

**WEST DUNBARTONSHIRE COUNCIL****Report by the Strategic Lead - Resources****Council: 25 November 2020**

---

**Subject: Housing Revenue Account Budgetary Control Report to 31 October 2020 (Period 7)****1. Purpose**

- 1.1 The purpose of the report is to provide members with an update on the financial performance to 31 October 2020 (Period 7) of the HRA revenue and capital budgets for 2020/21.

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

- i) note that the revenue account currently shows a projected annual favourable variance of £1.809m (4.10% of the total budget), of which £1.758mm is COVID related; and
- ii) note the net projected annual position in relation to relevant capital projects which is highlighting an in-year variance of £11.608m (19.38%) due to projected slippage of £12.588 (21.01%) and an overspend of £0.980m (-1.64%)

**3. Background**Revenue

- 3.1 At the meeting of West Dunbartonshire Council on 4 March 2020, Members agreed the revenue estimates for 2020/2021 and a total budget of £44.152m.

Capital

- 3.2 At the meeting of Council on 4 March 2020, Members also agreed the updated Capital Plan for 2020/21 which has been augmented by slippage from 2019/20 to produce a total planned spend for 2020/21 of £59.908m.

**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 £0.050m being provided as Appendix 2, and shows a projected underspend of £1.809m. The projected favourable variance is made up of an underspend of £1.758mm due to the current projected impact of COVID, and an underspend of £0.051m.

The COVID-19 impact projection is based upon a range of assumptions as to how services will restart over the remainder of this financial year.

The restrictions imposed from 23rd march 2020 lockdown due to COVID-19 has had an impact on housing service delivery activities and costs. The main points affecting revenue spend are: -

- Repairs underspend - only emergency repairs were able to be attended to, so reduced cost of repairs charged from Housing Maintenance Trading Account reflecting less work. Senior Management are working closely together to work through the optimum solution to get the backlog of work completed subject to Risk Assessments and COVID-19 management processes to ensure operative and tenant safety.
- Void rent loss - house moves were not allowed between April and June so not possible to re let available properties which resulted in increased void rent loss for April to June. These restrictions have now been lifted and properties are being re-let.
- Rent Income - house building programme was suspended so rent income from houses expected to be completed in 20/21 will not be realised until 21/22.

#### Capital

**4.2** The HRA capital summary position is shown in Appendix 3. Information on projects that are highlighted as being within the red and amber categories are provided in Appendices 4 & 5. Appendix 6 provides information on all the remaining projects which are categorised as being within the Green category. A summary of anticipated resources is shown in Appendix 7. The analysis shows that there is currently a projected in-year favourable variance of £12.588m which relates to anticipated slippage. COVID-19 restrictions have delayed construction and improvement works which is reflected in the slippage figures in this report. Works, having previously been paused due to COVID-19, are now being planned/progressed to resume in line with Ph3 of SG Routemap. Subject to Risk Assessments and COVID-19 management processes to ensure operative and tenant safety.

**4.3** From the analysis within appendix 4 and appendix 5, it can be seen that there are 16 projects with forecast material slippage, as listed as follows:

<b>Project Name</b>	<b>Slippage (£m)</b>
Affordable Housing Supply Programme	4.947
Doors/Window component Renewals	1.475
Building external component renewals	1.197
Targeted EESSH compliance works	1.103
Buy Backs	0.780
Statutory/regulatory compliance works (lifts/electrical/legionella/fire etc.)	0.533
Capitalised minor works	0.515

Modern facilities and services	0.400
Special needs adaptations	0.302
Environmental renewal works	0.259
Airport Noise Insulation scheme	0.192
Secure entry component renewals	0.181
MSF Fire Risk Assessment works	0.167
Defective structures/component renewals	0.153
Heating improvement works	0.123
Better Homes Priority Budget	0.122

- 4.4** The Strategic Housing Investment Plan (SHIP) 2019-2024, 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 2019. An update on the programme and progress on each site was provided to the Housing and Communities Committee held on 4 November 2020.
- 4.5** In March 2020, the country was placed in lockdown due to the COVID-19 pandemic. This ceased all activity on each of the Council's 6 active new build sites and 1 demolition site. Following the re-start of sites as lockdown measures have eased, revised programmes and cost profiles are currently in the process of being received and the impacts of COVID-19 are now projected to impact on projects between 2-6 months and will result in slippage into 21/22. Moreover, complications resulting from the liquidation of the original construction company for the Dumbarton Harbour site has increased the financial pressure on the project life budget, with additional costings estimated at £0.980m. Once revised costings have been fully examined for all sites, 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 to ensure the project comes in on budget over the course of the project life budget. However this may impact on the number of new homes which we can deliver within existing budgets. The Housing Development Team have also had positive conversations with the Scottish Government and will look to increase the grant award for this project to try and offset some of the additional costs, though the outcome of these discussions will not be known until early 2021.

## **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.

The projected cost of COVID-19 is based upon a variety of assumptions flexibilities; demand; timing of nationally agreed changes through the phasing out of lockdown. These assumptions change regularly and therefore there is a significant risk that the projected year end budgetary position will change from that reported.

## **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.

**Stephen West**  
**Strategic Lead – Resources**  
**Date: 17 November 2020**

---

**Person to Contact:** Janice Rainey - Business Unit Finance Partner (HEED),  
16 Church Street, Dumbarton, G82 1QL,  
telephone: 01389 737704, e-mail [janice.rainey@west-dunbarton.gov.uk](mailto:janice.rainey@west-dunbarton.gov.uk)

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

Appendix 6 - Variance analysis Green Projects (Capital)  
Appendix 7 - Resources (Capital)

**Background Papers:** None

**Wards Affected:** All

