

Report To:	CABINET	Date:	18TH JANUARY 2018
Heading:	GENERAL FUND AND HRA BUDGET MONITORING TO NOVEMBER 2017 AND 2017/18 BUDGET UPDATE		
Portfolio Holder:	CLLR JACKIE JAMES – CORPORATE RESOURCES AND FINANCE		
Ward/s:	ALL		
Key Decision:	YES		
Subject To Call-In:	YES		

Purpose of Report

This report sets out the details of income and expenditure incurred to November 2017 by the General Fund and Housing Revenue Account (HRA), compares it to the approved budgets and explains the significant variances.

The report includes a forecast outturn position based on known information at this time.

The report also recommends revisions to the 2017/18 General Fund and HRA budgets as detailed below.

Recommendation(s)

Members are requested:

- (i) To note the budget monitoring to November 2017 for General Fund and HRA and approve the reductions in the budget by £183k for General Fund and £790k for HRA.
- (ii) To approve the movements from earmarked reserves to fund specific projects as outlined below. This has no impact on the position of the General Fund.
- (iii) To approve the budget changes as listed and recommend to Council in accordance with Financial Regulations.

Reasons for Recommendation(s)

To report to those charged with Governance the financial position to November 2017 and comply with the Council's Financial Regulations.

Alternative Options Considered (With Reasons Why Not Adopted)

There have been no alternative options identified.

Detailed Information

Budget Monitoring to November 2017

a. General Fund to November 2017

The table below shows the overall summary for the General Fund by Directorate, excluding capital financing costs and internal recharges. This also includes a forecast outturn position showing where estimated areas will be over or under spent at the year end.

	Actuals	Budget	Variance	Forecast
	(£000)	(£000)	(£000)	Outturn
				(£000)
Chief Executive Officer	450	349	(101)	(84)
Legal and Governance	927	990	63	278
Resources and Business Transformation	4,005	4,429	424	179
Place and Communities	7,390	7,432	42	(395)
Housing and Assets	1,482	1,589	107	(15)
Total	14,254	14,789	535	(36)

Net Expenditure to November 2017, excluding Capital and Internal Recharges, at £14.254m is £535k under spent. The key variances of note are detailed below:

Direct Employee Expenditure

Direct pay at £11.32m is £13k under budget. This comprises of an under spend of £354k for direct pay, against an over spend of £341k for agency costs.

Transfer Payments

Transfer payments are the costs incurred from payment of rent allowances and rent rebates and the corresponding income received from Central Government, which reimburses a large proportion of these costs.

The overall net cost of transfer payments at £1.351m is £92k under budget. This comprises of the net cost of Housing Benefit Subsidy which is £36k under budget and Discretionary Housing Payments (DHP) which are £56k under budget. It is forecast that the DHP payments will be £50k less than budget, however this does not appear in the overall forecast outturn because any underspend will have to be repaid to the Department of Work and Pensions (DWP). The Council has been exploring ways to increase the uptake of this service.

The forecast outturn for Housing Benefit subsidy is expected be under budget by £174k. There has been a favourable outcome from the Audit for the Housing Benefit Subsidy Claim for 2016/17. A full loss of subsidy due to Local Authority Error of £174k had been budgeted for but early indications show that this is not likely now. This will not be confirmed by DWP until later in January 2018.

Utilities

Utilities are under budget by £56k in total, Electricity £24k, Gas £19k and Water Rates £12k.

Current Position – Services

The table below shows the General Fund position to November 2017 by Service Area, excluding internal recharges and capital. This also includes the proposed budget changes discussed later in the report and the effect is captured in the forecast outturn. Significant variances are discussed below.

Directorate	Service Area	Actuals (£000)	Budget (£000)	Variance (£000)	Budget Changes (£000)	Forecast Outturn (£000)
Chief Executive Officer	CEO	450	349	(101)	0	(84)
Legal and Governance	Director, Legal & Governance	88	98	10	0	5
	Democratic Services	445	500	55	0	61
	Electoral Services	136	126	(10)	0	(11)
	Legal Services	220	232	12	0	227
	Overview & Scrutiny	38	34	(4)	0	(4)
	Internal Audit	0	0	0	0	0
	Resources and Business Transformation	DCEO	158	153	(5)	0
Business Contingency & Sustainability		237	239	2	0	0
HR & Payroll		423	479	56	0	0
ICT		611	560	(51)	0	10
Director, Resources & Business Transformation		73	71	(2)	0	0
Corporate Communications		193	192	(1)	0	7
Performance & Improvement		299	326	27	0	(15)
Revenues & Customer Services		1,504	1,913	409	(40)	177
Financial Management		490	496	6	0	0
Insurance		17	0	(17)	0	0
Place and Communities	Community Protection	743	788	45	0	0
	Support Teams	114	122	8	0	0
	Environmental Services	2,313	2,421	108	0	0
	Waste	1,121	1,167	46	0	(48)
	Environmental Health	345	355	10	6	(15)
	Transport & Depot	834	811	(23)	12	0
	Director, Place & Communities	92	114	22	0	0
	Private Sector Housing	150	127	(23)	0	(23)
	Locality & Community Empowerment	1,087	1,082	(5)	0	(14)
	Markets	191	103	(88)	0	(123)
	Regeneration	193	228	35	0	50
	Planning & Building Control	450	347	(103)	0	(215)
	Commercial Property	(243)	(233)	10	(161)	(6)
	Housing and Assets	Housing	402	521	119	0
Asset Management		1,080	1,068	(12)	0	(25)
	TOTALS	14,254	14,789	535	(183)	(36)

Chief Executive Officer

Expenditure at 450k is £101k over budget. The only variances of note are the Service Review Savings of £159k. The Service Review programme is delivering savings but over a longer time scale than originally expected.

Legal and Governance Directorate

Expenditure at £927 is £63k under budget. Variances of note include:

- Democratic Services is under budget by £55k. The forecast includes expected under spend for pay due to vacancies.

- Expenditure is under budget by £15k for members training and £34k for direct pay (see above).
- Legal Services under budget by £12k. The forecast includes known budget pressures and includes an expected return of £245k from the Legal provision due to a successful legal case.
 - Expenditure is £15k over budget for applications software;
 - Income is greater than budget by £15k from Legal fee income, however EIR request income is £13k less than budget.

Resources and Business Transformation

Expenditure at £4.005m is £424k under budget. Variances of note include:

- HR and Payroll is £56k under budget.
 - £49k under budget for training, this is forecast to be fully spent by the year end.
- ICT is £51k over than budget. ICT is forecast to be under budget by £10k at the year end.
 - Expenditure is greater than budget by £20k for equipment purchase and £19k for telephones.
- Performance and Improvement net expenditure is £27k under budget due to vacancies.
- Revenues and Customer Services are £409k under budget.
 - Transfer Payments are £92k under budget as previously discussed;
 - Income is £325k greater than budget. Income from IBS Debtors raised for overpaid benefits and Income from Court fees are greater than budget by £131k and £82k respectively (note bad debt provision will reduce this at year end), and income from Government Grants is £130k greater than budget;
 - The forecast for Revenues and Customer Services includes the under spend for transfer payments (£174k). There is a budget revision for income of £40k for government grants net of required expenditure.
- Insurance is £17k over budget.
 - There is expenditure of £88k for insurance claims paid in the year offset against income of £71k for successful claims. The net balance is to be funded from the insurance reserve.

Place and Communities

Expenditure at £7.390m is £42k under budget. Variances of note include:

- Community Protection is £45k under budget, most of which relates to direct pay discussed above.
- Environmental Services is £108k under budget.
 - Expenditure is under budget by £37k for pay and utilities, £25k for vehicle and plant maintenance and £11k for environmental maintenance;
 - Income is less than budget by £11k Selston Golf Course and £17k less than budget from Notts County Council for Grass Cutting.

- Waste is £46k under budget to November, however it is forecast that it will be £48k over budget at the year end.
 - Expenditure is £84k under budget in total. This includes both vehicle costs (under budget by £35k) and equipment purchases (under budget by £25k);
 - Income is £38k less than budget. This includes trade waste which is £70k less than budget, whilst bulky waste collection, and glass recycling income are both greater than budget by £11k each;
 - The forecast contains an estimate that equipment purchases will be £25k under budget and Trade Waste income will be £73k less than budget (net variance of £48k).

- Transport and Depot are £23k over budget however it is not forecast to be overspent at the year end. Expenditure for vehicle parts are £28k over budget.

- Private Sector Housing are £23k over budget and are forecasting this same variance at the year end.
 - Selective Licensing is under budget for direct pay (£40k) but also less than budget for income (£63k).

- Markets are £88k over budget to November and forecasting to be £123k greater than budget at the year end.
 - Expenditure is over budget for service charges (£15k) and NNDR (£20k) both relating to the Indoor Market;
 - Indoor Market income is also less than budget by £45k;
 - The forecast includes a net expenditure variance of £115k over budget for the indoor market.

- Regeneration is £35k under budget for the Shared Service costs and is forecast to be £50k under budget at the year end.

- Planning and Building Control is £103k over budget to November and forecast to be £215k over budget by the year end. The forecast includes a £200k reduction in income for planning applications and £15k reduction in income for building control.
 - Expenditure is under budget by £21k for the Local Plan;
 - Income is less than budget by £126k for planning applications and £16k for building control site inspections. However, there are a couple of potential large applications due in the near future, which may be submitted prior to the end of the year. There is also income of £35k greater than budget which is a contribution from the Homes and Communities Agency.

- Commercial Property is £10k under budget to November due to a reduction in rent guarantee for industrial units. There is a budget revision proposed of £161k for additional rental income to be generated through recent acquisitions.

Housing and Assets

Expenditure at £1.482m is £107k under budget. Variances of note include:

- Housing is £119k under budget. The forecast is to be £10k under budget due to a credit for the homelessness shared service relating to 2016/17.

- Expenditure for the Homelessness shared service is £22k under budget and Housing Strategy is £21k less than budget due to vacancies;
- Homelessness income is £52k greater than budget for government grants, however this is not in the forecast as this will go into the Revenue Grant Reserve to fund future expenditure.
- Asset Management is £12k over budget.
 - Utilities are £15k less than budget;
 - Car Park income is £20k less than budget.

Outturn Forecast

The outturn forecast, after budget adjustments is an over spend of £36k; significant variances included in the forecast outturn are:-

- £30k over budget for direct pay
- £174k under budget for housing benefit (transfer payments)
- £245k return of income from the legal provision
- £200k less income for planning fees
- £73k less income for trade waste
- £115k over budget for the indoor market.

b. Housing Revenue Account to November 2017

Net income for the period to 30th November 2017, at £10.731m, is £401k higher than budget. The table below shows an analysis of the net expenditure in the HRA, excluding capital financing costs and internal recharges, for the period April – November 2017:

Housing Revenue Account	Actuals (£000)	Budget (£000)	Variance (£000)	Budget Changes (£000)	Forecast Outturn (£000)
HRA General	(16,545)	(16,419)	126	(790)	13
Lettings	293	287	(6)	0	0
Tenancy Services	604	657	53	0	13
Brook Street Office	160	195	35	0	3
Housing Courts	295	339	44	0	28
TS Responsive & Void Repairs	2,123	2,186	63	0	0
Housing Depot	(43)	(101)	(58)	0	30
TS Management	57	52	(5)	0	0
TS Planned & Cyclical	1,486	1,588	102	0	70
Repairs Trading	(11)	(6)	5	0	0
TS Support Services	507	540	33	0	7
Procurement	317	323	6	0	0
Rent Accounting	26	29	3	0	0
TOTALS	(10,731)	(10,330)	401	(790)	164

The reasons for the main variances in service budgets are given below.

HRA General

Net income at £16.545m is £127k greater than budget. The main variances are outlined below:

- Recharges income from outgoing tenants for property damage is expected to be £15k above the budget at the year end.
- The current approved training programme for the financial year is forecasting a saving of £10k.

- Small saving on utility charges of £3k.
- Rental income is currently above profile by £48k for dwellings. This is likely to be affected by the number of Right to Buy and Void property numbers for the remainder of the year.
- Additional income of £6k from carbon saving works completed on non-traditional properties. This will be placed in the HRA Earmarked Reserve for Eco-Friendly projects.

Tenancy Services

Expenditure at £604k is £53k under budget. The main variances are outlined below:

- Various vacancy savings have accumulated across the service while posts are advertised and filled of £24k. This amount will go towards the outstanding costs for the Apprentice to be charged by Mansfield DC.
- The Tenancy Services department have reviewed the skips and tenant participation areas and are expecting £13k not to be required at year end.

Brook Street Office

Expenditure at £160k is £35k under budget. The main variances are outlined below:

- Car parking permits at Brook Street Office reduced by £3k.
- Reduced running costs have accumulated in the year of £20k. This is earmarked towards the estimated costs of the Housing Repairs Review.

Housing Courts

Expenditure at £295k is £44k under budget. The main variances are outlined below:

- Electricity is expected to come under budget at year end and a small saving on water rates, currently predicting in the region of £13k saving.
- Expenditure on Door Entry Systems maintenance and repairs is likely to be under spent in the region of £5k.
- Internal decoration and equipment for communal areas is forecast to be under spent by £10k.

TS Responsive and Void Repairs

Expenditure at £2.123m is £62k under budget. The main variances are outlined below:

- Responsive and void repairs works are showing £62k under budget against the profile. This is dependent on the timing of the job tickets coming through the system.

Housing Depot

Net income as £43k is £58k less than budget. The main variances are outlined below:

- Transport costs are down by £30k. Replacing vehicles on viability and less usage of the vehicles overall due to the depot operative vacancies.
- Depot Operative salaries are currently under spent by £29k. 4 operatives have been recruited to start in December/January. The variance will reduce due to the current budget profile.
- Materials usage is currently under spent by £27k. This will be monitored coming into the winter months but is currently on track to be under budget at the year end.
- Internal Income against planned and responsive repairs is currently under budget. This is dependent on the timing of the job tickets coming through the system.

TS Planned & Cyclical

Expenditure at £1,486k is £102k under budget. The main variances are outlined below:

- Various vacancies across the Planned Management and Estates Team. Currently predicting a forecast saving of £20k from the estates team by the year end.
- The Property Health & Safety Check/Service Partnership was retendered and this should produce a saving of £50k. Reviewing the remaining maintenance and repair schemes for any backlog of works that may utilise the £50k.

TS Support Services

Expenditure at £507k is £33k under budget. The main variances are outlined below:

- Expenditure on waste disposal is forecast to be lower than budget at the year-end by £7k.

Overall the Housing Revenue Account forecasts a saving against the 2017/2018 budget of £164k.

2017/18 Budget Update

a. General Fund

Further to the approval of the budget updates in July and October, there have been further events that have required a revision to the budget. The changes include revisions that will change the overall general fund balance, budgets funded by earmarked reserve and reallocations of existing budget where the net impact is nil.

The following amounts have been identified as changes impacting the overall General Fund budget giving rise to a total reduction in budget of £183k. This has been achieved mainly through additional income that was unknown at the beginning of the year.

Description	Directorate	Value (£)
Additional Government Grant Income for Revenues & Customer Services	Resources & Business Transformation	(124,340)
Additional Agency Staff Costs for Revenues & Customer Services funded by Government Grant	Resources & Business Transformation	60,000
Reduction in Income from DWP for work completed on their behalf	Resources & Business Transformation	24,600
Property Insurance Costs for Northern Depot	Place & Communities	11,900
Investment Property Income	Place & Communities	(160,910)
Purchase of Noise Equipment for Environmental Protection	Place & Communities	6,000
	TOTAL	(182,750)

The following budget revisions are proposed, however these shall be funded from the relevant earmarked reserve set up for that purpose and will have no impact on the General Fund balance.

Description	Directorate	Transfer from /to Earmarked Reserve	Value (£)
Additional Government Grant Income for Homelessness	Housing & Assets	Revenue Grant Reserve	(97,680)
Additional Staffing Costs for Homelessness funded by Government Grant	Housing & Assets	Revenue Grant Reserve	8,000

Additional IT Costs for Homelessness funded by Government Grant	Housing & Assets	Revenue Grant Reserve	14,920
Active Ashfield Return of Funding	Place & Communities	Revenue Grant Reserve	21,000
Annual Community Benefit Grant – Income	Place & Communities	Revenue Grant Reserve	(2,500)
Annual Community Benefit Grant – Distribution of Grant	Place & Communities	Revenue Grant Reserve	2,400
Upgrades to Choice Based Lettings Database	Housing & Assets	Revenue Grant Reserve	18,530
Costs of Chamber of Commerce Membership	Place & Communities	Revenue Grant Reserve	1,350
Additional Costs of Neighbourhood Plans Referenda (funded by Government Grant)	Legal & Governance	Revenue Grant Reserve	10,000
Community Safety Partnership returned funding (previously held by Mansfield District Council)	Place & Communities	Revenue Grant Reserve	(29,860)
Community Safety Partnership Expenditure funded by Returned Funding	Place & Communities	Revenue Grant Reserve	15,500
Purchase of W2 Document Software and GDPR Document removal from Civica	Resources & Business Transformation	Technology Investment Reserve	32,000
Purchase of Polling Booths	Legal & Governance	Elections Reserve	20,000
Specialist Financial Advice for Housing Delivery models	Resources & Business Transformation	Economic Development & Place Reserve	14,400
		TOTAL	28,060

b. Housing Revenue Account

Further to the approval of the budget and revisions in July and October, there have been further events that have required a revision to the HRA budget.

The following amounts have been identified as changes impacting the HRA budget giving rise to a total revision of £790k. Most of the revision relates to a reduction in the HRA contribution required to Capital in 2017/18, due to the expenditure being re-profiled to future years. These revisions to the Capital Programme were approved in November 2017.

Description	Directorate	Value (£)
Reduction in Direct Revenue Financing from HRA (Financing of the Capital Programme)	Housing & Assets	(775,000)
Rechargeable Repairs Income for Void Properties	Housing & Assets	(15,000)
	TOTAL	(790,000)

Implications

Corporate Plan:

The Revenue budget reflects the priorities in the Corporate Plan.

Legal:

No adverse Legal implications could be identified. The report ensures compliance with Financial Regulations.

Finance:

This report is effective from 18/01/2018 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	The proposed revisions to the budget will reduce the General Fund net budget by £183k. The Council is projecting an over spend of £36k for the General Fund budget thereafter.
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	The revisions will reduce the HRA budget by £790k, projecting a saving of £164k to the HRA budget thereafter.
Housing Revenue Account – Capital Programme	None. The previous Capital Programme report has already reflected the estimated reduction in capital spend and therefore a lower contribution from the HRA in 2017/18

Risk:

Risk	Mitigation
This report outlines the financial position against the budget. There are no risks associated with this report.	

Human Resources / Equality and Diversity:

There are no direct HR implications arising from the report.

No adverse Equality and Diversity implications could be identified.

Other Implications:

None

Reason(s) for Urgency (if applicable):

N/A

Exempt Report:

N/A

Background Papers

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