

Report To:	CABINET	Date:	10TH SEPTEMBER 2018
Heading:	BUDGET MONITORING (POSITION TO JULY 2018) – GENERAL FUND, HOUSING REVENUE ACCOUNT (HRA) AND CAPITAL PROGRAMME		
Portfolio Holder:	COUNCILLOR ROBERT SEARS-PICCAVEY – CABINET MEMBER (INWARD)		
Ward/s:	ALL		
Key Decision:	YES		
Subject to Call-In:	YES		

Purpose of Report

This report sets out the detail of income and expenditure forecasts for 2018/19 compared to the approved and proposed revised budgets for the General Fund, Housing Revenue Account (HRA) and Capital Programme. This is based on activity to July 2018.

Recommendation(s)

Members are requested:

- (i) To note the forecast variances against proposed revised budgets for the General Fund (underspend of £20k), HRA (underspend of £927k) and Capital Programme (slippage of £7.265m).
- (ii) To approve the proposed General Fund (£848.7k) and HRA (£42k) budget revisions included in the report.

Reasons for Recommendation(s)

To report to those charged with Governance the financial position to July 2018 and comply with the Council's Financial Regulations.

Alternative Options Considered

There have been no alternative options identified.

Detailed Information

a. General Fund to July 2018

When the budget process was completed for 2018/19 there were a number of service reviews and other projects that were still ongoing and which were not concluded until after the 2018/19 budget was set. It is proposed that the original budgets are now revised to reflect the financial impact of these. Additionally, during the first 4 months of 2018/19 the Council has also purchased a further Investment Property (Factory at Glenrothes) and budget revisions are also proposed to reflect the part year effect (capital financing costs and rental income) of this acquisition.

The proposed 2018/19 Budget adjustments are set out in Table 1 below:

Table 1: Proposed General Fund Budget Adjustments

Proposed Budget Adjustment	Increase/ Decrease	£'000
Localities Service Review (now renamed Place & Wellbeing)	Decrease	-57.8
Hub Service Review Stage 2 (General Fund share)	Decrease	-37.3
Insurance Premium savings (renegotiated contract)	Decrease	-65.5
Apprenticeship Levy (proportion chargeable to the HRA)	Decrease	-13.0
Investment Property Income – Wilkos and B&M	Decrease	-417.0
Investment Property Income – Glenrothes (part year effect)	Decrease	-328.5
Investment Properties – additional MRP and Interest Costs	Increase	+70.4
Total Proposed Budget Adjustment	Decrease	-848.7

In addition to the above proposed budget revisions, Council approved (26th July 2018) the carry forward of underspends in the General Fund totalling £275k and these have been included in the revised budgets in Table 2 below.

Table 2 – General Fund Forecast Outturn

The summary below shows the proposed revised budget against the forecast outturn position for the General Fund by Directorate; excluding capital financing costs and internal recharges. The current General Fund forecast is an underspend of £20k; details of any significant variances incorporated within this are detailed in the commentaries below the table.

Directorate	Proposed Revised Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Chief Executive Officer	531	531	0
Legal and Governance	1,615	1,598	(17)
Resources and Business Transformation	2,521	2,537	16
Place and Communities	10,504	10,485	(19)
Housing and Assets	2,327	2,327	0
Total	17,498	17,478	(20)

Legal and Governance (£17k forecast underspend)

- Democratic Services – £9.4k forecast underspend for a vacant post and £8k savings from the reduced Cabinet structure.

Resources and Business Transformation (£16k forecast overspend)

- Commercial Property – £16k forecast reduction in income from Industrial Estates and Council owned shops due to property voids in quarter 1.

Place and Communities (£19k forecast underspend)

- Directorate wide – a forecast underspend of £120k in relation to vacant posts across the Place and Communities Directorate.
- Complex Case Teams – £40k additional one off grant income from Nottinghamshire Fire and Rescue.
- Environmental Services – £32k additional costs for the Big Spring Clean initiative, £12.2k forecast overspends on a number of smaller budget pressures across the service.
- Waste Services – Forecast reduction in income of £132k partially offset by reduced costs across the service of £72k, because one waste round is not required based on current service take up. There is also a small forecast budget pressure of £7k income for Trade Refuse.
- Markets – Forecast £41k reduction in income from Sutton Indoor Market due to under occupancy.
- Land Charges – £13.1k additional one off New Burdens Grant income for property searches.

b. Housing Revenue Account (HRA) to July 2018

When the budget process was completed for 2018/19 there were service reviews, other projects and changes to the capital programme that were still ongoing and which were not concluded until after the budget was set. The budget revisions shown in the Table below are therefore proposed.

Table 3: Proposed HRA Budget Adjustments

Proposed Budget Adjustment	Increase/ Decrease	£'000
Hub Service Review Stage 2 (HRA share)	Decrease	-18.0
Insurance Premium savings (HRA share of renegotiated contract)	Decrease	-37.0
Apprenticeship Levy (proportion chargeable to the HRA)	Increase	+13.0
Total Proposed Budget Adjustment	Decrease	-42.0

On 15th March 2018 Cabinet approved HRA acquisitions amounting to a cost of £1 million for the purchase of new or existing properties to add to the existing housing stock. This is being funded from the HRA of £700k (Direct Revenue Financing) and Capital Retained Right to Buy Receipts of £300k.

On 26th July 2018 the Council also approved the carry forward of £1.096m for HRA capital schemes.

The above HRA budget revisions and forecast outturn as at July 2018 are shown in Table 4 below.

Table 4 – HRA Forecast Outturn

The summary below shows the proposed revised budget against the revised forecast outturn position for the HRA, after allowing for the budget revisions. The forecast underspend is £927k; significant variances are detailed in the commentaries below.

Description	Proposed Revised Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Income			
Rents, Charges and Contributions	(23,980)	(23,980)	0
Other Grants	0	0	0
Interest and Investment Income	(68)	(68)	0
Total Income	(24,048)	(24,048)	(0)
Expenditure			
Borrowing and Capital Financing Charges	3,505	3,505	0
Repairs and Maintenance	7,387	7,357	(30)
Supervision and Management	4,587	4,584	(3)
Interest Payable and Appropriations	3,284	3,284	0
Other Expenditure	235	235	0
Direct Revenue Financing	1,628	1,613	(15)
Transfer to/from Major Repairs Reserve	5,106	4,227	(879)
Total Expenditure	25,732	24,805	(927)
(Surplus)/Deficit for the year	1,684	757	(927)

Repairs and Maintenance

- The Housing Estates team is being reviewed as part of the Housing Repairs Service Review so vacant posts not advertised until review completed. A £30k saving is expected in delivering the service this financial year.

Major Repairs Reserve

- The revised forecast underspend of £879k is for an estimated saving allowance for customer refusals and contractual issues in delivering the major works schemes across the HRA.

c. Capital Programme to July 2018

Table 5 below sets out the details of the 2018/19 forecast outturn position on the Capital Programme as at July 2018. The current forecast underspend is £7.265m; significant variances are detailed in the commentaries below.

Table 5 – Capital Programme Forecast Outturn 2018/19

Description	Actual + Commitments to July 2018	February 2018 Capital Programme (Amended for Slippage)	Full Year Forecast 2018/19	Forecast Variance to Full Year Capital Programme
	£'000	£'000	£'000	£'000
General Fund				
Hucknall Car Park - Titchfield Street	0	115	20	95
Improvement Grants 1996 Act Disabled Facility Grant	568	907	907	0
Investment Properties	0	10,019	10,019	0
Kings Mill Reservoir (The King and Miller to Kingfisher)	21	1,346	300	1,046
Kirkby Leisure Centre	0	6,000	1,500	4,500
Leisure Transformation Programme	25	340	60	280
Purchase of Vehicles	55	996	996	0
Solar PV Installations Leisure Centres	0	236	236	0
Papplewick Green Public Art Work	142	150	150	0
Annesley Art Project	0	100	100	0
Lindleys Lane Play/Youth Area	0	101	0	101
Other General Fund Schemes less than £100k	271	1,030	750	348
Total General Fund	1,080	21,340	15,038	6,370
HRA				
Decent Homes				
Management Fee	182	545	491	55
Future Major Works	464	6,293	5,664	629
Service Improvement	24	503	453	50
Contingent Major Repairs	6	249	224	25
Exceptional Extensive Works	697	1,200	1,080	120
Disabled adaptations - Major adaptations	0	199	199	0
Disabled adaptations - Minor adaptations	-21	346	346	0
Total Decent Homes	1,352	9,335	8,456	879
Other HRA				
Major Repairs Temporary Accommodation	0	153	138	15
Housing Vehicles	24	388	388	0
Investment in Additional Council Dwellings in Hucknall	192	480	480	0
Investment in New or Existing Dwellings	0	1,000	1,000	0
Other HRA less than £100k	-7	51	51	0
Total Other HRA	208	2,072	2,057	16
Total HRA	1,560	11,407	10,513	895
Total Capital Programme	2,640	32,747	25,551	7,265

General Fund Schemes

- Hucknall Car Park, Titchfield Street – Forecast £95k slippage as decision only recently made to implement the project and the land needs to be transferred from Notts County Council (NCC).
- Investment Properties – Currently forecasting for the full year budget to be spent by the end of the financial year.
- Kings Mill Reservoir (The King and Millar to Kingfisher) – Forecast £1.046m slippage. The majority of the capital budget to be re-profiled to FY 2019/20 due to a delay in the bid submission.
- Kirkby Leisure Centre – Land acquisition costs only expected for this financial year. Expected carry forward of £4.5m to 2019/20.
- Purchase of Vehicles – The full year forecast will depend on the outcome of the transport review. No new vehicles are currently on order. Current forecast slippage of £280k.
- Lindley's Lane Play/Youth Area – Awaiting transfer of land from developer, further delays expected. Programme likely to slip to 2019/20. (£101k)
- Other General Fund Schemes less than £100k – Delays to Area Schemes currently estimated to be £348k.

Housing Revenue Account Schemes

- HRA Decent Homes Schemes – Estimate 90% of budget costs will be incurred. This allows for customer refusals and contractual issues.
- HRA Vehicles – The full year forecast will depend on the outcome of the transport review. No new vehicles are currently on order. However, at this stage the forecast assumes the budget will be spent.

Implications

Corporate Plan: The revenue and capital funding included within this report supports delivery of the priorities in the Corporate Plan.

Legal: This report ensures compliance with the Council's approved Financial Regulations

Finance:

Budget Area	Implication
General Fund – Revenue Budget	Details included in the body of the report.
General Fund – Capital Programme	
Housing Revenue Account – Revenue Budget	
Housing Revenue Account – Capital Programme	

Risk:

Risk	Mitigation
Failure to spend within approved budgets could impact the financial sustainability of the Council.	Financial monitoring reports to CLT and Cabinet.

Human Resources: No adverse implications identified.

Equalities: No adverse implications identified

Other Implications: None

Reason(s) for Urgency

Not applicable

Reason(s) for Exemption

Not applicable

Background Papers

2017/18 Outturn Report to Council – 26th July 2018

2018/19 Budget Setting Report to Extraordinary Council – 5th March 2018

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