

For Publication

Cabinet Member for Housing – Housing General Fund (HGF) Revenue Budgets 2016/17 to 2021/22

Meeting:	Cabinet
Date:	13 December 2016
Cabinet portfolio:	Housing
Report by:	Director of Finance & Resources

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 2017/18.

2.0 Recommendations

- 2.1 That the probable outturn for the current financial year be considered.
- 2.2 That the draft estimates for 2017/18 and future years be considered.

3.0 Probable 2016/17

- 3.1 The Overall Probable Outturn for the current financial year for Housing General Fund (HGF) is net expenditure of £951,750, which is a decrease of £258,690 or (21.37%) on the Original Estimate of £1,210,440.
- 3.2 The Controllable costs (excludes asset charges and internal recharges) show a Probable Outturn of £858,090, which is a

decrease of £2,130 (0.25%) on the original Controllable budget estimate of £860,220.

3.3 The main reason for the budget decrease is a reduction in asset charges (£245,000) resulting from a net increase in income on the Disabled Facilities Grants (DFGs). However, 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.

3.4 The main reasons for the budget decrease are summarised below:

**Table 1 – Significant Variances Original to Probable
2016/17**

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Employees	11
Supplies & Services	(7)
Income (mainly admin fees on DFGs)	(6)
Changes to controllable budgets	(2)
Change in support service recharges	(12)
Change in asset charges	(245)
Overall Decrease	(259)

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

4.0 Draft Estimates 2017/18

4.1 The 2017/18 budget estimate for Housing General Fund is a net total of £1,116,090, which is a decrease of £94,350 or 7.79% on the original estimate for 2016/17 of £1,210,440.

4.2 The Controllable costs (excludes asset charges and internal recharges) show a draft estimate for 2017/18 of £864,630, which is an increase of £4,410 (0.51%) on the Original 2016/17 Controllable budget estimate of £860,220.

4.3 The most significant variances include:

Table 2 – Significant Variances Original 16/17 to Original 17/18

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Employees – Increments and Pay Award	5
General Fund Contribution to HRA	7
Supplies & Services	(7)
Income	(1)
Changes to controllable budgets	4
Change in support service recharges	(5)
Change in asset charges	(93)
Overall Decrease	(94)

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

4.4 The following budget assumptions have been used to produce the draft Housing General Fund budgets.

- Pay award of 1% for each of the years 2017/18 to 2021/22
- Inflation rates –
 - Utilities 2% in 2017/18 and then 3% 2018/19 onwards
 - General CPI 1.5% in 2017/18 and then 2% 2018/19 onwards
 - Rates 2% 2017/18 onwards
 - Fees & Charges – minimum uplift of 3%

4.5 The budgets in this report are the first draft estimates which may need to be amended and refined in January 2017 before the final budget report is presented to Cabinet in February.

5.0 Growth Requests

5.1 Any growth requests (new costs that are not in the original budget – e.g. new I.T. system) will be considered at the budget setting meeting in February 2017.

6.0 Medium Term Budget Issues

6.1 The forecast budgets for 2018/19 to 2021/22 have been included in annexes 1 to 3. Other than a provision for known inflationary pressures (paragraph 4.4), there are no other issues to report.

7.0 Risk Management

7.1 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 this 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 from homeless people (e.g. if there is severe winter weather) could be a major risk to the Council as no allowance for any increases have been built into the budget. In order to minimise any potential costs to the General Fund, approval is to be sought to fill the vacant temporary Prevention Officer post for a further 3 years. The post will be paid for from the homelessness prevention funding from the DCLG. This request will be considered shortly by the Vacancy Control Panel.

8.0 Equalities Impact Assessment (EIA)

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

9.0 Recommendations

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

9.2 That the draft estimates for 2017/18 and future years be considered.

10.0 Reasons for Recommendations

10.1 To enable the Council to set a balanced budget for 2017/18.

Glossary of Terms	
DCLG	Department for Communities and Local Government
CPI	Consumer Price Index

Decision information

Key decision number	682
Wards affected	All
Links to Council Plan priorities	To improve the quality of life for local people by increasing the supply and quality of housing in Chesterfield to meet current and future needs.

Document information

Report author	Contact number/email
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Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None.	
Annexes to the report	
Annexe 1	Budget summary by programme area
Annexe 2	Detailed estimates by programme area
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