

## REPORT TO COMMUNITIES COMMITTEE – 18 FEBRUARY 2021

### FINANCIAL PERFORMANCE TO 31 DECEMBER 2020 - HOUSING REVENUE ACCOUNT (HRA)

#### 1 Reason for Report / Summary

- 1.1 This report provides the Committee with the revenue and capital budget monitoring information to 31 December 2020 for consideration.

#### 2 Recommendations

The Committee is recommended to:

1. Consider and discuss the revenue and capital budget monitoring to 31 December 2021;

#### 3 Purpose and Decision-Making Route

- 3.1 The purpose of this report is to provide the Committee with financial monitoring in relation to budgets within their remit.
- 3.2 The Committee will receive further reports on financial monitoring throughout the year.

#### 4 Discussion

- 4.1 The Housing Revenue Account (HRA) and Capital Expenditure budget for monitoring purposes for 2020/21 were approved by Council on 13 February 2020 and 18 March 2020, respectively. The HRA Revenue Budget for monitoring purposes for 2020/21 was agreed on by Council as breakeven, with £64.513 million of income and expenditure. Any net surplus on the HRA is used to fund the HRA Capital Programme, whilst maintaining a minimum working balance of £2m in reserves. The HRA Capital Budget for the year 2020/21 is £64.801 million and is detailed in **Appendix 3**.

##### Revenue Budget

- 4.2 The phased budgeted income and expenditure on service delivery to the end of December 2020 was a net income position of £21.983 million and the actual was net income of £23.914 million, or £1.931 million more than expected and is detailed in **Appendix 1**.
- 4.3 The HRA Financial Performance information to the end of December 2020 has indicated several emerging over and under budget positions as follows:

- **Asset Management and Repairs** - expenditure to date is within the profiled budget position by £280,000 (Q2 within by £701,000) due to reduced term contractor spend as an effect of Covid-19.
- **Sheltered Housing Officers Service** - £714,000 (Q2 within by £552,000) within profiled budget mainly due to an underspend on staffing of around £251,000 and a delay in receiving energy charges for electricity and gas in the region of £567,000. This position will be rectified by financial year end.
- **Tenancy Services** - expenditure to date is within the profiled budget position by £1.288 million (Q2 within budget by £525,000) and relates to reduced expenditure on premises and repairs and maintenance and grounds maintenance due to the impact of Covid-19.
- **Covid-19–HRA** - Covid-19 costs of £234,000 have been incurred within supplies and services, split over lost rents of £120,000, purchase of materials and equipment £112,000, which mainly relates to the provision of carpeting, bedding and kitchen equipment for temporary accommodation and miscellaneous £2,000.

4.4 The Service and Finance are continuing to work together to assess what the impact on the year end position and the mitigating actions that are available to the Service.

#### Capital Budget

- 4.5 The HRA Capital Budget for the year 2020/21 is £64.801 million and is detailed in **Appendix 3**.
- 4.6 To the end of December 2020, capital expenditure amounted to £26.997 million (£9.769 million) or 42% (15% Q2) of budget after nine months. It is anticipated that expenditure will be £27.849 million lower than budget due to the implications of Covid-19 on the delivery of the plan.

### **5 Council Priorities, Implications and Risk**

5.1 The work and outcomes delivered through the various services reporting to the Communities Committee helps in the delivery of the following council priorities:

<b>Pillar</b>	<b>Priority</b>
Our People	<ul style="list-style-type: none"> <li>• Education</li> <li>• Health &amp; Wellbeing</li> </ul>
Our Environment	<ul style="list-style-type: none"> <li>• Infrastructure</li> <li>• Resilient Communities</li> </ul>
Our Economy	<ul style="list-style-type: none"> <li>• Economy &amp; Enterprise</li> <li>• Estate Modernisation</li> </ul>

- 5.2 This report sets out the financial resources which have been used to deliver the priorities of Communities Committee and as such link into the actions and outcomes set out in the Strategies, Policies and Actions Plans of the services within the Committee's remit.
- 5.3 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing		X	
Equalities			X
Fairer Scotland Duty			X
Town Centre First			X
Sustainability			X
Children and Young People's Rights and Wellbeing			X

- 5.4 An Equalities Impact Assessment and a Town Centre Impact Assessment are not required for this report as the report deals with the monitoring of expenditure against budgets which have been approved previously, and the re-profiling of some expenditure.
- 5.5 The following Risk ACORP001 has been identified as relevant to this matter on a Corporate Level: Budget Pressures (*Corporate Risk Register*). The following Risk BSSR003 has been identified as relevant to this matter on a Strategic Level: Balancing the Books (*Directorate Risk Registers*). Actions being taken to mitigate these risks are set out in the report.

## 6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider this item in terms of Section D.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to resource matters (within agreed budgets) that have been delegated to the Committee.

**Alan Wood**  
**Interim Director of Infrastructure Services**

Report prepared by Chris Smith, Finance Business Partner – Infrastructure Services  
14 January 2021

### List of Appendices

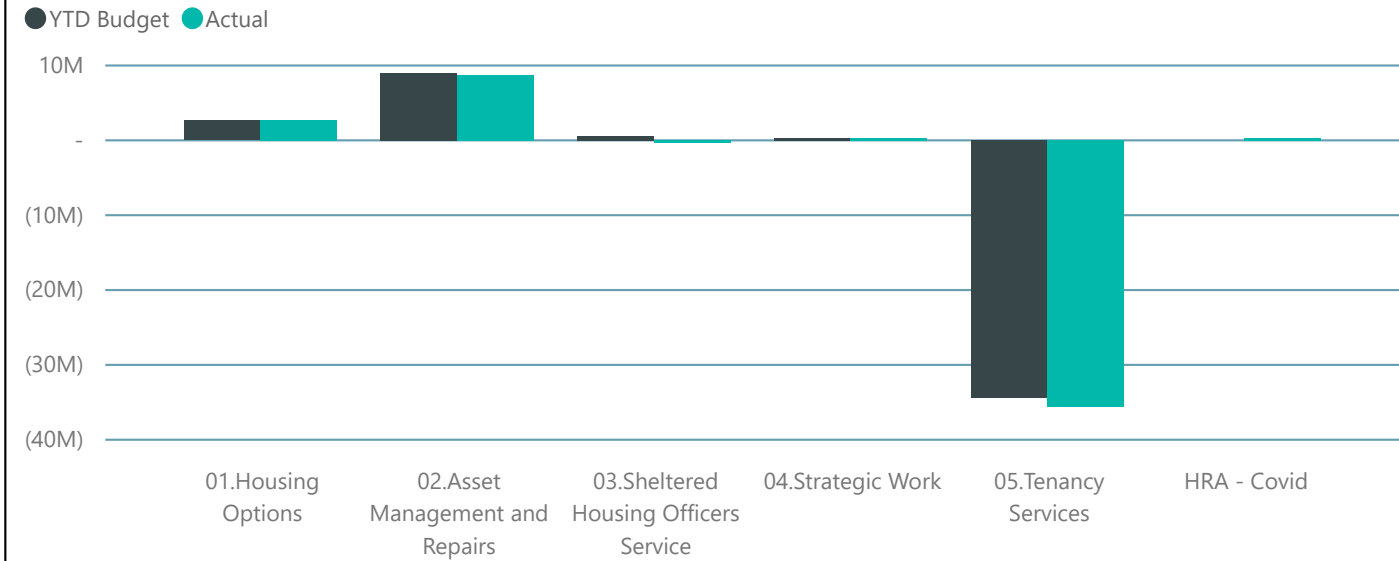
Appendix 1a and 1b – Revenue Monitoring as at 31 December 2020  
Appendix 2 – Budget Movements as at 31 December 2020  
Appendix 3 - Capital Performance as at 31 December 2020



Committee	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
HRA	(19,517,687)	(21,982,976)	(24,148,145)	2,165,169
HRA - Covid	-	-	234,100	(234,100)
<b>Total</b>	<b>(19,517,687)</b>	<b>(21,982,976)</b>	<b>(23,914,045)</b>	<b>1,931,069</b>

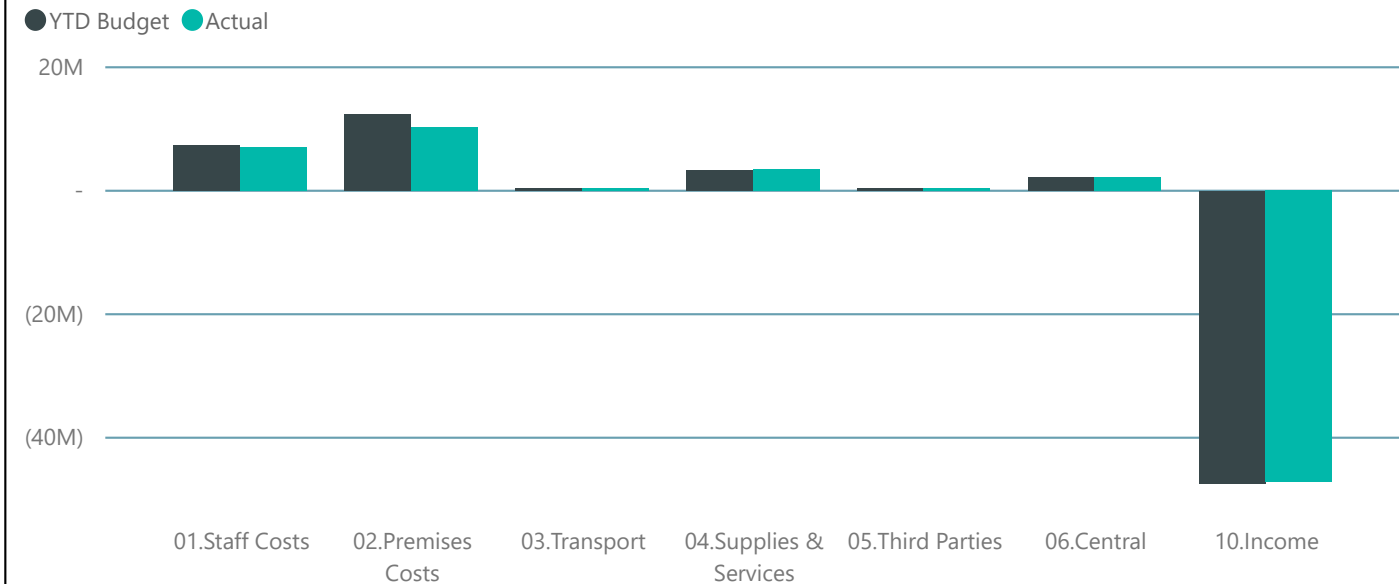
Service	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
HRA	(19,517,687)	(21,982,976)	(24,148,145)	2,165,169
HRA - Covid	-	-	234,100	(234,100)
<b>Total</b>	<b>(19,517,687)</b>	<b>(21,982,976)</b>	<b>(23,914,045)</b>	<b>1,931,069</b>

YTD Budget and Actual by HRA Page



Type of Spend	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Staff Costs	9,732,273	7,298,237	7,049,452	248,785
02.Premises Costs	18,932,460	12,364,445	10,334,931	2,029,514
03.Transport	226,300	170,496	76,931	93,565
04.Supplies & Services	4,606,600	3,303,187	3,498,398	(195,211)
05.Third Parties	175,200	132,799	92,780	40,019
06.Central	2,906,800	2,180,101	2,180,100	1
08.Financing Costs	8,416,000	-	-	-
10.Income	(63,313,320)	(47,432,241)	(47,146,638)	(285,603)
11.Other	(1,200,000)	-	-	-
12.Capital	-	-	-	-
99.Closed	-	-	-	-
<b>Total</b>	<b>(19,517,687)</b>	<b>(21,982,976)</b>	<b>(23,914,045)</b>	<b>1,931,069</b>

YTD Budget and Actual by Type of Spend

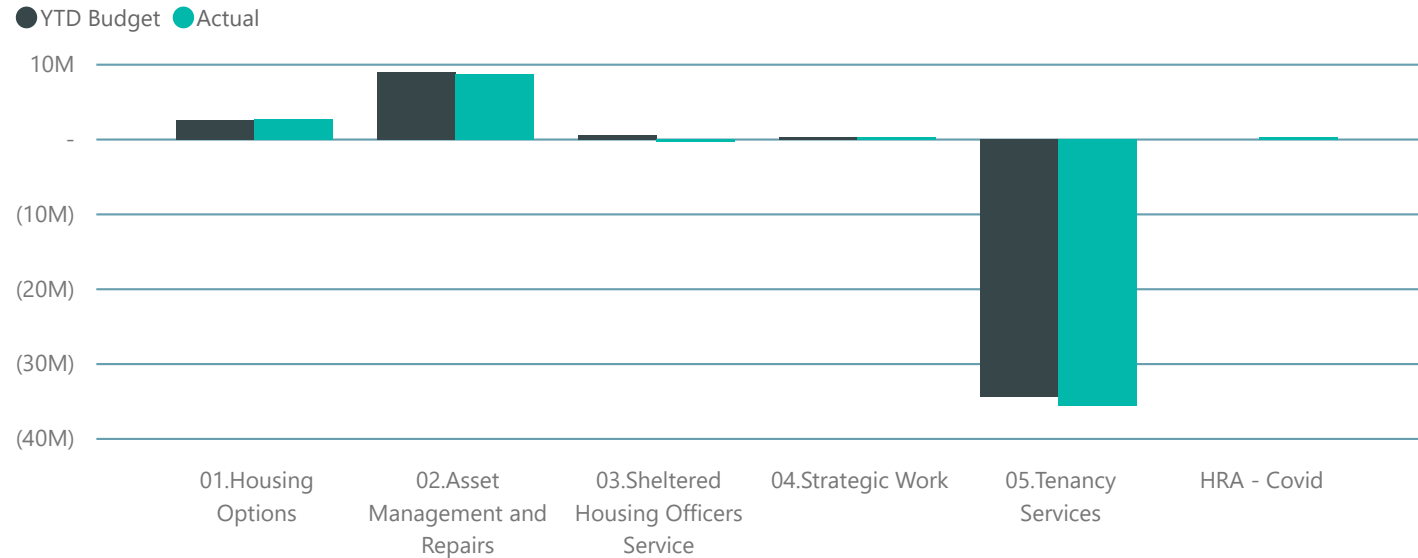




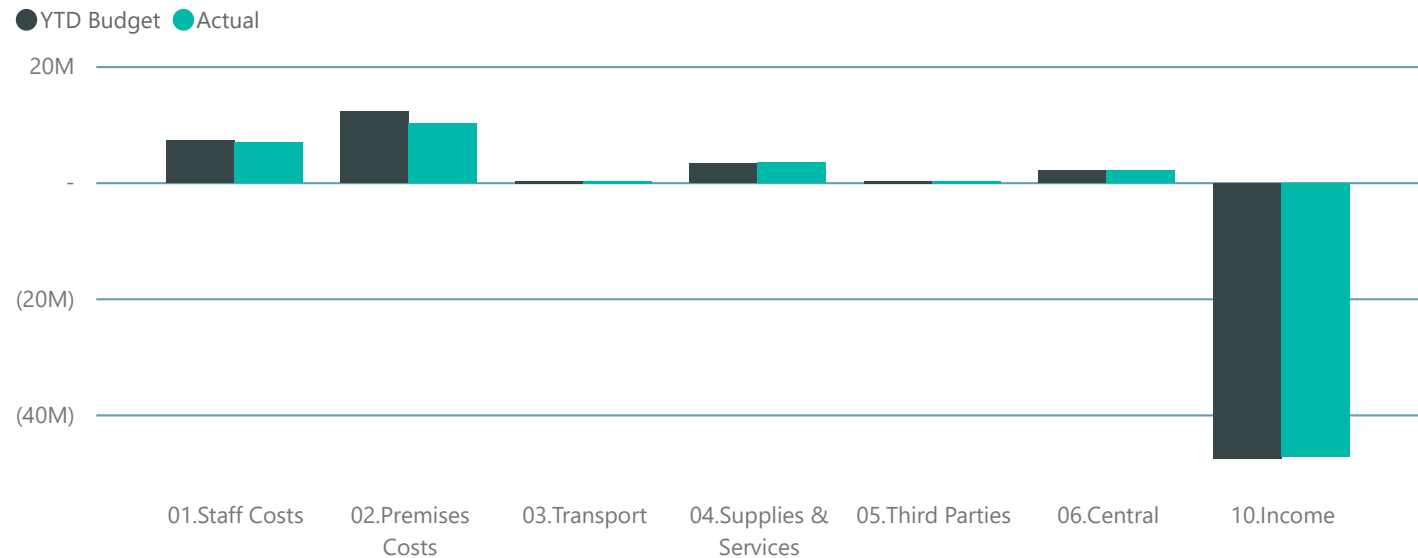
Budget Lines	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Expenditure	44,995,633	25,449,265	23,232,593	2,216,672
02.Income	(64,513,320)	(47,432,241)	(47,146,638)	(285,603)
03.CFCR	-	-	-	-
<b>Total</b>	<b>(19,517,687)</b>	<b>(21,982,976)</b>	<b>(23,914,045)</b>	<b>1,931,069</b>

HRA Page	Revised Base Budget	YTD Budget	Actual	Variance YTD Budget Less Actuals
01.Housing Options	3,579,532	2,648,694	2,739,672	(90,978)
02.Asset Management and Repairs	14,565,596	8,998,243	8,717,902	280,341
03.Sheltered Housing Officers Service	716,492	547,070	(167,407)	714,477
04.Strategic Work	255,106	191,354	218,349	(26,995)
05.Tenancy Services	(38,634,413)	(34,368,337)	(35,656,661)	1,288,324
HRA - Covid	-	-	234,100	(234,100)
<b>Total</b>	<b>(19,517,687)</b>	<b>(21,982,976)</b>	<b>(23,914,045)</b>	<b>1,931,069</b>

YTD Budget and Actual by HRA Page



YTD Budget and Actual by Type of Spend





HRA Page	Base Budget as at Mar 2020 Committee	Budget Adjustments	MTFS	Additional Scottish Government Funding	Budget Virements	Reserves Allocated	Revised Base Budget 20/21
▲							
01.Housing Options	3,579,532	-					3,579,532
02.Asset Management and Repairs	14,565,596						14,565,596
03.Sheltered Housing Officers Service	716,492	-			-		716,492
04.Strategic Work	255,106						255,106
05.Tenancy Services	(38,634,413)	-			-		(38,634,413)
<b>Total</b>	<b>(19,517,687)</b>	-			-		<b>(19,517,687)</b>

## COMMUNITIES COMMITTEE - HRA 2020/21 Q3 CAPITAL PERFORMANCE (DECEMBER 2020)

## APPENDIX 3

	APPROVED BUDGET 2020/21 £000	Revised Budget 2020/21 £,000	Actual Exp (Dec 2020) 2020/21 £000	20/21 BUDGET REMAINING +/- £000	PROJECTED YEAR END VARIANCE £'000
<b>PROJECTS</b>					
1 New Build Programme	12,819	14,112	5,604	8,508	(4,412)
2 Reactive Heating	1,500	1,254	347	907	(664)
3 Sheltered Housing Upgrades (Lifts, Boilers)	300	380	105	275	(275)
4 Sheltered Housing Sprinkler Programme (Fraserburgh)	880	790	231	559	(390)
5 Stock Improvements (non-HIP)	700	681	299	382	(359)
6 Housing Improvement Plan (HIP)	35,000	34,965	17,426	17,539	(13,965)
7 Macrae House Type External Wall Refurbishment	200	188	20	168	(138)
8 Smart Solar and Battery Storage (LCIPT)	2,920	5,563	445	5,118	(5,013)
9 Housing Fire and Smoke Detector Upgrades	1,911	2,841	740	2,101	(1,341)
10 Capital Works done at Void (Housing Repairs)	2,000	1,588	1,303	285	0
11 Housing Repairs Service Allocation	460	460	0	460	0
12 Staff Recharges	679	679	460	219	0
13 Other (ICT Infrastructure, SH car park upgrades, hard to treat properties)	1,300	1,300	10	1,290	(1,283)
14 Weir Housetype Upgrades	0	0	8	(8)	10
<b>Total</b>	<b>60,669</b>	<b>64,801</b>	<b>26,998</b>	<b>37,803</b>	<b>(27,840)</b>