

**To:** Communities, Housing and Planning Services Policy Board

**On:** 18 August 2020

**Report by:** Director of Finance and Resources

**Heading:** HRA, Revenue and Capital Budget Monitoring as at 26 June 2020

## 1. Summary of Financial Position

- 1.1. The projected revenue outturn at 31 March 2021 for all services (including the housing revenue account) reporting to the Communities, Housing and Planning Policy Board is an overspend position of £2.466m (16.9%) against the revised budget for the year.
- 1.2. The projected capital outturn at 31 March 2021 for projects reported to the Communities, Housing and Planning Policy Board is a breakeven position of £21.096m against the revised budget for the year.
- 1.3. This is summarised over the relevant services in the table below and further analysis is provided in the Appendices.
- 1.4. For the financial year 2020/21, the projected outturn position is split into Core (or business as usual) and COVID-19 related variances to help readers understand the impact of the pandemic on service finances.

<b>Table 1: Revenue</b>						
<b>Division / Department</b>	<b>Revised Annual Budget £000</b>	<b>Projected Outturn Core £000</b>	<b>Projected Outturn COVID-19 £000</b>	<b>Total Projected Outturn £000</b>	<b>Budget Variance £000</b>	<b>Budget Variance %</b>
Housing Revenue Account (HRA)	£0	(£348)	£2,514	<b>£2,166</b>	(£2,166)	0%
Development & Housing Directorate	(£192)	(£192)	£0	<b>(£192)</b>	£0	0%
Planning and Housing	£7,395	£7,401	£255	<b>£7,656</b>	(£261)	(3.5%)

<b>Table 1: Revenue</b>						
<b>Division / Department</b>	<b>Revised Annual Budget £000</b>	<b>Projected Outturn Core £000</b>	<b>Projected Outturn COVID-19 £000</b>	<b>Total Projected Outturn £000</b>	<b>Budget Variance £000</b>	<b>Budget Variance %</b>
Communities and Public Protection (excluding Regulatory Services)	£3,885	£3,856	£68	<b>£3,924</b>	(£39)	(1%)
Criminal Justice	£3,510	£3,510	£0	<b>£3,510</b>	£0	0%

<b>Table 2: Capital</b>						
<b>Division / Department</b>	<b>Revised Annual Budget £000</b>	<b>Projected Outturn Core £000</b>	<b>Projected Outturn COVID-19 £000</b>	<b>Total Projected Outturn £000</b>	<b>Budget Variance £000</b>	<b>Budget Variance %</b>
Housing Revenue Account (HRA)	£19,918	£19,918	£0	<b>£19,918</b>	£0	0%
Other Housing PSHG	£1,113	£1,113	£0	<b>£1,113</b>	£0	0%
Development & Housing Projects – Green network	£65	£65	£0	<b>£65</b>	£0	0%

## **2. Recommendations**

Members are requested to:

- 2.1. Note the projected HRA and Revenue outturn position detailed in Table 1 above;
- 2.2. Note the projected Capital outturn position detailed in Table 2 above; and
- 2.3. Note the budget adjustments detailed at sections 4 and 6.

## **3. Revenue**

- 3.1. The Revenue Budget Monitoring report at Appendix 1 identifies a projected overspend of £2,466 million (16.9% of total budget) for all services reporting to this Policy Board. Detailed division service reports can be also be found here, along with an explanation of each significant projected variance.
- 3.2. The projected outturn is based on information currently available and assumptions made by service budget holders. Any changes to these projections will be detailed in future reports to the Board.
- 3.3. The main reason for the projected outturn positions are indicated below the tables showing both the subjective analysis (what the budget is spent on) and the objective analysis (which division is spending the budget).

#### **4. Revenue Budget Adjustments**

- 4.1. Members are requested to note from Appendix 1 that budget adjustments totalling £2.440m have been processed since the start of the financial year. These relate wholly to:

- £1.915m government grant settlement for discretionary housing payments
- £0.525m government grant settlement for Criminal Justice services

#### **5. Communities, Housing and Planning Services Capital**

- 5.1. The Capital Investment Programme 2020/21 to 2024/25 was approved by the Council on 9<sup>th</sup> March 2020. For Communities, Housing and Planning Services the approved capital spend for 2020/21 is £32.330m.
- 5.2. The Capital Monitoring report at Appendix 2 indicates potential net slippage in the approved capital programme for Communities, Housing and Planning Services for the year of (£11.234m). This is mainly within HRA due to delays in work carried out on Improvements to Existing Properties and Council House New Build as a result of restrictions on construction activity in place due to the Covid-19 pandemic.
- 5.3. Further detail, including reasons for significant variances (where applicable), can be found at Appendix 2.

#### **6. Capital Budget Adjustments**

- 6.1. Since the last report, budget changes totalling (£11.234m) have arisen which reflect the following:

Budget Carried Forward from 2019-20 into 2020-21 (£2.950m):

- **HRA**

- Council House New Build (£2.950m) for new builds at Johnstone Castle and Bishopton.

Budget Brought Forward from 2021-22 into 2020-21 (£0.200m):

- **HRA**

- Regeneration (£0.200m) for demolition work at Tannahill taking place in 2020-21.

Budget Carried Forward from 2020-21 into 2021-22 (£14.384m):

- **HRA**
    - Improvement to Existing Properties (£7.515m) mainly within external improvements with work not expected to take place until 2020-21;
    - Other Assets (£0.530m) due to a pause in rotworks and asbestos works;
    - Non Property Expenditure (£0.102m);
    - Council House New Build (£5.300m) due to revised cashflows for new builds at Tannahill, SW Johnstone and Gallowhill.
  - **PSHG**
    - PSHG (£0.937m) for updated cashflows received for the project.
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## Implications of this report

1. **Financial** – The projected budget outturn position for Communities, Housing and Planning Services Revenue budget is an overspend of £2.466m, of which £2.166m specifically relates to the HRA. Members should note that as the HRA is a specific ring fenced account the council may need to drawdown resources from the HRA reserve (currently £6.8million) a course of financial action previously intimated to Council on 25<sup>th</sup> June 2020 in the report titled “Annual Accounts 2019/20” para 3.3d . All Income and expenditure, in all services within the department will continue to be monitored closely for the rest of the financial year and, where necessary, steps will be taken to mitigate any overspend.

The projected outturn position for Communities, Housing and Planning Services’ Capital budget is breakeven. The Capital programme will continue to be monitored closely for the rest of the financial year and, where necessary, steps will be taken to mitigate any overspend.

Any changes to current projections in either Revenue or Capital budgets will be reported to the board as early as possible, along with an explanation for the movement.

2. **HR and Organisational Development**  
None directly arising from this report.
3. **Community/Council Planning**  
None directly arising from this report.
4. **Legal**  
None directly arising from this report.

- 5. Property/Assets**  
Capital projects will result in new build Council housing stock and improvements to existing stock.
- 6. Information Technology**  
None directly arising from this report.
- 7. Equality and Human Rights**  
The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
- 8. Health and Safety**  
None directly arising from this report.
- 9. Procurement**  
None directly arising from this report.
- 10. Risk**  
The potential risk that the Council will overspend its approved budgets for the year will be managed at a Council-wide level by the Chief Executive and Directors.
- 11. Privacy Impact**  
None directly arising from this report.
- 12. Cosla Policy Position**  
N/a.
- 13. Climate Risk**  
None directly arising from this report.

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### **List of Background Papers**

Housing Revenue Account Budget & Rent Levels 2020/21 and Housing Capital Investment Plan 2020/21 to 2022/23;

Non-housing Capital Investment Programme, Prudential Framework and Treasury Management Strategy, and Capital Strategy 2020/21 – 24/25. Council, 9<sup>th</sup> March 2020.

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**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2020/21**  
**1st April 2020 to 26th June 2020**

**POLICY BOARD : COMMUNITIES, HOUSING AND PLANNING SERVICES - All SERVICES**

Objective Summary	Approved Annual Budget	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	£000	%
Housing Revenue Account (HRA)	0	0	0	(348)	2,514	2,166	(2,166)	0.0%
Development & Housing Directorate	(192)	0	(192)	(192)		(192)	0	0.0%
Planning & Housing Services	5,480	1,915	7,395	7,401	255	7,656	(261)	(3.5%)
Communities and Public Protection (excluding Regulatory Services)	3,885	0	3,885	3,856	68	3,924	(39)	(1.0%)
Criminal Justice	2,985	525	3,510	3,510	0	3,510	0	0.0%
<b>NET EXPENDITURE</b>	<b>12,158</b>	<b>2,440</b>	<b>14,598</b>	<b>14,227</b>	<b>2,837</b>	<b>17,064</b>	<b>(2,466)</b>	<b>(16.9%)</b>

Objective Heading	Key Reasons for Projected Variance
Housing Revenue Account (HRA)	The projected overspend, totalling £2.166m relates to : £1.469m of a charge from E&I Building Services for their projected deficit on their account due to the workforce being restricted from undertaking housing capital works. £894k projected underrecovery in income due to a combination of a) reduction in anticipated rental income from tenants due to the delayed completion of new build council houses, b) loss of the rebate from Building Services and c) lower rental income from shop units during the lockdown period. The projected overspend in HRA supplies of £61k represents purchases of additional PPE and medical supplies required to mitigate COVID. HRA Employee costs are projected to underspend by £259k due to additional covid staff costs of £90k being incurred but offset by vacancies and underspends due to delayed implementation of the new Environmental Improvement teams initiative as a result of the COVID lockdown period.
Development & Housing Directorate	No projected year end variances to report
Planning & Housing Services	The projected year end overspend is £261k and this is principally due to additional costs due to COVID. These additional costs relate to staff overtime to keep critical services within Homeless functions in operation. Supplies and services are also projected to overspend re additional bed and breakfast/ short stay facilities required to house Homeless people and meet service demands and responsibilities. It should be noted that, whilst we are still projecting planning and building standards fees being online, there is a risk that these services will under-recover over the financial year due to reduced customer applications etc.
Communities and Public Protection (excluding Regulatory Services)	The projected overspend in community protection amounts to £39k and is a result of a loss of income for school lets/creche facilities due to shutdowns during the Covid period being offset by a projected underspend in employee costs due to vacancies within the service.
Criminal Justice	No projected year end variances to report

**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2020/21**  
**1st April 2020 to 26th June 2020**

**POLICY BOARD : COMMUNITIES, HOUSING AND PLANNING SERVICES - ALL SERVICES**

Subjective Summary	Approved Annual Budget	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	£000	%
Employees	19,255	116	19,371	18,933	198	19,131	240	1.2%
Premises Related	16,266	0	16,266	16,271	1,616	17,887	(1,621)	(10.0%)
Transport Related	294	0	294	324		324	(30)	(10.2%)
Supplies and Services	2,918	0	2,918	2,921	60	2,981	(63)	(2.2%)
Third Party Payments	395	0	395	406		406	(11)	(2.8%)
Transfer Payments	69,634	0	69,634	69,651		69,651	(17)	0.0%
Support Services	3,853	0	3,853	3,850		3,850	3	0.1%
Depreciation and Impairment Losses	21,821	0	21,821	21,821		21,821	0	0.0%
<b>GROSS EXPENDITURE</b>	<b>134,436</b>	<b>116</b>	<b>134,552</b>	<b>134,177</b>	<b>1,874</b>	<b>136,051</b>	<b>(1,499)</b>	<b>(1.1%)</b>
Income	(122,278)	2,324	(119,954)	(119,950)	963	(118,987)	(967)	(0.8%)
<b>NET EXPENDITURE</b>	<b>12,158</b>	<b>2,440</b>	<b>14,598</b>	<b>14,227</b>	<b>2,837</b>	<b>17,064</b>	<b>(2,466)</b>	<b>(16.9%)</b>



**RENFREWSHIRE COUNCIL**  
**REVENUE BUDGET MONITORING STATEMENT 2020/21**  
**1st April 2020 to 26th June 2020**

**POLICY BOARD : COMMUNITIES, HOUSING AND PLANNING SERVICES - Housing Revenue Account (HRA) Only**

Subjective Summary	Approved Annual Budget	Budget Adjustments	Revised Annual Budget	Projected Outturn Core Business	Projected Outturn COVID-19	Total Projected Outturn	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000	£000	£000	%
Employees	8,924	0	8,924	8,575	90	8,665	259	2.9%
Premises Related	14,816	0	14,816	14,816	1,469	16,285	(1,469)	(9.9%)
Transport Related	102	0	102	102		102	0	0.0%
Supplies and Services	714	0	714	715	60	775	(61)	(8.5%)
Third Party Payments	0	0	0	0		0	0	0.0%
Transfer Payments	3,910	0	3,910	3,911		3,911	(1)	0.0%
Support Services	2,425	0	2,425	2,425		2,425	0	0.0%
Depreciation and Impairment Losses	21,821	0	21,821	21,821		21,821	0	0.0%
<b>GROSS EXPENDITURE</b>	<b>52,712</b>	<b>0</b>	<b>52,712</b>	<b>52,365</b>	<b>1,619</b>	<b>53,984</b>	<b>(1,272)</b>	<b>(2.4%)</b>
Income	(52,712)	0	(52,712)	(52,713)	895	(51,818)	(894)	(1.7%)
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(348)</b>	<b>2,514</b>	<b>2,166</b>	<b>(2,166)</b>	<b>0.0%</b>

**RENFREWSHIRE COUNCIL**  
**CAPITAL INVESTMENT STRATEGY - NON-HOUSING SERVICES**  
**1st April to 26th June 2020**  
**POLICY BOARD: COMMUNITIES, HOUSING & PLANNING**

Project Title	Prior Years Expenditure to 31/03/2020*	Current Year 2020-21						Full Programme - All years			
		Approved Budget 2020-21	Budget Adjustments in 2020-21	Revised Budget 2020-21	Projected Outturn 2020-21	Budget Variance (Adverse) or Favourable		Total Approved Budget to 31-Mar-25	Projected Outturn to 31-Mar-25	Budget Variance (Adverse) or Favourable	
	£000	£000	£000	£000	£000			£000	£000		
<b>HOUSING(HRA)</b>											
Improvements To Existing Properties	0	13,420	(7,515)	5,905	5,905	0	0%	38,300	38,300	0	0%
Regeneration	4,132	425	200	625	625	0	0%	6,262	6,262	0	0%
Other Assets	0	3,970	(530)	3,440	3,440	0	0%	9,050	9,050	0	0%
Non Property Expenditure	0	1,190	(102)	1,088	1,088	0	0%	1,230	1,230	0	0%
Council House New Build	21,201	10,110	(2,350)	7,760	7,760	0	0%	62,913	62,913	0	0%
Professional Fees	0	1,100	0	1,100	1,100	0	0%	3,450	3,450	0	0%
<b>Total Housing(HRA) Programme</b>	<b>25,333</b>	<b>30,215</b>	<b>(10,297)</b>	<b>19,918</b>	<b>19,918</b>	<b>0</b>	<b>0%</b>	<b>121,205</b>	<b>121,205</b>	<b>0</b>	<b>0%</b>
<b>HOUSING(PSHG)</b>											
Private Sector Housing Grant Programme	0	2,050	(937)	1,113	1,113	0	0%	2,263	2,263	0	0%
<b>Total Housing(PSHG) Programme</b>	<b>0</b>	<b>2,050</b>	<b>(937)</b>	<b>1,113</b>	<b>1,113</b>	<b>0</b>	<b>0%</b>	<b>2,263</b>	<b>2,263</b>	<b>0</b>	<b>0%</b>
<b>DEVELOPMENT &amp; HOUSING SERVICES</b>											
Local Green Area Networks Projects	0	65	0	65	65	0	0%	135	135	0	0%
<b>Total Development &amp; Housing</b>	<b>0</b>	<b>65</b>	<b>0</b>	<b>65</b>	<b>65</b>	<b>0</b>	<b>0%</b>	<b>135</b>	<b>135</b>	<b>0</b>	<b>0%</b>
<b>TOTAL COMMUNITIES, HOUSING &amp; PLANNING BOARD</b>	<b>25,333</b>	<b>32,330</b>	<b>(11,234)</b>	<b>21,096</b>	<b>21,096</b>	<b>0</b>	<b>0%</b>	<b>123,603</b>	<b>123,603</b>	<b>0</b>	<b>0%</b>

\*Rolling programmes have a prior year year expenditure of £0 as the expenditure is not directly linked from one year to the next as a singular project.