

Report To:	CABINET	Date:	26 NOVEMBER 2018
Heading:	BUDGET MONITORING (POSITION TO SEPTEMBER 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 latest approved budgets for the General Fund, Housing Revenue Account (HRA) and the Capital Programme. This forecast outturn position is based on activity to the end of September 2018.

Recommendation(s)

Cabinet is requested:

- (i) To note the forecast variances against revised budgets for the General Fund (underspend of £66k), HRA (underspend of £3.126m) and Capital Programme (slippage of £9.059m).
- (ii) To approve a one-off virement of £20k and for this £20k to be used to contribute, along with a number of the districts towards legal and financial assessment costs associated with the LGR/Unitary work.
- (iii) To note the planned use of circa £29k of the forecast underspend to fund a second Ashfield Big Spring Clean early in 2019 (subject to the Big Spring Clean report elsewhere on this agenda).
- (iv) To consider and recommend to Council approval of the new capital schemes included in this report.

Reasons for Recommendation(s)

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

Alternative Options Considered

There have been no alternative options identified.

Detailed Information

a. General Fund

The summary below shows the 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 £66k, an increase in the level of forecast underspend of £46k since the July financial monitoring report considered by Cabinet on 10th September 2018. Details of any significant variances are shown below the summary table.

Directorate	Revised Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £'000	Change £'000
Chief Executive Officer	531	521	(10)	0	(10)
Legal and Governance	1,622	1,600	(22)	(17)	(5)
Resources and Business Transformation	2,086	2,086	0	16	(16)
Place and Communities	10,538	10,494	(44)	(19)	(25)
Housing and Assets	2,528	2,538	10	0	10
Total	17,305	17,239	(66)	(20)	(46)

Chief Executive Officer (£10k forecast underspend)

- Former Employees Superannuation funding – £10k forecast underspend for previous employees added years payments to the Pension Fund.

Legal and Governance (£22k forecast underspend)

- Democratic Services – £14k forecast underspend for vacant posts £8k savings from the reduced Cabinet structure.

Resources and Business Transformation (Forecast balanced Outturn)

- Commercial Property – £17k reduction in income from Industrial Estates and Council owned shops due to voids during quarter 1.
- Corporate Performance – £9k forecast underspend for staff vacancies.
- Finance – £8k forecast underspend for staff vacancies.

Place and Communities (£44k forecast underspend)

- Directorate wide – a forecast underspend of £127k 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.
- Allotments - £13k forecast overspend due to an increase in water charges and a small decrease in allotment fee income.
- Cemeteries - £17k forecast overspend due to the use of agency staff and overtime, partially offset by a small saving in software charges.
- Pest Control – forecast underspend to budget of £13k due to additional domestic income generation.
- Waste Services – Garden waste is currently forecasting an income pressure of £30k compared to budget and Trade Waste a forecast income pressure of £16k.
- Markets – Forecast £41k reduction in income from Sutton Indoor Market due to lower than anticipated occupancy and incentive based charging. Recent sign ups have taken occupancy to 70%
- Land Charges – £13k additional one off New Burdens Grant income for property searches.

Housing and Assets (£10k overspend)

- Asset management – £10k forecast under-recovery of income from car parks compared to budget.

Proposed Budget Virement

In accordance with Financial Regulation B.9 (iv) Cabinet is asked to approve a one-off virement of £20k from the forecast underspend on Legal and Governance services to contribute to the Districts' fund for the purpose of meeting legal and financial assessment costs associated with the LGR/Unitary work.

Second Ashfield Big Spring Clean

Cabinet is asked to note that circa £29k of the current forecast underspend is proposed for use to undertake a second Ashfield Big Spring Clean early in 2019 (subject to the Big Ashfield Spring Clean report elsewhere on the agenda).

Revised General Fund forecast Outturn 2018/19

Subject to approval of the above proposed budget virement and factoring in the cost of the second Ashfield Big Spring Clean during 2018/19 **the revised General Fund forecast underspend will reduce from £66k to £17k.**

b. Housing Revenue Account (HRA)

The table below sets out the details of the 2018/19 forecast outturn position based on actual income and expenditure to September 2018.

Description	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	7,383	7,300	(83)
Supervision and Management	4,591	4,577	(14)
Interest Payable and Appropriations	3,284	3,284	0
Other Expenditure	235	220	(15)
Direct Revenue Financing	1,628	1,268	(360)
Transfer to/from Major Repairs Reserve	5,106	2,452	(2,654)
Total Expenditure	25,732	22,606	(3,126)
(Surplus)/Deficit for the year	1,684	(1,442)	(3,126)

Repairs and Maintenance

The Housing Estates team is being reviewed as part of the Housing Repairs Service Review so vacant posts are not being advertised until the review is completed. A £30k saving expected in delivering the service this financial year. There is also a further £53k forecast saving through various vacant posts across the Housing Repairs section.

Supervision & Management

Forecasting an underspend of £14k due to vacancies.

Other Expenditure

Forecasting lower than expected charges for council tax payments made for empty council houses (£15k).

Direct Revenue Financing

A transport review is currently taking place throughout the Council. All vehicle replacements put on hold until the next financial year (£360k).

Transfer to/from Major Repairs Reserve

Use of the Major Repairs Reserves is lower than forecast as a result of reduced planned capital expenditure in 2018/19. It should be noted that at this stage this will be a re-profiling of budgets and deferment of works. The next financial monitoring report to Cabinet early in the new calendar year will include proposed capital scheme budget re-profiles.

c. Capital Programme

The Capital Programme is currently forecasting a £9.059m underspend compared with the 2018/19 budget, largely due to delays (slippage). The next financial monitoring report to Cabinet early in 2019 will include requests to re-profile capital scheme budgets where appropriate.

Current key forecast variances are shown in the table below and the reasons for the variations are:

General Fund

Kirkby Leisure Centre – it is now expected that only the land purchase will be incurred in the current financial year.

Kings Mill Reservoir – awaiting a funding decision from Heritage Lottery Fund which is expected in November 2018.

Purchase of Vehicles – on hold pending the outcome of the Transport review.

Disabled Facility Grants – forecast to cost more than the current budget due to a purge to clear outstanding claims. This is fully funded by grant.

Leisure Transformation Programme – this £340k represents the Section 106 monies which will not now be required in the current financial year.

Hucknall Car Park – Titchfield Street – this work will now commence in 2019/20.

Other General Fund Schemes (below £100k) – there is currently a forecast underspend of £236k. Within this is a £52k underspend in respect of Clegg Hill Drive which will not be required.

HRA

Catch Up and Major Repairs – this forecast underspend is due to access issues preventing completion of decent home works.

Other HRA Decent Homes schemes – these have been deferred to 2019/20.

HRA Vehicles - on hold pending the outcome of the Transport review.

Area Schemes

Brierley Forest Park Management Plan - scheme now expected to be completed in 2018/19 rather than 2019/20.

Annesley Art Project - Works bought forward from 2019/20.

Lindleys Lane Play/Youth Area – scheme deferred until 2019/20.

Scheme Description	Latest Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
General Fund			
Investment Properties	10,019	10,019	0
Kirkby Leisure Centre	6,000	1,600	-4,400
Kings Mill Reservoir (The King and Miller to Kingfisher)	1,346	321	-1,025
Purchase of Vehicles	996	680	-316
Improvement Grants 1996 Act Disabled Facility Grant	907	1,233	326
Leisure Transformation Programme	340	40	-300
Solar PV Installations Leisure Centres	236	236	0
Hucknall Car Park - Titchfield Street	115	0	-115
Other General Fund Schemes less than £100k	334	98	-236
Total General Fund	20,293	14,227	-6,066
Housing Revenue Account			
Decent Homes Schemes			
Management Fee	545	545	0
Catch up and Major Repairs	6,293	4,320	-1,973
Service Improvements	503	121	-382
Contingent Major Repairs	249	48	-201
Exceptional Extensive Works	1,200	1,102	-98
Disabled Adaptations	545	545	0
Sub Total	9,335	6,681	-2,654
Other Housing Revenue Account Schemes			
Investment in New or Existing Dwellings	1,000	1,000	0
Investment in Additional Council Dwellings in Hucknall	480	485	5
Housing Vehicles	388	24	-364
Major Repairs Temporary Accommodation	153	153	0
Other Housing Revenue Account Schemes less than £100k	51	51	0
Sub Total	2,072	1,713	-359
Total Housing Revenue Account	11,407	8,394	-3,013
Area Schemes			
Papplewick Green Public Art Work	150	150	0
Brierley Forest Park Management Plan	66	102	36
Annesley Art Project	100	120	20
Lindleys Lane Play/Youth Area	101	0	-101
Other Area Schemes less than £100k	630	695	65
Total Area Schemes	1,047	1,067	20
Grand Total	32,747	23,688	-9,059

Cabinet is asked to consider and recommend to Council approval of the following new Capital Schemes which have been considered via the Council's Capital Gateway process:

1. A) Creation of a capital IT budget for the purchase of kit to facilitate the agile working agenda as part of the Transformation Plan. £40k per annum to be funded via prudential borrowing from 2018/19.

B) Creation of a HRA capital IT budget for the purchase of kit to facilitate the agile working agenda as part of the Transformation Plan. This £40k per annum to be funded via the HRA Technology Investment Reserve.
2. Creation of a Members' IT budget of £35k every 4 years to be funded via prudential borrowing from 2019/20.
3. Piggins Croft car park - Works to replace the surface and re-mark Piggins Croft car park (approx. 350 spaces). The site has not been resurfaced for at least 20 years and been deteriorating over many years (resulting in previous applications being made for capital funding to carry out such works, which have been declined to date). Isolated patching has been carried out which is only a short term solution as it does not prevent water/frost from permeating adjacent surfaces and undermining such repairs, therefore not preventing further deterioration. There is an increasing risk of claims for slips, trips, damage to vehicles and general complaints due to the uneven surface. Enforcement of parking is adversely affected by the deterioration of the white lines, disabled space markings etc. The cost of this scheme is £154k and is proposed to be funded via prudential borrowing.
4. Hucknall Leisure Centre - To carry out potentially urgent works (subject to independent confirmation) to Hucknall Leisure Centre:
 - Replacement Fire alarm (or upgrade) to comply with Fire Officer's recommendations. This has only been raised as an issue in recent months by SLM's fire alarm testing company and separately by the Fire Officer. ADC's H&S officers to review the findings of the Fire Officer's report, and further to this, to review the existing Fire Risk assessment. The procurement of an independent consultant is recommended to provide a view as to the condition of the existing system, along with any recommended additions to the system to bring it up to current standards (if required).
 - Investigation and repair of leak to Hucknall Leisure centre pool. Significant water is being required to top up the pool, pointing towards a significant leak, which upon initial investigations has not been located. Further in depth investigation is being carried w/c 10/09/18 to establish the source of the leak.

The estimated cost of this work is £140k. Fire alarm – replacement cost (if required) estimated to be in the region of £100k + £10k fees. The leak to pool; cost unknown but suggested £30k may be required should the leak be substantial and require specialist treatment.

5. Installation of outdoor gym equipment on Friezeland Recreation Ground, Underwood. This project will cost £14k and is proposed to be funded using £10,846 from Selston Parish Council and £3,154 Section 106 funding available in the Rurals.
6. Jacksdale car park - To rationalise and expand the current parking provision. Three options have been considered with different outcomes for expanding the current 37 parking bays and

2 disabled bays capacity, with option 3 chosen which will provide 55 parking bays and 2 disabled bays. The cost of this scheme is proposed to be funded via prudential borrowing.

7. Friezeland Scooter Park and Jackdale MUGA: Installation of tarmac scooter park on Friezeland Recreation Ground, Underwood and a Multi - Use Games Area on Main Road Recreation Ground, Jacksdale. An access path will be provided to the MUGA and the existing path will be resurfaced (if funding allows). The MUGA will be a steel fence system with a tarmaced surface. The cost of this scheme is £117.6k and is proposed to be funded via; Selston Parish Council (£19,100), Section 106 funding (£6,846) and prudential borrowing (£91,654). Any ongoing revenue maintenance costs will be borne by the Parish Council.
8. Wharf Road & Brand Lane: Wharf Road - replacement of retaining wall, removal of tree, resurfacing of area of Highway adjacent to the site, replacement street furniture. General improvements to this gateway site. Estimated cost: £44,000. Brand Lane - Provision of parking bays on the open space to the rear of properties 101-140 Brand Lane, Stanton Hill. Due to issues with the width of Brand Lane and cars being able to pass, it is proposed to provide additional parking to the rear of the properties through installation of a grass reinforcement mesh. Estimated cost: £6,000. The £50,000 cost of this scheme is proposed to be funded via the revenue Asset Repair and Renewal reserve.
9. District Play Areas: It is proposed that the play areas across the three towns in the District also receive investment to provide much needed upgraded facilities for children and young people to enjoy their leisure time and promote the health and wellbeing agenda. The cost of this is £120k per year for the next 3 years and is proposed to be funded via prudential borrowing.
10. Titchfield Park – naturalisation of section of the brook. Following the success of a wetland project completed earlier in the year at Titchfield Park, Hucknall, the Council has been approached by Nottinghamshire County Council to deliver a second phase at the site. The proposed project will be to the same specification as phase 1 and involves naturalising a section of the brook which runs through the park to deliver flood risk and ecological improvements to the catchment. The scheme will be fully funded by Nottinghamshire County Council.
11. Ashfield Estate Footpaths, Sutton – This scheme will provide surfaced footpaths along three routes on the Ashfields estate which are well used by local residents, in particular providing a safe, off road route to the primary school. The routes are from Redbarn Way to Hedgerow Close, Alfreton Rd to the recreation ground and Alfreton Road to Blackthorn Way. All footpaths will be 1.2m wide and constructed with compacted stone finish. A section of tarmac footpath will be provided to link the footpath off Redbarn Way. This project will be funded utilising £38k of unallocated Section 106 funding and a £3k contribution from County Councillor budgets. This scheme will also incur design and administration fees of up to 12% (maximum £5k) which will be charged to the general fund.
12. Markets Infrastructure – Additional investment is required to support the continued improvement of the market offer. This will increase income and sustainability of the markets in the longer term. These costs will be funded through additional income generation and a review is currently underway of markets and it is anticipated that some cost savings will be realised through implementation of the review.

Idlewells Indoor market - £4,500 for refrigeration units. The units will be leased to the stall holder at a payback rate of £139 per month. A leasing option has been investigated but these

are specialist items and a leasing arrangement for two single units was not available. A fishmonger is ready to sign up to a lease for a stall in the indoor market, but requires refrigeration. The businesses currently in the indoor market which require refrigeration are on similar lease agreements.

Outdoor Markets - £2,000 for canopies for a number of demountable stalls which are to be brought into use at Sutton Outdoor Market (the stalls are surplus to requirements in Hucknall). This will facilitate a reduction in labour as the stalls will be left in situ over the days the market is being operated rather than being put up and taken down each day. The saving will be quantified as part of the review of markets which is due to be implemented from 1st April 2019.

The total estimated borrowing and interest costs over the next 3 years for the proposed schemes are included in the table below:

Ref:	Scheme	Cost	Funding	Borrowing & Interest Costs		
				2018/19 £'000	2019/20 £'000	2020/21 £'000
1A	Officers' IT for Agile Working (General Fund)	£40k per annum	Prudential Borrowing	1	12	23
1B	Officers' IT for Agile Working (HRA)	£40k per annum	HRA Technology Investment Reserve.	Nil	Nil	Nil
2	Members' IT	£35k every 4 years	Prudential Borrowing	1	10	20
3	Piggins Croft Car park	£154k	Prudential Borrowing	0	5	12
4	Hucknall Leisure Centre	£140k	Prudential Borrowing	4	11	11
5	Friezeland Gym Equipment	£14k	£10.8k Selston Parish Council & £3.2k Section 106 funding	Nil	Nil	Nil
6	Jacksdale Car Park	£25.7k	Prudential Borrowing	1	2	2
7	Friezeland Scooter Park & Jacksdale MUGA	£117.6k	£19.1k Selston Parish Council, £6.8k Section 106 funding and £91.7k Prudential Borrowing	2	3	7
8	Wharf Road & Brand Lane	£50k	Asset Reserve funding (revenue)	Nil	Nil	Nil
9	Play Areas	£120k per annum for next 3 years.	Prudential Borrowing	0	3	19
10	Titchfield Park	£40k	Notts. County Council funding	Nil	Nil	Nil
11	Ashfield Estate Footpaths	£41k	£38k Section 106 funding and £3k	Nil	Nil	Nil

			County Councillor budget contributions.			
12	Markets Infrastructure	£6.5k	Self financing	Nil	Nil	Nil
Estimated Total additional borrowing & interest costs				9	46	94

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 implications

Equalities: No implications

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

July Budget Monitoring Report to Cabinet – 10th September 2018

Play Strategy for the Rural Area / Green Space Projects – Cabinet 1st October 2018

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