



AGENDA ITEM: 6

SUMMARY

Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	10 September 2014
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2014/15
Contact:	Cllr Nicholas Tiley, Portfolio Holder for Finance and Resources James Deane, Assistant Director (Finance & Resources) Richard Baker, Group Manager (Finance and Resources)
Purpose of report:	To provide details of the projected outturn for 2014/15 as at Quarter 1 for the: <ul style="list-style-type: none"> · General Fund · Housing Revenue Account · Capital Programme
Recommendations	It is recommended that Committee note the forecast outturn position
Corporate objectives:	Dacorum Delivers
Implications:	Financial and Value for Money implications are included within the body of the report.
Risk Implications	Risk implications are included within the body of the report.
Equalities Implications	There are no equality implications.

Health And Safety Implications	There are no health and safety implications.
Monitoring Officer/S.151 Officer Comments	<p>Monitoring Officer No further comments to add.</p> <p>Deputy S.151 Officer This is a Section 151 Officer report.</p>
Consultees:	Budget Managers.
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund HRA – Housing Revenue Account</p>

1. Introduction

1.1 The purpose of this report is to outline the Council's forecast outturn for 2014/15 as at 30th June 2014. The report covers the following budgets:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

2. General Fund Revenue Account

2.1 The General Fund revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA) (see Section 4).

2.2 Appendix A separates expenditure into controllable and non-controllable categories in order to focus scrutiny on those controllable areas that officers are able to influence.

2.3 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges. These are required to show the true value of resources used to provide the Council's services, but do not result in a cash charge to taxpayers. As costs will not be known until year-end, the forecast outturn for all areas is shown as on budget.

2.4 The adjusted budget is the original budget approved by Cabinet in February 2014 plus the following approved amendments:

Amendments	£000	Approved
2014/15 Original budget	19,416	
Replacement Street Name Plates	40	Council February 2014
Dacorum Sports Trust	100	Cabinet April 2014
Apprentices	68	Audit Committee June 2014
EDRMS	90	Audit Committee June 2014
Category Management	75	Cabinet June 2014
2014/15 Adjusted Budget	19,789	

2.5 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable budgets within the General Fund.

	Adjusted Budget £000	Projected Outturn £000	Variance	
			£000	%
Finance & Resources	12,605	11,815	(790)	-6.3%
Housing & Communities	1,751	1,869	118	2.2%
Strategic Planning & Environment	5,433	5,621	188	3.5%
Total	19,789	19,305	(484)	-2.4%

2.6 The following section provides a subjective analysis of the projected outturn and major budget variances shown for the Housing and Community area.

3 Housing and Community

Housing & Community	Controllable Budget £000	Projected Outturn £000	Forecast Variance	
			£000	%
Employees	3,171	3,221	50	1.6%
Premises	435	452	17	3.9%
Transport	43	39	(5)	-10.5%
Supplies & Services	2,217	2,225	8	0.4%
Third Parties	25	25	0	0.0%
Income	(4,141)	(4,093)	47	-1.1%
	1,751	1,869	118	6.7%

3.1 Employees - £50k over budget (1.6%)

The main pressure is £22k within Regulatory Services linked to a shortfall against the budgeted vacancy provision.

3.2 Income - £47k under budget (1.1%)

Clinical commercial waste collections have ceased during the first quarter of this year (resulting in a £60k loss of income for the year). This was part of a wider initiative to focus operations on higher revenue generating streams over the longer term within Environmental Health – namely Pest Control which has implemented a charging policy. Growth in this service is expected to yield significantly increased income over the coming years.

4. Housing Revenue Account (HRA)

4.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.

4.2 The projected HRA balance at the end of 2014/15 is £3.38m. The forecast operating surplus is £603k – a change of £364k compared to the surplus of £239k originally budgeted. Significant variances are as follows:

4.3 Contribution towards expenditure - £160K surplus (34.8%)

£160K surplus due to Green Deal energy income being received that wasn't budgeted.

4.4 Repairs and Maintenance – £1.1M over budget (9.7%).

There is a forecast pressure of £1.1m on the Responsive Repairs and Maintenance budget. This is due primarily to the following:

- Cessation of planned repairs by Keepmoat has caused an expected overspend of £490k on responsive repairs.
- Overhead costs built into the base budget differ to the tendered rates, causing a projected pressure of £200k.
- An increase in the number of voids, and increased costs per repair for voids suggests a projected overspend of £300k.
- An increase in the number of drain blockages has led to an overspend on the drainage budget causing a projected pressure of £180K.

The position will be contained by transferring resource from the HRA capital planned repairs budget via a reduced revenue contribution to capital (£1M).

4.5 Supervision and Management – 355k under budget (3.3%)

The expected underspend relates to:

- Pension backfunding paid in 2013/14 – £210K.
- Electricity for flats management - £100K savings from the implementation of energy efficiency projects.
- Supporting People – Saving in agency staff budget of approximately £33K due to service being close to full capacity.
- Housing Cleaning Service – Saving in employees budget of approximately £42K due delayed recruitment to four new posts.
- Housing Landlord Management - £44K saving due to Corporate Graduate post remaining vacant and over budgeted GM post.

Off-set by pressures from:

- Uninsured losses relating to insurance claims from tenants - £50k
- ICT Orchard maintenance costs - £20k

5. Capital Programme

5.1 Appendix C shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny area.

The 'Rephasing' column refers to those projects where expenditure is still expected to be incurred, but it will now be in 2015/16 rather than 2014/15, or conversely, where expenditure planned initially for 2015/16 will now be in 2014/15.

The 'Variance' column refers to those projects which are now complete, but have come in under or over budget and those projects which are no longer required.

	Adjusted Budget £000	Projected Outturn £000	Rephasing £000	Variance £000 %	
Housing & Community	5,331	5,433	55	47	0.9%
G F Total	5,331	5,433	55	47	0.9%
HRA Total	36,050	31,380	(2,758)	(1,912)	-5.3%
Grand Total	41,381	36,813	(2,703)	(1,865)	-4.5%

5.2 General Fund Major Variances

As at quarter 1 there are no material variances on the Housing and Community General Fund capital programme.

5.3 Housing Revenue Account Major Variances

There is a projected underspend on the HRA capital program of £1.912m.

- £1m underspend on Planned Fixed Expenditure as discussed above (point 4.4). Cabinet will be asked to recommend to Council a reduction in the Capital Programme and capital financing requirement.
- £900k underspend relating to Strategic Acquisitions: The budget allocation for the transfer of the Point between the General Fund and HRA is no longer required as provision for this transaction will be made in the financing of the capital programme.

There is projected slippage of £2.758m into 2015/16 due to delays on the New Build scheme at London Road. Construction works have been delayed due to difficulties relocating the substation during the initial phase of the scheme. Works are due to commence in September.