

**FOR PUBLICATION**

**CABINET MEMBER FOR HOUSING GENERAL FUND REVENUE**  
**BUDGET 2015/16 – 2020/21 (H000)**

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**MEETING:** (1) CABINET  
(2) CABINET MEMBER FOR HOUSING– HOUSING  
GENERAL FUND

**DATE:** (1) 15 DECEMBER 2015  
(2) 7 DECEMBER 2015

**REPORT BY:** CHIEF EXECUTIVE  
CHIEF FINANCE OFFICER  
HOUSING SERVICE MANAGER – BUSINESS PLANNING  
& STRATEGY

**WARD:** All

**COMMUNITY FORUM:** All

**KEY DECISION  
NUMBER** 572

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**FOR PUBLICATION**

**BACKGROUND PAPERS:** Budget Working Papers, Accountancy Section.

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**1.0 PURPOSE OF REPORT**

- 1.1 To consider the probable outturn for the current financial year; and
- 1.2 To consider the draft budget for 2016/17.

**2.0 RECOMMENDATIONS**

- 2.1 That the probable outturn for the current financial year be considered.
- 2.2 That the draft estimates for 2016/17 and future years be considered.

### 3.0 INFORMATION INCLUDED

3.1 The following information is attached:

- Annexe 1 Budget Summary by Programme Area.
- Annexe 2 Detailed Estimates by Programme Area & Cost Centre.
- Annexe 3 Subjective Analysis.
- Annexe 4 Variances - this year's original estimate to revised.
- Annexe 5 Variances - this year's original estimate to next year's.

### 4.0 PROBABLE 2015/16

4.1 The Overall Probable Outturn for the current financial year is £1,461,980, an increase of £65,530 or (4.69%) on the Original Estimate.

The Controllable (excludes asset charges and internal recharges) Probable Outturn is £845,170, a decrease of £24,950 (2.87%) on the original Controllable budget estimate.

4.2 The main reasons for the budget increase are summarised below:

**Table 1 – Significant Variances Original to Probable  
2015/16**

<b>Description</b>	<b>Increase / (Decrease) £'000</b>
<u>Changes to controllable budgets:</u>	
Housing Sub-Regional Work reduced cost	(3)
General Fund Contribution to HRA	(17)
Supplies & Services	2
Income (mainly admin fees on DFGs)	(7)
Changes to controllable budgets	(25)
Change in support service recharges	(2)
Change in asset charges	93
Overall Increase	66

A more detailed analysis of these changes is provided in **Annexe 4**.

4.3 The forecast increase in capital charges this year results from a re-phasing of schemes (which are difficult to predict with accuracy as they are demand-led). These are internal accounting adjustments as a corresponding opposite entry is posted to the interest and capital charges account held corporately. The “bottom line” for the Council as a whole is not affected.

## 5.0 DRAFT ESTIMATES 2016/17

- 5.1 The draft estimates for 2016/17 total £1,234,550, a decrease of £161,900 or 11.59% on the original estimates for 2015/16.
- 5.2 The Controllable (excludes asset charges and internal recharges) draft estimate for 2016/17 is £884,330, an increase of £14,210 (1.63%) on the Original Controllable budget estimate.
- 5.3 The most significant variances include:

**Table 2 – Significant Variances Original 15/16 to Original 16/17**

<b>Description</b>	<b>Increase / (Decrease) £'000</b>
<u>Changes to controllable budgets:</u>	
Employees – Increments and Pay Award	4
General Fund Contribution to HRA	9
Supplies & Services	(2)
Income (Admin Fee on DFGs)	(6)
Income (Loss of Recharge to Handyvan)	9
Changes to controllable budgets	14
Change in support service recharges	14
Change in asset charges	(190)
Overall Decrease	(162)

A detailed list of variances is shown at **Annexe 5**.

- 5.4 The following budget assumptions have been used to produce the draft budgets.
- Pay award of 1% for each of the years 16/17 to 20/21
  - Inflation rates –
    - 10% Gas & Electricity
    - General CPI 1% in 2016/17 and then 2% 2017/18 onwards
    - Rates 2% in 2016/17 and then 3% 2017/18 onwards
    - Fees & Charges – minimum of 3%
- 5.5 The budgets in this report are the first draft estimates which may need to be amended and refined before the final budget report is presented to Cabinet in February.

## **6.0 GROWTH REQUESTS**

6.1 Any growth requests will be considered at the budget setting meeting in February 2016.

## **7.0 MEDIUM TERM BUDGET ISSUES**

7.1 Forecast budgets for 2017/18 to 2020/21 have been included in annexes 1 to 3. Other than a provision for known inflationary pressures, there are no other issues to report.

## **8.0 RISK MANAGEMENT**

8.1 There are a number of significant risks inherent in any budget forecasting exercise and the risks increase as the period covered increases. The key budget risk for the portfolio is detailed below:

- The Homelessness budget is demand-led and therefore sensitive to service demand changes. Currently expenditure is being contained within existing budgets, but any increase in applications could be a major risk to the Council. In order to minimise any potential costs to the General Fund, approval has been received to appoint an additional member of staff to focus on homelessness prevention. The appointment is temporary for a two year period up to 30<sup>th</sup> September 2017 and is being paid for from homelessness funding from the DCLG.

## **9.0 EQUALITIES IMPACT ASSESSMENT (EIA)**

9.1 The budget process and forecasts produced do not require an EIA but any decisions to vary budgets and service provision may require EIA's specific to those options.

## **10.0 RESOURCE IMPLICATIONS**

10.1 In writing this report, the standard corporate issue of revenue financial implications has been considered in Sections 4 to 7 above.

## **11.0 RECOMMENDATIONS**

11.1 That the probable outturn for the current financial year be considered.

11.2 That the draft estimates for 2016/17 and future years be considered.

## 12.0 REASONS FOR RECOMMENDATION

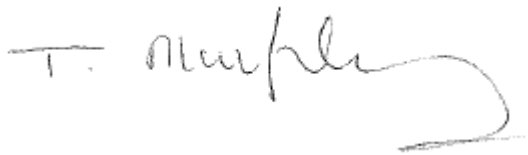
12.1 To enable the Council to set a balanced budget for 2016/17.

**A CRAIG  
HOUSING SERVICE MANAGER – BUSINESS PLANNING & STRATEGY**

**B DAWSON  
CHIEF FINANCE OFFICER**

**H BOWEN  
CHIEF EXECUTIVE**

Officer recommendation supported.



Signed:

Cabinet Member

Date: 7 December, 2015

Further information on this report can be obtained from  
Steven Spencer, Accountancy Services (ext. 5454)