an underspend against the WDTR0 budget and by additional rechargeable repair income.				
Mitigating Action	Tight controls are in place to minimise external contractor spend across repair and void work categories. Building Services continues to implement its improvement programme with its focus on the smart use of technology to improve logistics and support productivity improvement and a continued focus on improved attendance and improved productivity to reduce cost.				
Anticipated Outcome	A year end underspend.				

Budget Details	Variance Analysis				
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status	
	£000	£000	£000	%	
Bad Debt Provision	1,089	959	(130)	-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 is forecast to less than estimate. This is based on the current year provision being at a similar level to 2022/23.				
Mitigating Action	No mitigating action is required.				
Anticipated Outcome	A year end underspend.				

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	£000	£000	£000	%	
Void Loss (Council Tax/Lost Rents)	1,261	1,500	239	19%	↓
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 adverse variance relates to void numbers being higher than expected at time of budget setting. The increased void numbers have an adverse impact on void rent loss and void house council tax payments. Void turnaround times were longer than anticipated as result of the high number of voids at the start of the financial year. We also continue to experience challenges with utility companies resolving debt on meters and meter reconnections which adversely impacts on the length of time properties are void. There is an improving trend with voids, with void numbers reducing considerably during the year.				
Mitigating Action	A void working group continues to meet to identify and address issues and senior Housing Operations and Building services staff continue to work well in partnership to improve the speed and throughput of void house repairs.				
Anticipated Outcome	A year end overspend.				

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 the repayments of principal sums and the payment of interest and expenses					
Variance Narrative					
Main Issues	The adverse variance is the due to loan interest payments being higher than anticipated at time of budget setting. Local authority borrowing costs have increased considerably over the last 12 - 18 months and this has driven up our debt financing costs.				
Mitigating Action	The Council continues to actively manage its external / internal borrowing to ensure that borrowing costs are minimised.				
Anticipated Outcome	A year end overspend.				

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	The cost pressures across the HRA revenue budget means that there is no scope to make a revenue contribution to capital spend in 2023/24.				
Mitigating Action	None available				
Anticipated Outcome	A year end underspend.				

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	£000	£000	£000	%	
Factoring/Insurance Charges	(1,434)	(1,494)	(60)	4%	↑
Service Description					
Income received from insurance and factoring					
Variance Narrative					
Main Issues	The increased income reflects a 10% increase in fees in 2023/24 in line with the council's sales fees charges increase approved in March 2023. The budget only assumed a 4% increase				
Mitigating Action	None required				
Anticipated Outcome	A year end income over-recovery.				

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					
Interest receivable on HRA balances					
Variance Narrative					
Main Issues	The favourable variance issue to the recent increase in interest rates. This will result in higher interest earned on cash balances.				
Mitigating Action					
Anticipated Outcome	A year end income over-recovery.				

Budget Details		Variance Analysis			
Subjective Analysis	Budget	Forecast Spend	forecast Variance	RAG Status	
	£000	£000	£000	%	
Transfer from / to Reserves	0	(2,134)	(2,134)	0%	↑
Service Description					
Transfer of year end under/overspend to HRA reserves.					
Variance Narrative					
Main Issues	The recent sharp increase in local government borrowing costs and the inflationary pressures across budgets mean that it is now necessary to drawdown £2.134m from HRA reserves to deliver a break even position. The current reserve balance is £2.634M. The drawdown will reduce HRA reserves to circa £0.500M at March 24 which is below the 2023/24 prudential target of £0.984M.				
Mitigating Action	Management will look to identify and deliver general efficiencies across all areas of the housing budget in the remainder of financial year 23/24 and in financial year 24/25 to allow reserves to be replenished in line with the prudential target.				
Anticipated Outcome	Reduction in HRA reserves at 31 March 2024				