

WEST DUNBARTONSHIRE COUNCIL**Report by the Chief Officer - Resources****Council : 20 December 2023**

Subject: Housing Revenue Account Budgetary Control Report to 31 October 2023 (Period 07)

1. Purpose

- 1.1** The purpose of the report is to provide members with an update on the financial performance to 31 October 2023 (Period 07) of the HRA revenue and capital budgets for 2023/24.

2. Recommendations**2.1** Members are asked to:

- i) note the revenue analysis shows projected adverse variances of £3.371m. However this will be offset by removing the £1.729m budgeted contribution from revenue to capital (CFCR) and using £1.642m of the HRA reserves resulting in a net revenue break even position ; and
- ii) note the net projected annual position in relation to the capital plan is highlighting an in-year adverse variance of £61.826m (49.5%) which is made up of re-profiling of £66.481m (53.2%) and overspend of £4.656m (0.4%) as detailed in Appendix 4.

3. BackgroundRevenue

- 3.1** At the meeting of West Dunbartonshire Council on 01 March 2023, Members agreed the revenue estimates for 2023/24 and a total budget of £49.643m.

Capital

- 3.2** At the meeting of Council on 01 March 2023, Members also agreed the updated Capital Plan for 2023/24 which has been augmented by re-profiling and from 2022/23 and budget adjustment to produce a total planned spend for 2023/24 of £124.846m.

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.
- 4.2 The HRA revenue account has come under severe financial pressure in 2023/24. In order to achieve a break even position in 2023/24 it is forecast that there will need to be a transfer of £1.642m from the available £2.634M HRA reserves which will leave £0.992m in reserves. Note the recommended prudential reserves for the HRA is £0.984m.
- 4.3 The main pressure areas are repairs and loan charges interest payments. Repairs overspend has arisen due to several factors including inflationary increases in materials and labour and large numbers of voids at start of financial year. Void numbers have now significantly reduced therefore it is expected costs will start to reduce in this area in the coming years. Also the efficiency of the work carried will continue to be assessed with a view to minimising the costs of repairs through improved productivity. The recent large increases in interest rates has led to a substantial increase in interest payments for loans outstanding.

Capital

- 4.4 The HRA capital summary position is shown in Appendix 3. Information on projects that are highlighted as being within the Red category is provided in Appendix 4 and Appendix 5 provides information on the projects at Green. A summary of anticipated resources is shown in Appendix 6. The analysis shows that there is currently a projected in-year adverse variance of £61.826m (49.5%), which is made up of re-profiling of £66.481m (53.2%) and overspend of £4.656m (0.4%).
- 4.5 From the analysis within the appendices it can be seen that the main projects with forecast material re- profiling being required are:

Project Name	Re-profiling (£m)
Affordable Housing Supply Programme	63.432
EESH compliance work	1.746

Reasons/ factors for needing re – profiling in respect of each new build site for slippage are explained in Appendix 4, project 8

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 Housing management and Legal services have been requested on this report and both have advised there are neither any issues nor concerns with the proposal.

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: 26 November 2023

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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 (Capital)
Appendix 5 - Variance analysis Green Projects (Capital)
Appendix 6 - Resources (Capital)
Appendix 7 - Analysis of Affordable Housing Supply
Programme (Capital)

Background Papers: None

Wards Affected: All