



## AGENDA ITEM: 6

### SUMMARY

<b>Report for:</b>	<b>Housing &amp; Community Overview and Scrutiny Committee</b>
<b>Date of meeting:</b>	<b>16 September 2015</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Budget Monitoring Quarter 1 2015/16</b>
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources David Skinner, Assistant Director (Finance & Resources) Richard Baker, Group Manager (Financial Services)
Purpose of report:	To provide details of the projected outturn for 2015/16 as at Quarter 1 for the: <ul style="list-style-type: none"> <li>• General Fund</li> <li>• Housing Revenue Account</li> <li>• Capital Programme</li> </ul>
Recommendations	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.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account

## 1. Introduction

1.1 The purpose of this report is to outline the Council's forecast outturn for 2015/16 as at 30 June 2015. 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 provides an overview of the General Fund provisional outturn position, separating expenditure into controllable and non-controllable categories in order to focus scrutiny on those areas that officers are able to influence, i.e. the controllable.

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.

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

	Controllable Budget	Projected Outturn	Variance	
	£000	£000	£000	%
Finance & Resources	10,623	11,102	479	4.5%
Strategic Planning & Environment	5,810	6,089	279	4.8%
Housing & Community	1,101	1,128	27	0.5%
<b>Total</b>	<b>17,534</b>	<b>18,319</b>	<b>785</b>	<b>4.5%</b>

- 2.5 The following sections provide an analysis of the projected outturn and major budget variances shown by Scrutiny area.

### 3 Housing and Community

Housing & Community	Controllable Budget £000	Projected Outturn £000	Forecast Variance	
			£000	%
Employees	3,282	3,367	85	2.6%
Premises	357	315	(41)	-11.6%
Transport	39	39	0	0.0%
Supplies & Services	1,619	1,641	22	1.3%
Third Parties	36	36	0	0.0%
Income	(4,233)	(4,270)	(38)	0.9%
	<b>1,101</b>	<b>1,128</b>	<b>27</b>	<b>2.5%</b>

#### 3.1 Employees - £85k over budget (2.6%)

Pressure of £40k – there is a pressure in Strategic Housing due to two posts being funded by grant income. The budgets will be realigned in due course to remove this variance, as the grant income has already been secured.

Pressure of £45k - A pressure of £45k across services is projected linked to the vacancy provision. This target is set at 5% of direct salary costs for 2015/16. This position will continue to be monitored.

#### 3.2 Premises - £41k under budget (11.6%)

Underspend of £40k – In the Homelessness service, there have been savings in temporary accommodation costs arising from 2 key factors: firstly improved advice and prevention have led to a reduced need for temporary accommodation, and secondly, the Council has been using its own hostels at Leys Road and Woolmer Drive.

#### 3.3 Supplies & Services - £22k over budget (1.7%)

Pressure of £20k - There is a projected overspend in the Homelessness service due to some additional cost for the hostels including CCTV monitoring at The Elms and beds and mattresses for both The Elms and Woolmer Drive.

#### 3.4 Income - £38k surplus (0.9%)

Surplus of £36k – This surplus relates to grant income received by the Homelessness service to fund the pressure in Employees mentioned above. This variance will be tidied up in due course through the virement process.

### 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 2015/16 broadly in line with the budgeted balance of £2.9m.

#### 4.3 Supervision and Management – £14k over budget (0.1%)

The relatively minor overspend of £14k is comprised of various different factors:

- £35k pressure as a result of contract staff being used to cover the Housing Development Manager post. This cost could potentially be capitalised, however as most of the HRA capital programme is funded from Revenue Contribution to Capital, the cost would ultimately be funded from the Revenue budget in any case.
- £20k pressure from agency staff being employed in the Voids team, over and above the budgeted establishment.
- £50k pressure in Property & Place largely due to vacancy provision not achieved.
- £30k saving in Tenants and Leaseholders and Supporting People as these areas are close to full capacity, and the agency budgets are not being utilised.
- £65k saving being forecasted as 2 posts for Mobile Cleaners are to remain vacant throughout 2015/16.

### 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 2016/17 rather than 2015/16, or conversely, where expenditure planned initially for 2016/17 will now be in 2015/16.

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	2,598	2,800	26	176	6.8%
<b>G F Total</b>	<b>2,598</b>	<b>2,800</b>	<b>26</b>	<b>176</b>	<b>6.8%</b>
<b>HRA Total</b>	<b>35,564</b>	<b>35,673</b>	<b>0</b>	<b>109</b>	<b>0.3%</b>
<b>Grand Total</b>	<b>38,162</b>	<b>38,473</b>	<b>26</b>	<b>285</b>	<b>0.7%</b>

## 5.2 General Fund Major Variances

There is an overall projected overspend of £202k on the General Fund. This is a combination of forecast overspending of £176k and rephasing of £26k from 2016/17 into 2015/16.

The projected net overspend of £176k is comprised of one key item:

- Line 142: an overspend of £170k on the Elms Hostel due to a number of fixtures and fittings such as a new kitchen, furniture and CCTV being agreed with Dens but falling outside of the main contract for the build. There have also been a number of unforeseen items associated with the building contract including Japanese knotweed, tree removal, ground obstructions and gas meter, which have added to the initial contract value. This variance will be funded from S106 receipts.

The projected rephasing of £26k from 2016/17 into 2015/16 is made up of:

- Line 115: £26k accelerated spend from 2016/17. Funds allocated to the Bunkers Farm project for 2016/17 will now be required in 2015/16.

## 5.3 Housing Revenue Account Major Variances

- Line 191: an overspend of £119k on the new build at Farm Place. This is due to a S106 payment to Herts County Council of £54k not having been budgeted. The remaining £65k is due to amendments to the specification of the build required by Planning, plus some minor adjustments to the original specification. A saving of £330k was reported last financial year as a result of the tender price being lower than budgeted, but this did not allow for the additional costs which have now come to light.
- Line 194 – 199: these lines relate to the HRA New Build programme. Budgets need to be realigned between new schemes and the New Build General line once the revised HRA Business Plan has been approved by Cabinet.