



Public Document Pack Housing and Community Overview and Scrutiny Agenda

Scrutiny making a positive difference: Member led and independent, Overview & Scrutiny Committee promote service improvements, influence policy development & hold Executive to account for the benefit of the Community of Dacorum

Wednesday 3 March 2021 at 6.30 pm

Microsoft Teams - Microsoft Teams

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Adeleke (Vice-Chairman)
Councillor Mrs Bassadone
Councillor England
Councillor Imarni (Chairman)
Councillor Mahmood
Councillor Pringle
Councillor Arslan

Councillor Durrant
Councillor Johnson
Councillor Oguchi
Councillor Hollinghurst
Councillor Barry
Councillor Freedman

For further information, please contact member.support@dacorum.gov.uk

AGENDA

6. BUDGET MONITORING Q3 REPORT (Pages 2 - 12)

Agenda Item 6



Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	3 March 2021
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 3 2020/21
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance & Resources) Fiona Jump, Group Manager – Financial Services
Purpose of report:	To provide details of the projected outturn for 2020/21 as at Quarter 3 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
Recommendations	That Committee note the financial position for the Council for 2020/21 as at Quarter 3.
Corporate objectives:	Ensuring efficient, effective and modern service delivery.
Implications:	<u>Financial</u> This report outlines the financial position for the Council for 2020/21 and so summarises the financial implications for service decisions expected to be made for the financial year. <u>Value for Money</u> Regular budget monitoring and reporting supports the effective use of the financial resources available to the Council.
Risk Implications	This reports outlines the financial position for the Council for 2020/21 and in so doing quantifies the financial risk associated with service decisions expected to be made for the financial year.

Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account MHCLG – Ministry of Housing, Communities and Local Government

1. Executive Summary

- 1.1 General Fund revenue outturn – the Council is facing significant financial pressures as a result of the coronavirus. Overall in the General Fund a pressure of £3.2m is forecast, of which £2.9m results from the implications of coronavirus.
- 1.2 Housing Revenue Account outturn – the HRA is currently forecasting a surplus of £2.5m, an increase of £2.4m on the forecast surplus of £0.1m reported at Q2, due to a significant reduction in the anticipated spend on Repairs and Maintenance following new restrictions on access to properties and supply chain issues.
- 1.3 Housing and Community General Fund Capital budgets are currently reporting broadly to budget.
- 1.4 In HRA capital budgets, slippage of £1m is forecast with an underspend of £1.8m.

2. Introduction

- 2.1 The purpose of this report is to present the Council's forecast outturn for 2020/21 as at the 31 December 2020. The report covers the following budgets with associated appendices:
- General Fund - Appendix A. A pressure against budget of £3.2m is forecast.
 - Housing Revenue Account (HRA) - Appendix B. A surplus of £2.5m is forecast.
 - Capital Programme - Appendix C. General Fund capital budgets are broadly reporting to budget. Housing Revenue Account budgets are reporting slippage of £1m and an underspend of £1.8m against budget.

3. General Fund Revenue Account

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

3.2 Appendix A provides an overview of the General Fund forecast outturn position.

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

Table 1	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	8,006	12,710	4,704	58.8%
Strategic Planning and Environment	10,906	12,921	2,015	18.5%
Housing & Community	1,686	1,792	106	6.3%
Total Operating Cost	20,598	27,423	6,825	33.1%
Core Funding	(20,599)	(24,183)	(3,584)	17.4%
Contribution (to)/ from General Fund Working Balance	(1)	3,240	3,241	

Core Funding - £3.6m additional funding

Government grant income has been received as follows:

- £2.05m of Covid-19 support grant has been received from MHCLG, including a 4th allocation of £232k announced in October 2020.
- £100k of New Burdens funding relating to welfare reform within the Revenues and Benefits service.

An additional £1.4m of funding is expected under the government's income guarantee scheme to reimburse local authorities for 75% of lost income after the first 5% of the budgeted total.

Recharge to the HRA – a surplus of £72k is forecast in the recharge to the HRA, which is predominantly due to additional premises insurance charges being passed back to the HRA, less property related costs borne by the HRA being passed back to the General Fund.

Investment Income – pressure of £180k. A pressure of £180k is forecast in General Fund investment income budgets due to the reduction in interest rates announced by the government in March 2020.

3.4 The following sections provide an analysis of the projected outturn and major budget variances for the Housing and Community Scrutiny area.

4. Housing and Community

Table 2 Housing and Community	Current Budget	Forecast Outturn	Variance	
	£000	£000	£000	%
Employees	4,159	4,167	8	0.2%
Premises	1,003	648	(355)	(35.4%)
Transport	14	12	(2)	(14.3%)
Supplies & Services	1,141	1,210	69	6.0%
Transfer Payments	5	3	(2)	(40.0%)
Income	(5,701)	(5,228)	473	(8.3%)
Capital Charges	1,083	1,083	0	0.0%
Earmarked Reserves	(18)	(103)	(85)	472.2%
Total	1,686	1,792	106	6.3%

4.1 Premises - £355k underspend against budget

An underspend of £380k is expected in the garages maintenance budget. An investment strategy is being prepared to evaluate how these revenue budgets can be best utilised in order to maximise the income stream. It is now unlikely that this year's budget will be utilised.

4.2 Income - £473k pressure against budget

Pressure of £430k in Garages income. Although the current void level is at 30.5%, it is envisaged that the void level will increase, as will the level of bad debt, as a result of any economic downturn. There is a risk that garages may represent an early cost saving for a household in financial difficulties.

5. Housing Revenue Account (HRA)

5.1 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.

5.2 The projected HRA balance at the end of 2020/21 is a surplus of £2.5m. This an increase in the forecast position expected at Quarter 2, which was £129k, following a significant reduction in the forecast for Repairs and Maintenance expenditure due to the continued pressures imposed on the council and its supply chain partners from the Covid-19 pandemic. A balanced outturn position for the HRA can be achieved by either increasing (in the case of an overall surplus) or decreasing (in the case of an overall deficit) the final revenue contribution to capital for the HRA. This will be a decision for Members to take once the final outturn position for 2020/21 is confirmed later in the financial year.

5.3 Tenants' Charges – pressure of £0.2m

This variance has arisen in service charges income. Service charges are recalculated each year to ensure that the charge received by the tenant accurately reflects the service received. Where there are variations in cost to the tenant from one year to the next, the Council has committed to only pass on an increase of CPI +1% (in line with current rental policy).

5.4 Interest and Investment Income – pressure of £0.1m

A pressure of £100k is forecast against investment income budgets due to the reduction in interest rates announced by the government in March 2020.

5.5 Contribution Towards Expenditure – pressure of £0.1m

This income relates to property transactions such as the granting of lease extensions and easements. The budgeted target is not being achieved due to a lower volume of transactions.

5.6 Repairs and Maintenance - £4.2m under budget

This variance has increased further during the financial year, due to the ongoing restrictions imposed during the Covid-19 pandemic. It has not been possible for internal or intrusive works to take place under the prevailing circumstances. Workstreams have been re-prioritised where possible to carry out external works and to ensure that all essential, health and safety works are undertaken as required.

5.7 Supervision and Management – on budget

A pressure of £140k has arisen due to higher than expected insurance costs, specifically related to Uninsured Losses claims due to weather events over the summer months. This is being offset by savings in other budget lines, due to vacancies in the financial year, and budgets related to home-moving and decants not being spent.

5.8 Rent, Rates and Taxes – pressure of £0.1m

This pressure is due to Council Tax charges on empty HRA properties. Currently the level of voids in sheltered schemes is higher than anticipated which is leading to an additional cost.

5.9 Provision for Bad Debts - £1.1m over budget

It is expected that an increase in arrears of rental income will be seen this financial year, due to an increasing number of tenants in financial hardship. It is difficult to predict the level of arrears, as this is very much linked to the extent of the economic downturn. More tenants have moved on to Universal Credit, which caused an initial delay in income being received at the beginning of the year, but the Income team have been very proactive in supporting tenants, to arrange payment terms and assist with accessing benefits if appropriate.

6. Capital Programme

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

The table below summarises the overall capital outturn position for Housing and Community Scrutiny area.

The current budget is the original budget approved by Cabinet in February 2020, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred, but will now be in 2021/22 rather than 2020/21 ('slippage'), or conversely, where expenditure planned initially for 2021/22 has been incurred in 2020/21 ('accelerated spend').

The 'Variance' column refers to projects which are expected to come in under or over budget and projects which are no longer required.

Table 3	Current Budget	Rephasing	Revised Budget	Forecast Outturn	Variance	
	£000	£000	£000	£000	£000	%
Housing & Community	4,843	25	4,868	4,809	(59)	-1.22%
Total	4,843	25	4,868	4,809	(59)	-1.22%
HRA Total	22,240	(998)	21,242	19,453	(1,788)	-8.04%
Grand Total	27,083	(973)	26,110	24,263	(1,847)	-6.82%

6.2 General Fund Major Variances

General Fund capital budgets are currently reporting broadly to budget.

6.3 Housing Revenue Account Major Variances

There is estimated slippage of £1m in the HRA capital programme, and forecast underspend of £1.8m. This includes the following items:

- Line 169-174: slippage of £0.8m. In line with the revenue repairs and maintenance budgets, the capital maintenance programme is also expecting a reduction in expenditure following new restrictions announced in January.
- Line 179: £1.32m under budget on Martindale. The scheme is now complete and the full contingency (c. £0.9m) has now been released as this was not required. Potential additional costs due to Covid-19 have also not been as significant as expected.
- Line 180: underspend of £0.52m on Stationers Place. The project is now complete and contingency within the budget can now be released.
- Line 185: slippage of £0.1m on St Margaret's. The scheme is slightly delayed to due legislative changes as a result of the coronavirus pandemic.

- Lines 188-190 Randalls Ride, Garage Sites and Wilstone: these variances relate to the timing of land appropriation from the General Fund to the HRA. This can take place once planning permission has been granted. Randalls Ride and Wilstone are expected to take place earlier than previously anticipated whereas the Garage Sites are slightly more complex due to their location, and are now expected later than previously anticipated.


7. Conclusions and recommendations

- 7.1** As at Quarter 3 2020/21, there is a forecast pressure of £3.2m against General Fund budgets and a forecast surplus of £2.5m against Housing Revenue Account budgets.
- 7.2** As at Quarter 3 2020/21, against Housing Revenue Account capital schemes, budget rephasing of £1m is forecast and outturn is expected to be £1.8m under budget.
- 7.3** Members are asked to note the financial position for the Council for 2020/21 as at Quarter 3.



Dacorum Borough Council
Revenue Budget Monitoring Report for December 2020

	Month			Year-to-Date			Full Year		
	Budget £000	Actuals £000	Variance £000	Budget £000	Actuals £000	Variance £000	Budget £000	Forecast Outturn £000	Variance £000
Operational Costs									
Finance and Resources	238	550	312	8,250	9,918	1,668	8,006	12,710	4,704
Housing and Community	148	175	27	571	506	(65)	1,686	1,792	106
Strategic Planning and Environment	777	857	80	7,341	5,593	(1,748)	10,906	12,921	2,015
Net Operational Costs	1,163	1,582	419	16,162	16,017	(145)	20,598	27,423	6,825
Other Items									
Investment Income	(25)	(23)	2	(225)	(161)	64	(300)	(120)	180
Interest Payments and MRP	76	0	(76)	687	517	(229)	916	916	0
Parish Precept Payments	0	0	0	972	972	0	972	972	0
Government Grants	(165)	(2,740)	(2,575)	(1,484)	(23,278)	(21,794)	(1,979)	(5,671)	(3,692)
Taxation (Council Tax and Business Rates)	(1,319)	1,832	3,151	(11,868)	(19,756)	(7,888)	(15,824)	(15,824)	0
Surplus / Deficit on Provision of Services	(1,404)	(931)	473	(11,655)	(41,706)	(30,110)	(16,215)	(19,727)	(3,512)
Transfers between Reserves / Funds									
Net Recharge to the HRA	(365)	(2)	363	(3,288)	57	3,345	(4,384)	(4,456)	(72)
Net Movement on General Fund Working Balance	(644)	649	1,293	1,050	(25,632)	(26,741)	(1)	3,240	3,241

 Housing Revenue Account 2020/21 Outturn Revenue Budget Monitoring Report				
	Adjusted Budget £000	Outturn £000	Variance £000	%
Income:				
Dwelling Rents	(54,435)	(54,358)	77	-0.1%
Non-Dwelling Rents	(102)	(102)	0	0.0%
Tenants Charges	(1,517)	(1,306)	211	-13.9%
Leaseholder Charges	(593)	(593)	0	0.0%
Interest and Investment Income	(192)	(92)	100	-52.1%
Contribution towards Expenditure	(645)	(530)	115	-17.8%
Total Income	(57,484)	(56,981)	503	-0.9%
Expenditure:				
Repairs & Maintenance	12,068	7,899	(4,169)	-34.5%
Supervision & Management	14,196	14,178	(18)	-0.1%
Rent, Rates, Taxes & Other Charges	36	160	124	344.4%
Interest Payable	11,586	11,586	0	0.0%
Provision for Bad Debts	975	2,075	1,100	112.8%
Depreciation	12,866	12,866	0	0.0%
HRA Democratic Recharges	335	335	0	0.0%
Revenue Contribution to Capital	5,855	5,855	0	0.0%
Total Expenditure	57,917	54,954	(2,963)	-5.1%
Transfer to / (from) Housing Reserves	(433)	(433)	0	0.0%
HRA Deficit / (Surplus)	0	(2,460)	(2,460)	0.0%
Housing Revenue Account Balance:				
Opening Balance at 1 April 2020	(2,892)	(2,892)	0	0.0%
Deficit / (Surplus) for year	0	(2,460)	(2,460)	0.0%
Proposed Contributions to Reserves	0	0	0	
Closing Balance at 31 March 2021	(2,892)	(5,352)	(2,460)	

CAPITAL PROGRAMME MONITORING BY SCRUTINY COMMITTEE FOR DECEMBER 2020

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)	
General Fund												
Housing and Community												
Procurement and Contracted Services												
118	Rolling Programme - CCTV Cameras	Ben Hosier	25,000	1,745	0	0	0	26,745	25,289	26,745	0	0
119	Alarm Receiving Centre	Ben Hosier	0	33,627	0	0	0	33,627	0	33,627	0	0
120	CCTV Equipment Refresh	Ben Hosier	(380,000)	490,000	0	10,000	10,000	120,000	121,769	120,000	0	0
			(355,000)	525,372	0	10,000	10,000	180,372	147,058	180,372	0	0
People												
122	Verge Hardening Programme	Matt Rawdon	450,000	79,884	0	0	0	529,884	258,119	529,884	0	0
123	Adventure Playgrounds Improvement Programme	Matt Rawdon			179,130		179,130	179,130	200,591	179,130	0	0
124	Self Service Kiosks	Matt Rawdon	0	25,000	0	(25,000)	(25,000)	0	25,656	25,000	25,000	0
125	Capital Grants - Community Groups	Matt Rawdon	20,000	0	0	0	0	20,000	6,000	20,000	0	0
			470,000	104,884	179,130	(25,000)	154,130	729,014	490,366	754,014	25,000	0
Strategic Housing												
129	Affordable Housing Development Fund	David Barrett	2,691,000	0	0	0	0	2,691,000	934,538	2,691,000	0	0
130	Westerdale (Garage Development)	David Barrett	0	385,885	0	0	0	385,885	198,132	330,000	0	(55,885)
131	Temporary Accommodation - creation of new units	David Barrett	50,000	0	0	0	0	50,000	0	50,000	0	0
132	Upgrade to Civica Abrisas system (Housing Options)	David Barrett	66,000	0	0	0	0	66,000	62,800	62,800	0	(3,200)
			2,807,000	385,885	0	0	0	3,192,885	1,195,470	3,133,800	0	(59,085)
Property and Place												
134	Disabled Facilities Grants	Jason Grace	741,000	0	0	0	0	741,000	376,188	741,000	0	0
			741,000	0	0	0	0	741,000	376,188	741,000	0	0
Totals - Fund: General Fund			3,663,000	1,016,141	179,130	(15,000)	164,130	4,843,271	2,209,082	4,809,186	25,000	(59,085)

CAPITAL PROGRAMME MONITORING BY SCRUTINY COMMITTEE FOR DECEMBER 2020

Scheme	Budget Holder	Original Budget	Prior Year Slippage	Adj's, Supps, Virements	Adjustments (Slip. C/F)	In-Year Adjustments	Current Budget	YTD Spend	Projected Outturn	Forecast Slippage	Projected Over / (Under)
Housing Revenue Account											
Housing and Community											
Property & Place											
169 Planned Fixed Expenditure	Jason Grace	17,057,000	0	(3,700,000)	(4,977,000)	(8,677,000)	8,380,000	3,270,093	6,915,000	(865,000)	(600,000)
170 Pain/Gain Share (Planned Fixed Expenditure)	Jason Grace	0	0	0	0	0	0	(447,767)	0	0	0
171 M&E Contracted Works	Jason Grace	0	0	700,000	(250,000)	450,000	450,000	317,076	480,000	30,000	0
172 Communal Gas & Heating	Jason Grace	0	0	3,000,000	(1,000,000)	2,000,000	2,000,000	1,302,503	2,000,000	0	0
173 DBC Commissioned Capital Works	Jason Grace	750,000	901,068	0	(62,838)	(62,838)	1,588,230	1,222,709	2,251,068	62,838	600,000
174 Special Projects	Jason Grace	0	909,653	0	(850,000)	(850,000)	59,653	0	62,506	2,853	0
		17,807,000	1,810,721	0	(7,139,838)	(7,139,838)	12,477,883	5,664,614	11,708,574	(769,309)	0
Strategic Housing											
178 New Build - General Expenditure	David Barrett	(318,608)	318,608	0	0	0	0	90	0	0	0
179 Martindale	David Barrett	2,035,454	2,031,700	0	0	0	4,067,154	2,107,948	2,747,830	0	(1,319,324)
180 Stationers Place / Apsley Paper Mill	David Barrett	0	1,450,785	0	0	0	1,450,785	903,561	930,258	0	(520,527)
181 Swing Gate Lane	David Barrett	0	0	0	0	0	0	41,610	51,610	0	51,610
182 Bulbourne	David Barrett	(689,700)	828,391	0	(72,471)	(72,471)	66,220	13,123	50,846	(15,374)	(0)
183 Coniston Road	David Barrett	1,705,800	(342,708)	0	(1,145,592)	(1,145,592)	217,500	43,637	171,237	(46,263)	0
184 Eastwick Row	David Barrett	1,084,951	(66,725)	0	(653,671)	(653,671)	364,555	158,924	365,956	1,401	(0)
185 St Margaret's Way	David Barrett	(324,148)	440,648	0	180,840	180,840	297,340	105,510	181,145	(116,195)	0
186 Paradise Fields	David Barrett	150,000	0	0	820,600	820,600	970,600	251,889	1,000,000	29,400	0
187 Gaddesden Row	David Barrett	964,679	(319,651)	0	0	0	645,028	500,042	574,043	(70,985)	0
188 Randalls Ride	David Barrett	80,000	112,451	0	0	0	192,451	120,735	566,271	373,820	0
189 Garage Sites - New Build Developments	David Barrett	525,000	490,270	0	40,096	40,096	1,055,366	159,024	298,205	(757,161)	0
190 Wilstone	David Barrett	33,438	105,013	0	(48,451)	(48,451)	90,000	30,389	615,451	525,451	0
191 Marchmont Fields	David Barrett	100,000	0	0	0	0	100,000	28,142	62,000	(38,000)	0
192 Paradise Depot	David Barrett	225,000	0	0	(70,000)	(70,000)	155,000	50,997	85,000	(70,000)	0
193 Cherry Bounce	David Barrett	300,000	0	0	(210,000)	(210,000)	90,000	6,312	45,000	(45,000)	0
		5,871,866	5,048,782	0	(1,158,649)	(1,158,649)	9,761,999	4,521,930	7,744,853	(228,906)	(1,788,240)
Totals: Housing and Community		23,678,866	6,859,503	0	(8,298,487)	(8,298,487)	22,239,882	10,186,544	19,453,427	(998,215)	(1,788,240)
Totals - Fund: Housing Revenue Account		23,678,866	6,859,503	0	(8,298,487)	(8,298,487)	22,239,882	10,186,544	19,453,427	(998,215)	(1,788,240)
Totals		27,341,866	7,875,644	179,130	(8,313,487)	(8,134,357)	27,083,153	12,395,626	24,262,613	(973,215)	(1,847,325)