

Item: 9

Education, Leisure and Housing Committee: 7 September 2022.

Housing Revenue Account.

Revenue Repairs and Maintenance Programme.

Expenditure Outturn.

Joint Report by Corporate Director for Education, Leisure and Housing and Head of Finance.

1. Purpose of Report

To advise of the expenditure outturn on the Housing Revenue Account revenue repairs and maintenance programme for financial year 2021/22.

2. Recommendations

The Committee is invited to note:

2.1.

The summary position of expenditure incurred against the approved revenue repairs and maintenance programme in respect of the Housing Revenue Account for financial year 2021/22, as detailed in section 4.2 of this report, indicating an overspend of £328,200 as at 31 March 2022, against an approved budget totalling £1,464,200.

The Committee is invited to scrutinise:

2.2.

The explanations given in respect of significant budget variances, as detailed in Appendix 1 to this report, in order to obtain assurance made with delivery of the approved revenue repairs and maintenance programme in respect of the Housing Revenue Account.

3. Background

3.1.

The Corporate Asset Management Plan 2019 to 2023 takes account of guidance produced by the Chartered Institute of Public Finance and Accountancy and has streamlined the suggested framework to incorporate and complement the existing Capital Project Appraisal system.

3.2.

The Corporate Asset Management Plan summarises the Council's aims and objectives for its assets to ensure that they are used in an effective and efficient manner. This has been further supplemented by the Property Asset Management Plan approved by Council on 10 December 2019.

3.3.

The purpose of this report is to present an overview or summary of the expenditure incurred in financial year 2021/22 to allow members the opportunity to scrutinise the spending levels against approved budgets and gauge the extent to which the Council's assets are routinely being maintained and replaced.

4. Budget Monitoring

4.1.

Appendix 1 shows the position of expenditure incurred for the period 1 April 2021 to 31 March 2022, against the approved programme and provides a breakdown of the various programmes of work to be undertaken during the financial year.

4.2.

The position at 31 March 2022 was expenditure of £1,792,400 against an annual budget of £1,464,200, giving an overspend of £328,200. The overspend on the Repairs and Maintenance contribution was funded from the Housing Revenue Account Property Maintenance Fund built up using previous underspends.

5. Corporate Governance

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and Local Improvement Plan.

6. Financial Implications

6.1.

The Financial Regulations state that service directors are able to incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations and approved schemes of delegation.

6.2.

Development of a corporate approach to asset management planning should lead to efficiencies in the use of fixed assets, together with the potential for rationalisation of the Council's property estate going forward.

6.3.

More detailed monitoring of expenditure on the Housing Revenue Account revenue repairs and maintenance programme will result in improved accountability in relation to delivery of the approved programmes of work and ensure members are kept informed of progress.

7. Legal Aspects

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

8. Contact Officers

James Wylie, Corporate Director for Education, Leisure and Housing, extension 2401, Email james.wylie@orkney.gov.uk.

Colin Kemp, Interim Head of Finance, extension 2106, Email colin.kemp@orkney.gov.uk.

Frances Troup, Head of Community Learning, Leisure and Housing, extension 2177, Email frances.troup@orkney.gov.uk.

9. Appendix

Appendix 1: Housing Revenue Account revenue repairs and maintenance programme - Expenditure analysis as at 31 March 2022.

Appendix 1

Repairs and Maintenance Programme	Actual Expenditure 30 June 2022 £000's	Approved Budget 20221/23 £000's	Overspend / (Underspend) £000's	Estimated Outturn 2022/23 P12 £000's	Predicted Overspend / (Underspend) £000's	Update
Cyclical Maintenance	- 12.1	80.0	(92.1)	43.8	(36.2)	Accruals in place awaiting invoices for completed works from previous financial year. Increase in external painting works expected in Q2.
Planned Maintenance	- 24.5	581.5	(606.0)	302.8	(278.7)	Accruals in place awaiting invoices for completed works from previous financial year. Delay in getting programmed window, door, kitchen and bathroom projects to site. Works expected to commence in late Q2 following appointment of contractors.
Reactive Repairs	113.9	320.0	(206.1)	468.9	148.9	High-level of reactive repairs being dealt with in Q1 coupled with ongoing increases in material costs in excess of 20%. Team instructed to proceed with only emergency and health and safety works to properties.
Voids/Improvements/Adaptations	75.9	365.0	(289.1)	380.3	15.3	Works being carried out in response to void properties as they become available. Again, ongoing increase in material costs in excess of 20% is impacting on the projects.
In-House Professional Fees	-	202.0	(202.0)	202.0	202.0	To be charged at year-end.
TOTALS	153.2	1,548.5	(1,395.3)	1,397.8	51.3	While the estimate currently shows an overspend at this stage this will continue to be reviewed over the course of Q2 and works reduced to meet budgets available.