



**AGENDA ITEM:
SUMMARY**

Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	4 September 2019
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2019/20
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 2019/20 as at Quarter 1 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 2019/20 as at Quarter 1.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This report outlines the financial position for the Council for 2019/20 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 2019/20 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 MRP- Minimum Revenue Provision

1. Introduction

1.1 The purpose of this report is to present the Council's forecast outturn for 2019/20 as at the 30 June 2019. The report covers the following budgets with associated appendices:

- General Fund - Appendix A. A pressure against budget of £121k is forecast.
- Housing Revenue Account (HRA) - Appendix B. A surplus of £391k is forecast.
- Housing and Community Capital Programme - Appendix C. Budget re-phasing to future years of £245k is forecast and outturn is broadly on budget.

2. General Fund Revenue Account

2.1 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).

2.2 Appendix A provides an overview of the General Fund forecast outturn position. The forecast position includes areas of both under and overspend. There is a net overall pressure of £121k, less than 1% of the net cost of services budget.

The table below outlines the service areas with a significant financial pressure:

Scrutiny Committee	Key Financial Pressure	Description
Housing and Community	£190k	Garage Income
Finance and Resources	£130k	Fleet vehicle Maintenance
Strategic Planning and Environment	£105k	Planning
Strategic Planning and Environment	£90k	Commercial Waste Income

2.3 Corporate items

There is a combination of additional government grant income and a reduction in expenditure forecast to yield a benefit of £332k against core funding budgets. These include:

- Increased new burdens funding of £117k, including £100k relating to the Revenues and Benefits service. This funding is not ring-fenced for a specific use and has therefore been treated as core funding.

- The Minimum Revenue Provision (MRP) is a minimum amount which a Council must charge against its revenue budget each year for the financing of capital expenditure which has been initially funded by borrowing. The MRP is £165k lower than budgeted. This is as a result of a combination of reduced capital spend against budget in financial year 2018/19 and a technical review of accounting treatment. This is a one- off benefit in 2019/20.
- Additional income from the HRA of £50k. This arises from work on void garden clearances previously carried out by Osborne and now undertaken by Clean, Safe and Green. As such, there is no resulting additional cost to the HRA.

2.4 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	16,382	16,364	(18)	(0.1%)
Housing & Community	537	614	77	14.3%
Strategic Planning and Environment	8,467	8,850	383	4.5%
Total	25,386	25,828	442	1.7%
Investment Property	(4,317)	(4,306)	11	(0.3%)
Core Funding	(21,070)	(21,402)	(332)	1.6%
Contribution (to)/ from General Fund Working Balance	(1)	120	121	

2.5 The following section provide an analysis of the projected outturn and major budget variances for Housing and Community Scrutiny Committee area.

3. Housing and Community

Housing and Community	Current Budget £000	Forecast Outturn £000	Variance	
			£000	%
Employees	3,920	3,831	(89)	(2.3%)
Premises	886	696	(190)	(21.4%)
Transport	18	18	0	0.0%
Supplies & Services	1,288	1,254	(36)	(2.6%)
Transfer Payments	55	55	0	0.0%
Income	(5,575)	(5,185)	390	(7.0%)
Earmarked Reserves	(55)	(55)	0	0.0%
Total	537	614	77	14.3%

3.1 Employees - £89k underspend against budget

There are small forecast staffing underspends across Housing and Community relating to vacant posts that total £89k.

3.2 Premises - £190k underspend against budget

The forecast underspend relates to the ongoing upkeep and maintenance costs for the Garages service. A full stock condition survey has been commissioned to determine the current state of the garage stock. The results of the survey are expected in the autumn of 2019, and a revised maintenance programme will be developed and reported to members. In the interim, where the stock condition survey highlights urgent maintenance requirements these works are being commissioned.

3.3 Income - £390k pressure against budget

The forecast pressure relates to the Garage service income not being achieved and is a continuation of 2018/19 position. Void rates continue at around 30%. An ongoing garage strategy will be developed once the stock condition survey has been completed.

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 2019/20 is a surplus of £391k. 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 2019/20 is confirmed early in 2020/21.

4.3 Dwelling rents - £139k overachievement of income

The forecast overachievement of income includes:

- £82k overachievement of rental income due to budget expectations on new build sites being set prudently in advance of allocations and rent levels being agreed.
- £48k reduction in the contribution required to subsidise housing management at sheltered schemes.

4.4 Supervision and Management - £405k underspend against budget

The forecast underspend against budget includes:

- £330k relating to vacancies across the service. Recruitment to these vacancies is currently underway.

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 for Housing and Community Scrutiny Committee area.

The current budget is the original budget approved by Cabinet in February 2019, plus approved amendments.

The 'rephasing' column refers to projects where expenditure is still expected to be incurred, but will now be in 2020/21 rather than 2019/20 ('slippage'), or conversely, where expenditure planned initially for 2020/21 has been incurred in 2019/20 ('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.

	Current Budget £000	Rephasing £000	Revised Budget £000	Forecast Outturn £000	Variance	
					£000	%
Housing & Community	6,429	(245)	6,184	6,190	6	0.1%
GF Total	6,429	(245)	6,184	6,190	6	0.1%
HRA Total	43,845	(795)	43,050	43,050	0	0.0%
Grand Total	50,274	(1,040)	49,234	49,240	6	0.0%

5.2 General Fund Major Variances

There is projected rephasing on the General Fund of £245k in 2019/20, with outturn broadly on budget.

The projected rephasing to future years includes:

- Line 131: slippage of £245k on CCTV Equipment Refresh. The tender for this work is underway, with the work expected to begin in November. It is therefore estimated that only half of the budgeted expenditure will take place in 2019/20.

5.3 Housing Revenue Account Major Variances

There is projected rephasing on HRA of £795k and a forecast balanced outturn position.

The projected rephasing to future years includes:

- Line 192: accelerated spend of £185k on Martindale. The scheme is progressing well and further spend has been brought forward from 2020/21.
- Line 198: slippage of £749k on Bulbourne. The site is owned by the Parish Council and prior to any purchase, Secretary of State approval is required to relocate an allotment to a different location on the site. These authorisations can take from between 6 to 24 months to process. Until authorisation has been given and it is clear the scheme is truly viable, the acquisition is on hold.

- Line 203: accelerated spend of £339k on Gaddesden Row. The purchase of the land has taken place earlier than originally anticipated.
- Lines 204, 205 and 206: slippage of £520k on Randalls Ride, Garage Sites and Wilstone. These schemes have not progressed as quickly as anticipated due to resourcing issues which are due to be resolved imminently.

The forecast balanced outturn position includes:

- Line 191: underspend of £393k on the budget for New Build General Expenditure. This underspend offsets against other under and overspends across the programme.
- Line 194: underspend of £1.2m on Stationers Place. The full contingency for the scheme was not required.
- Lines 196 and 197: overspend of £577k on Swing Gate Lane. Delays to the scheme have incurred further costs that are still to be finalised. Final account negotiations are due to commence shortly.
- Line 200: overspend of £900k on Eastwick Row. The purchase of the land had not been included in the budget for this scheme and will be funded through the underspend on the New Build General line (line 191).