

Item: 5

Education, Leisure and Housing Committee: 8 February 2023.

Housing Revenue Account – Revenue Repairs and Maintenance Programme – Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To monitor expenditure incurred against the approved Housing Revenue Account revenue repairs and maintenance programme as at 31 December 2022.

2. Recommendations

The Committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 31 December 2022, against the approved revenue repairs and maintenance programme in respect of the Housing Revenue Account, as detailed in section 4.2 of this report.

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 on progress being 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 on 10 December 2019.

3.3.

The purpose of this report is to present an overview or summary of the expenditure incurred as at 31 December 2022 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 to 31 December 2022, against the approved programme and provides a breakdown of the various programmes of work to be undertaken during financial year 2022/23.

4.2.

The position at 31 December 2022 was expenditure of £703,400 against an annual budget of £1,548,500, with remaining budget of £845,100.

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 Officer

Erik Knight, Head of Finance, Email erik.knight@orkney.gov.uk.

9. Appendix

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

Repairs and Maintenance Programme	<u>Actual Expenditure</u> 31 December 2022 £000's	<u>Approved Budget</u> 2022/23 £000's	<u>Overspend /</u> <u>(Underspend)</u> £000's	<u>Estimated Outturn</u> 2022/23 P12 £000's	<u>Predicted</u> <u>Overspend /</u> <u>(Underspend)</u> £000's	<u>Update</u>
Cyclical Maintenance	68.3	80.0	(11.7)	91.1	11.1	Accruals in place awaiting a few invoices for completed works from previous financial year. Seasonal works completed in Q2
Planned Maintenance	70.6	581.5	(510.9)	214.1	(367.4)	Accruals in place awaiting a few invoices for completed works from previous financial year. Delay in getting programmed window, door, kitchen and bathroom projects that have commenced at the end of Q3 start of Q4.
Reactive Repairs	311.4	320.0	(8.6)	415.2	95.2	Continuing High-level of reactive repairs being dealt with in Q2, coupled with increases of material costs in excess of 20%. Repairs in Q3 carried out on a fabric and emergency basis only to bring actual spend back in line with annual budget expectation.
Voids/Improvements/Adaptations	253.1	365.0	(111.9)	367.5	2.5	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. Additional spend on voids relating to future EESSH 2 works
In-House Professional Fees	-	202.0	(202.0)	202.0	-	To be charged at year-end.
TOTALS	703.4	1,548.5	(845.1)	1,289.9	(258.6)	