

AGENDA ITEM: SUMMARY

Report for:	Housing and Community Overview and Scrutiny Committee
Date of meeting:	22 September 2016
PART:	1
If Part II, reason:	

Title of report:	Budget Monitoring Quarter 1 2016/17
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 2016/17 as at Quarter 1 for the: <ul style="list-style-type: none"> • General Fund • Housing Revenue Account • Capital Programme
Recommendations	1) That Committee note the forecast outturn position. 2) That Committee note the re-phasing of the capital programme to move slippage identified at Quarter 1 into financial year 2017/18.
Corporate objectives:	Delivering an efficient and modern council
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 CRM – Customer Relationship Management

1. Introduction

1.1 The purpose of this report is to outline the Council's forecast outturn for 2016/17 as at 30 June 2016. 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 Variances on non-controllable and corporate items

The charge made to the HRA for properties owned by the General Fund, but utilised by the HRA for dwelling purposes is forecast to be £40k higher. This is due to a lower amount of repairs and improvements at these properties.

Additional new burdens grants totalling £85k, along with an adjustment of £6k to prior year New Homes Bonus grants provide an additional £91k of unallocated grants. Included in these grants is £73k towards the cost of meeting welfare reforms and benefit cap changes. It is unknown at this stage how much of these grants may need to be utilised. The remaining grants are small in value and it is not anticipated that additional budgets will need to be given to services. Section 31 grants are retained corporately unless there is evidence of a significant new burden.

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 £000	Forecast Outturn £000	Variance	
			£000	%
Finance & Resources	7,801	7,763	(38)	-0.5%
Strategic Planning & Environment	7,379	7,969	590	8.0%
Housing & Community	1,766	1,827	61	3.5%
Total	16,946	17,559	613	3.6%

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 £000	Forecast Outturn £000	Variance	
			£000	%
Employees	2,549	2,605	56	2.2%
Premises	805	805	0	0.0%
Transport	16	16	0	0.0%
Supplies & Services	2,055	2,041	(14)	-0.7%
Third Parties	758	758	0	0.0%
Income	(4,417)	(4,398)	19	-0.4%
	1,766	1,827	61	3.5%

3.1 Employees - £56k over budget (2.6%)

Pressure of £56k – There is a pressure of £56k across services linked to the vacancy provision, which has been set at 5% across all services. This will be closely monitored as the year goes on.

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 2016/17 is in line with the budgeted balance of £2.9m.

4.3 Leaseholder charges - £27k over-achievement of income (5.7%)

There is a surplus of income from insurance costs re-billed to leaseholders. This is due to an increase in the number of leaseholders, and a rise in Insurance Premium tax which has been passed back to leaseholders. The budget will be reviewed as part of the 2017/18 budget setting process.

4.4 Contribution towards Expenditure - £20k over-achievement of income (3%)

Additional income has been received for legal work carried out, such as issuing a deed of variation and lifting of restrictive covenants.

4.5 Repairs & Maintenance - £305k over budget (3.3%)

The overspend in repairs relates to the value and volume of Empty Homes jobs expected this year. This is being offset by underspends on other areas of responsive repairs, most notably Structural Health and Safety, based on the actual costs incurred up to Period 3 and the service's forecast of future expenditure in this category.

The forecast also includes a £50k underspend for a reduction to the performance related profit (PRP) for 2015/16. Following a challenge from officers, Osborne have agreed to reduce the amount of PRP payable for the year.

4.6 Supervision and Management - £111k under budget (0.9%)

The projected underspend has arisen in 2 main areas:

£50k underspend in the Tenants and Leaseholders section from vacancies in the Supporting People service.

£110k underspend in the Housing Cleaning service from vacant posts.

These are offset by a forecast pressure of £40k relating to rent received on properties that are used to house Council tenants but are owned by the General Fund. (The corresponding entry is shown in the General Fund as a decrease in non-controllable costs).

4.7 Transfer to Housing Reserves - £156k under budget (0.9%)

The overall variance on the HRA is currently forecast to reduce balances by £156k.

The Capital Programme is being reviewed to ensure that components are not replaced before they are required (an example of which is delaying roof replacements that had previously been scheduled in, based upon property conditions surveys). Due to these changes in the programme, an underspend is forecast, and a lower contribution is required to reserves to fund the Capital Programme.

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 2017/18 rather than 2016/17, or conversely, where expenditure planned initially for 2017/18 will now be in 2016/17.

A revised capital programme for 2016/17 is being taken to Cabinet, and schemes that are slipping into 2017/18 will be re-profiled into the correct financial year.

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.

	Current Budget £000	Projected Outturn £000	Rephasing £000	Variance £000 %	
Housing & Community	711	646	(40)	(25)	-3.5%
G F Total	711	646	(40)	(25)	-3.5%
HRA Total	29,230	27,932	(1,840)	542	1.9%
Grand Total	29,941	28,578	(1,880)	517	1.7%

5.2 General Fund Major Variances

There is an overall projected underspend of £65k on the General Fund. This is a combination of forecast underspend of £25k, and slippage of £40k into 2017/18.

The projected rephasing to future years includes:

- Line 124: slippage of £40k on the Lift Replacement at the Old Town Hall budget. This scheme has been delayed due to the supplier not being able to provide the equipment in time for the work to be completed during the Old Town Hall's quiet period in the summer.

5.3 HRA Major Variances

There is a projected underspend on the HRA capital programme of £1,298k.

- Line 183: underspend of £507k on the Property and Place budgets for planned capital works. The programme is being reviewed as set out in paragraph 4.7. These budgets also contain a contingency of 5%.
- Line 191 and 192: underspend of £150k and £140k respectively on Farm Place and St Peter's Court. Although these schemes are complete, budget was slipped

forward from 2015/16, which will be reallocated by virement to the New Build General line to fund other schemes in the programme.

- Line 193: underspend of £600k on Aspen Court, London Road Apsley. At the time of setting the budgets, an additional allocation of £600k was allowed for to cover previously unforeseen costs. This was incorrectly allocated to the Aspen Court, London Road budget, however it should have been allocated to the New Build General Line. The underspend on this line will therefore be re-allocated to the New Build General line. The realignment will take place once contract arrangements have been finalised.
- Line 194: Slippage of £1.8m on New Build General. This reflects re-phasing of a number of schemes to align with revised timescales.
- Line 197: overspend of £1.05m on Affordable Housing Development Fund. Although there is no budget on this line, grant payment of £1.05m has been made to Hightown Housing Association. These payments have previously been allocated from General Fund capital receipts, but are now funded from Housing Revenue Account 1-4-1 receipts due to the high level of property sales under the Right to Buy scheme. Supplementary budget has been requested through Cabinet and Full Council, funded from 1-4-1 receipts.