



AGENDA ITEM: SUMMARY

Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	
Part:	5 September 2018
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2018/19
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 2018/19 as at Quarter 1 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
Recommendations	That Committee note the forecast outturn position for 2018/19.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This reports outlines the financial position for the Council for 2018/19 and so summarises the financial implications for service decisions expected to 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 2018/19 and in so doing quantifies the financial risk associated with service decisions expected to made for the financial year.

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

1. Executive Summary

1.1 The Council's forecast outturn for 2018/19 as at 30 June 2018 is as follows:

- General Fund revenue forecast outturn – pressure of £719k;
- General Fund capital- slippage of £2.979m; underspend of £206k (0.8%);
- Housing Revenue Account revenue forecast outturn- pressure of £37k;
- Housing Revenue Account capital forecast outturn- slippage of £3.811m; on budget.

1.2 The report pack contains the following documents:

- Appendix A – General Fund Summary Spreadsheet
- Appendix B – HRA Summary Spreadsheet
- Appendix C – Capital Programme- Housing and Community

2. Introduction

1.3 The purpose of this report is to present the Council's forecast outturn for 2018/19 as at 30 June 2018. The report covers the following budgets:

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

This report also provides further detail on the financial position for General Fund and Housing Revenue Account services and capital projects for Housing and Community Scrutiny area.

3. General Fund Revenue Account

1.4 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).

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

1.6 Corporate items

There is a net overachievement of income of £115k against corporate items. This arises largely due to additional grant funding over budgeted amounts, including £60k of funding relating to the Revenues and Benefits service and £64k of new burdens funding relating to the Planning service. There is also a pressure against investment properties of £63k arising from building works to properties to protect income and business rates relating to void properties.

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

	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	11,254	11,583	329	2.9%
Housing & Community	1,299	1,405	106	8.2%
Strategic Planning & Environment	7,857	8,452	595	7.6%
Total	20,410	21,440	1,030	5.0%
Investment Property	(4,103)	(4,040)	63	-1.5%
Non-controllable budgets	(17,342)	(17,520)	(178)	1.0%
Earmarked Reserve movements	1,028	832	(196)	-19.1%
Contribution (to)/from General Fund Working Balance	(7)	712	719	

1.8 Section 4 provides analysis of the projected outturn and major budget variances for the Housing and Community Scrutiny area.

4. Housing and Community

Housing & Community	Current Budget	Forecast Outturn	Variance	
	£000	£000	£000	%
Employees	3,680	3,717	37	1.0%
Premises	905	918	13	1.4%
Transport	17	19	2	11.8%
Supplies & Services	1,722	1,735	13	0.8%
Third Parties	0	0	0	0.0%
Transfer Payments	55	55	0	0.0%
Income	(5,080)	(5,039)	41	0.8%
	1,299	1,405	106	8.2%

4.1 Income - £41k under-achievement of income (0.8%)

Pressure of £160k- There is a shortfall against income targets relating to garages rental income of £160k. £90k of this shortfall is a continuation of under-achievement of income in the previous financial year. £70k of the shortfall is due to an increase in the number of void garages

Overachievement of income £210k-The pressure above is offset by net additional income over budget relating to Temporary Accommodation of £210k. The Council's own properties are being used to house tenants on a temporary basis rather than more expensive bed and breakfast accommodation.

There are other minor shortfalls against income targets elsewhere in the service.

5. Housing Revenue Account (HRA)

4.2 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.

4.3 The projected HRA balance at the end of 2018/19 is £37k under the budgeted balance of £2.9m.

4.4 Tenants charges - £84k overachievement of income (5.6%)

The recovery of costs associated with additional water bills at sheltered schemes is forecast to result in additional income over target amounts. This offsets the expenditure budget pressure detailed at 5.4 to this report.

4.5 Supervision and management- £85k over budget (0.7%)

Water charges for sheltered schemes are forecast to be higher than budget. The cost of these additional bills is recovered from tenants (see 5.3).

4.6 Other charges- £36k over budget (105.9%)

The cost of council tax relating to void properties is driving a pressure of £36k. The level of void properties is projected to be higher than that assumed at the time of budget setting.

6. Capital Programme

4.7 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 2018, plus additional slippage identified at year end 2017/18 and approved amendments.

The 'Slippage' column refers to projects where expenditure is still expected to be incurred, but it will now be in 2019/20 rather than 2018/19. A revised capital programme for 2018/19 will be taken to Cabinet recommending that slippage identified now at Quarter 1 be formally re-phased to 2019/20.

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

	Current Budget	Slippage	Revised budget	Forecast Outturn	Variance	
	£000	£000	£000	£000	£000	%
Housing & Community	8,748	(655)	8,093	8,093	0	0.0%
G F Total	8,748	(655)	8,093	8,093	0	0.0%
HRA Total	39,024	(3,811)	35,213	35,213	0	0.0%
Grand Total	47,772	(4,466)	43,306	43,306	0	0.0%

4.8 General Fund Major Variances

The slippage to future years is detailed in Appendix C. This includes:

- Line 117 and 118: slippage of £615k on the garage development projects Westerdale and Northend. The phasing of this project has changed from when the budget was set due to slight delays in the scheme.

4.9 HRA Major Variances

- Line 180: slippage of £2.2m on Martindale. The start on site for this scheme is approximately 3 months later than anticipated when the budget was set.
- Line 181: underspend of £937k on Kylina Court. The scheme is due to complete in this financial year, and at present the full contingency on the scheme is not

expected to be required. Any surplus budget will be re-allocated to schemes within the new build programme overall.

- Line 182: slippage of £857k on Stationers Place. Issues with the site have been worked through and a start on site is now expected in quarter 3 of 2018/19.
- Line 185 and 186: variance of £205k on Swing Gate Lane. The latest cost projections vary from the estimated budget and it will be necessary to re-allocate budget to this scheme in year.

7. Conclusions and recommendations

- 4.10 As at Quarter 1 2018/19, there is a forecast pressure of £719k against General Fund budgets and a forecast pressure of £37k against Housing Revenue Account budgets.
- 4.11 Members are asked to note the forecast outturn position for 2018/19. Further financial monitoring reports will be brought before Committee for consideration during the financial year 2018/19.