



AGENDA ITEM: 9

SUMMARY

Report for:	Housing and Communities Overview and Scrutiny Committee
Date of meeting:	13 November 2013
PART:	1
If Part II, reason:	

Title of report:	Quarter 2 Outturn Report 2013/14
Contact:	Cllr Nicholas Tiley, Portfolio Holder Finance & Resources James Deane, Assistant Director (Finance & Governance) Author: Paul Sutton, Group Manager (Financial Services)
Purpose of report:	To provide details of the forecast outturn position as at the end of Quarter 2 2013/14.
Recommendation:	That Committee note the forecast outturn position
Consultees:	Budget managers
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	Not Applicable.

Glossary of acronyms and any other abbreviations used in this report:	HRA – Housing Revenue Account GF – General Fund
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1. Introduction

1.1 The purpose of this report is to outline the Council’s forecast outturn for 2013/14 as at 30 September 2013. 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 3).

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 table below sets out the forecast outturn position for the Committee’s services by subjective. This is supported by an analysis of major variances.

Housing & Community	Controllable Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Employees	3,008	3,097	89	3.0%
Premises	398	398	0	0.0%
Transport	58	49	(9)	-15.5%
Supplies & Services	2,196	2,193	(3)	-0.1%
Third Parties	25	25	0	0.0%
Transfer Payments	5	5	0	0.0%
Income	(3,801)	(3,918)	(117)	-3.1%
	1,889	1,849	(40)	-2.1%

2.5 Employees - £89k over budget (3%)

The major variance (£60k) is projected within Strategic Housing. This is due to temporary Housing Options posts. Specific grant is available within earmarked reserves to finance these posts, which will offset this pressure before year-end.

2.6 **Income - £117k over budget (-3.1%)**

There are three main variances:

- £65k from the provision of homelessness accommodation at Leys Road Hostel. This income is received from housing benefit payments, for customers of the hostel;
- £100k recovered housing benefit to off-set the cost of providing homelessness accommodation through private providers (Bed & Breakfast).

Partly offset by:

- A £63k underachievement within Regulatory Services due to the cessation of drainage service provision to the HRA following the retirement of an employee.

3. **Housing Revenue Account (HRA)**

3.1 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 is shown at Appendix B.

3.2 The projected year end HRA balance is £2.718m. The forecast operating deficit is £59k – a change of £244k compared to the surplus of £185k originally budgeted. Major variances are as follows:

3.3 **Repairs and Maintenance - £1m over budget: (9.4%)**

Day to Day Repairs

The current projected overspend of £450k on responsive (day to day) repairs is caused by an increase in demand. The volume of repairs carried out in the first six months of 2013/14 has exceeded predictions and is significantly up on last year. Work is taking place to analyse the types of repairs so that this can inform our future repairs policy, the new Total Asset Management Contract and future planned programmes.

It is felt that the increased activity since self financing on repairs, planned works, consultation and communication has resulted in increased expectations from our tenants and leaseholders. The consequence is that more tenants are choosing to report repairs with a confidence that they will be completed .

Empty Homes – Void Repairs

There is a projected overspend of approximately £800k. There are two main reasons for the projected overspend in this area:

- Lettings are projected to be approximately 10% higher than in 2012/13. This is attributed in part to the welfare reform changes, which results in an increase in the number of tenants wishing to move to a smaller home;
- The budget for 2013/14 was set using the empty homes standard for 2013/14 rather than the agreed revised standard. The difference is an average of around £500 per void repair;
- It is clear from DBC officer networks and from discussions with ARCH (Association of Retained Council Housing) that many authorities are experiencing similar pressures on their empty homes budget.

Planned Maintenance

A review of planned maintenance has been undertaken and total works of £250k identified that could be saved against the 2013/14 budget and completed in 2014/15

3.3 Revenue Contribution to Capital - £756k under budget (6.3%)

The projected overspend on Repairs and Maintenance would result in the projected closing balance falling below the minimum target balance of 5% of turnover (around £2.7m). The level of Revenue Contribution to Capital has therefore been reduced in order to maintain the balance at above the minimum target. This will not affect the delivery of the capital programme.

4 Capital Programme

4.1 The table below summarises capital forecast outturn for this committee. The detailed capital programme by scheme is set out at Appendix C.

	Current Budget £000	Forecast Outturn £000	Forecast Slippage £000	Forecast Variance	
				£000	%
General Fund	8,037	7,730	353	46	0.6%
Housing Revenue Account	27,180	27,180	0	0	0.0%
TOTAL	35,217	34,910	353	46	0.1%

4.2 The forecast variance is based upon the capital budget approved by Cabinet in February 2013 adjusted for slippage brought forward at outturn and items approved in year. The changes are detailed in the table and reasons set out below.:

Amendments	£000	Approved
2013/14 GF Original Budget	6,508	
Affordable Housing Development Fund	524	Portfolio Holder Decisions
Slippage carried forward from 2012/13	254	Audit Committee - June 2013
Highbarns Land Stabilisation Project	750	Council July 2013
2013/14 GF Current Budget	8,036	
2013/14 HRA Original Budget	23,659	
Slippage carried forward from 2012/13	1,771	Audit Committee - June 2013
Estate Improvements	750	Council July 2013
Balcony Repairs	1,000	Council July 2013
Strategic Acquisitions	5,000	Council September 2013
2013/14 Current Budget	32,180	

4.3. Decent Homes in the Private Sector (line 55)

A review is currently being undertaken as to how this external funding should be best used to improve homes in the private sector. It is therefore not expected that the budget (£353k) will be spent this year.