

# North Lanarkshire Council Report

## Communities and Housing Committee

approval  noting

Ref GT/AN

Date 11/09/19

## HRA Revenue Monitoring Report – 1 April 2019 to 19 July 2019

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### Executive Summary

This report provides a summary of the Housing Revenue Account financial performance for the period 1 April 2019 to 19 July 2019 (Period 4). The report illustrates the projected outturn as at 31 March 2020, with major outturn variances highlighted and explained in accordance with the Council's approved Financial Regulations.

The Council approved its Housing Revenue Account Budget of £140m on the 20 December 2018. A subsequent budget adjustments have increased the gross budgets to £145m to reflect the inclusion of staff supporting the HRA capital investment programme within this monitoring report.

The Service currently anticipates a surplus of £0.050m due to savings within void rent loss. It is presently anticipated that £1.867m of savings (100%) will be delivered by the financial year-end.

### Recommendations

It is recommended that the Committee:

- i) Note the financial position of the HRA revenue budget 2019/20; and
- ii) Note the contents of the report

### The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

## **1. Background**

- 1.1 The Financial Regulations require Executive Directors to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive Directors must provide explanatory commentary, outline the action required to rectify such a deviation and, where relevant, must also highlight the impact this has on other budget headings.

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## **2. Report**

### **2.1 Analysis of Significant Variances**

- 2.1.1 An underspend of £0.050m is projected within property costs due to savings within void rent loss as the Service continues to minimise time taken to re-let empty properties.

### **2.2 Earmarked and One-off Resources**

- 2.2.1 An update on the current earmarked reserves is detailed in Appendix 2. This reflects the total HRA reserve balance of £12.927m as shown in the Council's draft annual accounts for 2018/19.

- 2.2.2 In closing the accounts for 2018/19, the Service was given approval to earmark £8.492m of the reserve balance to support key projects and initiatives. These include funding set aside for:

- The maintenance of a temporary accommodation reserve to mitigate the impact of pending benefit changes (£6.120m),
- The recruit of additional temporary income maximisation staff as approved in setting the 19/20 HRA budget (£0.888m), and
- Potential one-off costs attributable to HRA associated with the development of DigitalNL (£0.500m) which will be kept under review as the programme continues.

- 2.2.3 After recognition of a core contingency of £1.450m, based on 1% of the HRA gross budget, a Change Management Fund of £3.235m remains. Should there be no call on this fund, it will be considered as part of the HRA Revenue Estimates for 2020/21.

### **2.3 2019/20 Budget Savings**

- 2.3.1 The Service uses a variety of information, records and processes to monitor achievement of its approved budget savings of £1.867m. As at Period 4, it anticipates 100% of its approved savings will be delivered by the financial year-end.

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## **3. Equality and Diversity**

### **3.1 Fairer Scotland**

There are no specific impacts on Fairer Scotland.

### **3.2 Equality Impact Assessment**

There are no specific Equality Impact Assessments to note.

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## **4. Implications**

### **4.1 Financial Impact**

The financial impact is contained within the body of the report.

### **4.2 HR/Policy/Legislative Impact**

There are no HR/Policy/Legislative impacts.

### **4.3 Environmental Impact**

There are no environmental impacts.

### **4.4 Risk Impact**

4.4.1 All activities undertaken by the council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy (September 2012), Services manage these as part of their overall corporate and service planning process. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

To minimise risk, this report has been prepared by service-based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations.

4.4.2 The Government's proposals for welfare reform include a number of changes to the housing benefit system which present significant financial risks to the HRA, including increasing rent arrears and cash collection costs, combined with lower levels of rental income. This will continue to be closely monitored during 2019/20.

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## **5. Measures of success**

5.1 Service is currently operating within approved budgeted constraints and meeting required savings targets.

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## **6. Supporting documents**

6.1 Appendix 1 – HRA Summary

Appendix 2 – Earmarked Reserves / Balance Sheet Provision



**Robert Steenson**  
**Executive Director (Enterprise and Communities)**

FINANCIAL MONITORING REPORT      DIVISION :    HRA SUMMARY  
 01 APRIL 2019 to 19 JULY 2019 (Period 4)    Cost Centre:    HRA [H]  
 COMMITTEE: COMMUNITIES AND HOUSING

CATEGORY (1)	BUDGET TO DATE (2)	ACTUAL TO DATE (3)	YEAR TO DATE VARIANCE (4)	ANNUAL BUDGET (5)	PROJECTED OUTTURN (6)	PROJECTED OUTTURN VARIANCE (7)	% (8)	PERIOD MOVEMENT (9)	ANALYSIS (10)
EMPLOYEE COSTS	£ 6,555,480	£ 6,545,404	£ 10,076 FAV	25,793,380	25,793,380	0 -	0.0%	0	Balanced Budget
PROPERTY COSTS	12,486,538	12,487,983	(1,445) ADV	56,031,500	55,981,500	50,000 FAV	0.1%	50,000	Underspend associated with improvements in the rate of turnover of void properties
SUPPLIES & SERVICES	429,448	406,445	23,003 FAV	1,720,950	1,720,950	0 -	0.0%	0	Balanced budget
TRANSPORT & PLANT	119,756	101,112	18,644 FAV	426,080	426,080	0 -	0.0%	0	Balanced budget
ADMINISTRATION COSTS	729,595	723,926	5,669 FAV	5,409,660	5,409,660	0 -	0.0%	0	Balanced budget
PAYMENTS TO OTHER BODIES	24,307	26,860	(2,553) ADV	196,290	196,290	0 -	0.0%	0	Balanced budget
APPORTIONED EXPENSES	0	0	0 -	4,896,450	4,896,450	0 -	0.0%	0	Balanced budget
CAPITAL FINANCING COSTS	0	0	0 -	18,598,640	18,598,640	0 -	0.0%	0	Balanced budget
C.F.C.R.	0	0	0 -	27,146,260	27,146,260	0 -	0.0%	0	Balanced budget
OTHER COSTS	0	0	0 -	4,971,558	4,971,558	0 -	0.0%	0	Balanced budget
<b>TOTAL EXPENDITURE</b>	<b>20,345,124</b>	<b>20,291,730</b>	<b>53,394 FAV</b>	<b>145,190,768</b>	<b>145,140,768</b>	<b>50,000 FAV</b>	<b>0.0%</b>	<b>50,000</b>	
OTHER GRANTS	0	0	0 -	5,000	5,000	0 -	0.0%	0	Balanced budget
FEES AND CHARGES	122,405	127,255	4,850 FAV	5,942,410	5,942,410	0 -	0.0%	0	Balanced budget
RENTS	33,616,376	33,616,376	0 -	139,147,288	139,147,288	0 -	0.0%	0	Balanced budget
INTEREST	0	0	0 -	80,000	80,000	0 -	0.0%	0	Balanced budget
DEPARTMENTAL CHARGES	0	0	0 -	16,070	16,070	0 -	0.0%	0	Balanced budget
SURPLUS	0	0	0 -	0	0	0 -	0.0%	0	Balanced budget
<b>INCOME</b>	<b>33,738,781</b>	<b>33,743,631</b>	<b>4,850 FAV</b>	<b>145,190,768</b>	<b>145,190,768</b>	<b>0 -</b>	<b>0.0%</b>	<b>0</b>	
<b>NET EXPENDITURE</b>	<b>(13,393,657)</b>	<b>(13,451,901)</b>	<b>58,244 FAV</b>	<b>0</b>	<b>50,000</b>	<b>50,000 FAV</b>		<b>50,000</b>	

FAV = Favourable variation, underspend etc

ADV = Adverse variation, overspend, income under-recovery etc

**North Lanarkshire Council**  
**Housing Revenue Account - Earmarked Reserves**  
**01 April 2019 to 19 July 2019 (Period 4)**

DESCRIPTION OF EARMARKED RESERVES  (1)	VALUE OF EARMARKED RESERVE  (2)	PROJECTED OUTTURN		CARRY FORWARD  (5)	ANALYSIS  (6)
		VALUE  (3)	%  (4)		
	£	£		£	
Welfare Reform - Sustainability Reserve	238,216	0	100.0%	238,216	No call anticipated in 2019/20
Welfare Reform staffing	888,844	399,980	55.0%	488,864	Balance required during 2020/21
Enterprise Contract	295,000	147,500	50.0%	147,500	Balance required during 2020/21
Bad Debt Provision	250,000	0	100.0%	250,000	No call anticipated in 2019/20
DigitalNL	500,000	0	100.0%	500,000	No call anticipated in 2019/20 but will be required in future years
Temporary Accommodation Reserve	6,120,421	0	100.0%	6,120,421	No call anticipated in 2019/20 but will be required in future years
IT	199,827	199,827	0.0%	0	
<b>SUB TOTAL</b>	<b>8,492,308</b>	<b>747,307</b>	<b>91.2%</b>	<b>7,745,001</b>	
Change Management / Risks & Uncertainty	2,984,526	0	100.0%	2,984,526	No call anticipated in 2019/20
Core Reserve	1,450,000	0	100.0%	1,450,000	No call anticipated in 2019/20
<b>TOTAL</b>	<b>12,926,834</b>	<b>747,307</b>	<b>94.2%</b>	<b>12,179,527</b>	