



AGENDA ITEM: 6

SUMMARY

Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	11 November 2015
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 2 2015/16
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 2 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
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 September 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 current budget is the original budget approved by Cabinet in February 2015, plus the following approved amendments:

Amendments	£000	Approved
2015/16 Original budget	17,534	
Grant Funded Staff Costs in Revenues and Benefits	70	Council September 2015
Office Accommodation	52	Council September 2015
Reserve Funded Staff Costs	(10)	Council September 2015
Local Development Framework	(50)	Council September 2015
2015/16 Current Budget	17,596	

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

	Current Budget	Forecast Outturn	Variance		Movement in Forecast since last quarter
	£000	£000	£000	%	£000
Finance & Resources	10,735	10,795	60	0.6%	(419)
Strategic Planning & Environment	5,760	5,969	209	3.6%	(70)
Housing & Community	1,101	1,106	5	0.5%	(22)
Total	17,596	17,870	274	1.6%	(511)

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

3. Housing and Community

Housing & Community	Current Budget	Projected Outturn	Variance		Movement in Forecast since last quarter
	£000	£000	£000	%	£000
Employees	3,319	3,380	61	1.8%	(24)
Premises	357	317	(40)	-11.2%	1
Transport	39	40	0	0.5%	0
Supplies & Services	1,594	1,609	14	0.9%	(7)
Third Parties	36	36	0	0.0%	0
Income	(4,245)	(4,275)	(30)	0.7%	7
	1,101	1,106	5	0.5%	(22)

3.1 Employees - £61k over budget (1.8%)

Pressure of £61k - A pressure of £45k across services was reported at Quarter 1 linked to the vacancy provision. This figure has increased slightly, particularly in areas such as the Adventure Playgrounds where staffing ratios need to be maintained, and at the Old Town Hall where sickness cover has been required to maintain the full programme of events.

A pressure of £40k was reported in the Quarter 1 report in Strategic Housing due to two posts that are being funded by grant income. The budgets have been realigned to reflect the additional grant income received which has removed this variance.

3.2 Premises - £40k under budget (11.2%)

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. This variance was reported at Quarter 1 and has remained constant.

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 is slightly above the budgeted balance of £2.9m by some £200k.

4.3 The table below provides an overview of forecast outturn position for the HRA:

Housing Revenue Account	Current Budget £000	Projected Outturn £000	Variance	
			£000	%
Total Income	(57,765)	(58,049)	(284)	0.5%
Total Expenditure	57,765	57,796	31	0.1%
HRA Deficit / (Surplus)	0	(253)	(253)	
Housing Revenue Account Balance:				
Opening Balance at 1 April 2015	(2,900)	(2,846)	54	
Deficit / (Surplus) for year	0	(253)	(253)	
Proposed Contributions to Reserves	0	0	0	
Closing Balance at 31 March 2016	(2,900)	(3,099)	(199)	

4.4 Dwelling Rent - £114k over-achievement of income (0.2%)

This overachievement is as a result of the number of void properties being slightly lower than anticipated. The budgeted level was 1%, but void properties are currently running at 0.8%.

4.5 Tenant Charges - £49k over-achievement of income (17.9%)

Unbudgeted grant funding is being received from Herts County Council to contribute towards the Evelyn Sharp Scheme for extra care.

4.6 Leaseholder Charges - £38k shortfall in income (7.5%)

There is a shortfall in leaseholder charges of £38k. This is primarily due to Landlords' Lighting which had been carried out by Mitie on a planned basis. Osborne are now carrying out this work on a responsive basis and this has led to a reduction in costs to the Council. The budget assumed that the planned maintenance would continue and that these costs would be charged back to leaseholders in service charges, however the saving to the Council is being passed back to leaseholders.

4.7 Contribution towards Expenditure - £30k over-achievement of income (5.4%)

A one-off payment has been received for Feed-In Tariffs for William Crook House which was an overdue payment relating to the last 4 years.

4.8 Supervision and Management - £31k over budget (0.3%)

An overspend of £31k is expected from the vacancy provision not being achieved across a number of areas.

4.9 Interest and Investment Income - £130k over-achievement of income (114%)

This over-achievement is as a result of higher than anticipated receipts from the sale of Right to Buy properties. An amount of £3.4m was estimated in the budget, however already this financial year £5.4m has been received.

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	2,789	2,685	26	(130)	-4.7%
G F Total	2,789	2,685	26	(130)	-4.7%
HRA Total	35,589	35,702	0	113	0.3%
Grand Total	38,378	38,387	26	(17)	0.0%

5.2 General Fund Major Variances

There is an overall projected underspend of £104k on the General Fund. This is a combination of forecast underspending of £130k and rephasing of £26k from 2016/17.

The projected net underspend of £130k is:

- Line 128: an underspend of £130k on Home Improvement Loans budget. Uptake to this scheme has been low and the budget is not expected to be spent. It is proposed that the budgets allocated for this scheme in future years be removed from the capital programme during the next budget round.

The projected rephasing from future years of £26k is:

- Line 113: £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 189: an overspend of £121k 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 192 – 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.