

FOR PUBLICATION

EXECUTIVE MEMBER FOR HOUSING - GENERAL FUND REVENUE
BUDGET 2014/15 – 2019/20 (H000)

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

DATE: (1) 16 DECEMBER 2014
(2) 3 DECEMBER 2014

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

WARD: All

COMMUNITY FORUM: All

**KEY DECISION
NUMBER** 462

FOR PUBLICATION

BACKGROUND PAPERS: Budget Working Papers, Accountancy Section.

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 2015/16.

2.0 RECOMMENDATIONS

- 2.1 That the probable outturn for the current financial year be considered.
- 2.2 That the draft estimates for 2015/16 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 2014/15

4.1 The Overall Probable Outturn for the current financial year is £1,537,510, an increase of £343,720 or (28.79%) on the Original Estimate.

The Controllable (excludes asset charges and internal recharges) Probable Outturn is £851,970, an increase of £18,360 (2.20%) 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
2014/15**

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Employee cost changes – new post & redundancy	17
Housing Sub-Regional Work reduced cost	(2)
Premises – Venture House	1
Car Allowances	(6)
General Fund Contribution to HRA	5
Supplies & Services	2
Income (SP Grant/Funding of new post)	1
Changes to controllable budgets	18
Change in support service recharges	(4)
Change in asset charges	330
Overall Increase	344

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.
- 4.4 The other main change is on employees where redundancy costs of £9k and a new Private Sector Housing Officer post (£8k) are included. The redundancy costs are being funded from General Fund Reserves and there is a corresponding opposite entry in the corporate budget. The new post is being funded by repaid improvement grants, meaning the net cost to this portfolio is zero.

5.0 DRAFT ESTIMATES 2015/16

- 5.1 The draft estimates for 2015/16 total £1,385,840, an increase of £192,050 or 16.09% on the original estimates for 2014/15.
- 5.2 The Controllable (excludes asset charges and internal recharges) draft estimate for 2015/16 is £870,120 an increase of £36,510 (4.38%) on the Original Controllable budget estimate.
- 5.3 The most significant variances include:

Table 2 – Significant Variances Original 14/15 to Original 15/16

Description	Increase / (Decrease) £'000
<u>Changes to controllable budgets:</u>	
Employees – New post and pay award	35
General Fund Contribution to HRA	23
Car Allowances	(6)
Supplies & Services	(5)
Grant Income (One-off in 14/15)	10
Income (SP Grant/Funding of new post)	(20)
Changes to controllable budgets	37
Change in support service recharges	(11)
Change in asset charges	166
Overall Increase	192

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 15/16 to 19/20
- Inflation rates –
 - 7.5% Gas & Electricity
 - General CPI 2% in each year.
 - Rates 3% in each year
 - 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 2015.

7.0 MEDIUM TERM BUDGET ISSUES

7.1 Forecast budgets for 2016/17 to 2019/20 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. During 2013/14 the bed and breakfast budget was increased to cope with the number of applications. Currently expenditure is being contained within existing budgets, but anticipated cuts in Supporting People funding are likely to lead to an increase in applications which 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 and is being paid for from homelessness funding from the DCLG, which has been confirmed for 2014/15 and 2015/16.

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 2015/16 and future years be considered.

12.0 REASONS FOR RECOMMENDATIONS


12.1 To enable the Council to set a balanced budget for 2015/16.

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

**B DAWSON
CHIEF FINANCE OFFICER**

**H BOWEN
CHIEF EXECUTIVE**

Officer recommendation supported.



Signed _____ Executive Member

Date 3.12.14

Consultee Executive Member/Support Member comments (if applicable)/declaration of interests: