

Item

Housing Scrutiny Committee

2017/18 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Housing Portfolio

To:

Councillor Kevin Price, Executive Councillor for Housing

Report by:

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Wards affected:

Abbey, Arbury, Castle, Cherry Hinton, Coleridge, East Chesterton, King's Hedges, Market, Newnham, Petersfield, Queen Edith's, Romsey, Trumpington, West Chesterton

Key Decision

1. Executive Summary

1.1 This report presents, for the General Fund Housing portfolio :

- a) A summary of actual income and expenditure compared to the final budget for 2017/18 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from budget underspends into 2018/19.

2. Recommendations

Members of the Scrutiny Committee are asked to consider and make known their views on the following proposals for consideration by the Executive Councillor for Finance and Resources at the Strategy and Resources Scrutiny Committee on 2 July 2018:

- a) Carry forward requests totalling £348,120 revenue funding from 2017/18 to 2018/19, as detailed in **Appendix C**, noting that none are proposed for this portfolio on this occasion.
- b) Carry forward requests of £200,000 in capital resources from 2017/18 to 2018/19 to fund re-phased net capital spending, as detailed in **Appendix D**.

3. Background

Revenue Outturn

- 3.1 The overall revenue budget outturn position for the Housing Revenue Account is given in the table below.

2016/17 £'000	Housing Revenue Account Summary	2017/18 £'000	% Final Budget
3,438	Original Budget	3,462	96.3
0	Adjustment – Prior Year Carry Forwards	57	1.6
(89)	Adjustment - Service Restructure	-	-
(1)	Adjustment – Earmarked Reserves	70	1.9
0	Other Adjustments	7	0.2
3,348	Final Budget	3,596	100.0
3,196	Outturn	3,193	88.8
(152)	(Under) / Overspend for the year	(403)	(11.2)
57	Carry Forward Requests	348	9.7
(95)	Resulting Variation for the HGF	(55)	(1.5)
0	Other variances	0	0.0
(95)	Variance and reduced use of General Fund Reserves	(55)	(1.5)

- 3.1 **Appendix A** shows original and final budgets for the year (with the movements summarised in the above table) and compares the final budget with the outturn position for the HRA for 2017/18. The original revenue budget for 2017/18 was approved by the Executive Councillor for Housing on 18 January 2017.
- 3.2 **Appendix B** provides explanations of the main variance.
- 3.3 **Appendix C** lists revenue carry forward requests.
- 3.4 Net underspending of £402,476 was predominantly due to the receipt of Flexible Homeless Support Grant in 2017/18, with the agreed intention that it will be used to fund expenditure across multiple years, with a carry forward request for £282,800, coupled with underspending in Housing Strategy (£102,596) as a direct result of vacant or partially vacant posts and carry forward of Community Housing Fund Grant from 2016/17, which will not be spent until 2018/19. Underspending was partially offset by some overspending, particularly at 451 Newmarket Road (£40,604), where considerable maintenance works were required in 2017/18.

Capital Outturn

- 3.5 The overall capital budget outturn position for the General Fund Housing Portfolio is given in the table below. **Appendix D** shows the outturn position by scheme and programme with explanations of variances.

2016/17 £'000	General Fund Housing Portfolio Capital Summary	2017/18 £'000	% Final Budget
5,992	Final Budget	3,095	100.0
2,900	Outturn	3,151	101.8
(3,092)	Variation - (Under)/Overspend for the year	56	1.8
3,091	Re-phasing Requests	200	6.5
(1)	Variance	256	8.3

- 3.6 Resource of £200,000 to create an Empty Homes Loans Fund was not utilised in 2016/17. Due to the nature of the scheme, which intends to recycle the £200,000 in the form of loans awarded and later repaid, the budget is requested as a carry forward into 2017/18 to allow progression of the scheme.
- 3.7 The project to deliver a new community centre on the Clay Farm site has been delayed during 2016/17 due to construction issues. Now resolved, work on site has re-commenced, with completion now anticipated to be in mid-July 2017.

4. Implications

(a) Financial Implications

The variance from the final revenue budget (see above), would result in a decreased use of General Fund Reserves of £402,476. After re-phasing resource for capital projects financed from revenue, and carry forward of revenue resource to fund deferred revenue expenditure, the overall variance and decreased use of General Fund Reserves is £54,356.

A decision not to approve a carry forward request may impact on officers' ability to deliver the service or scheme in question and this could have staffing, equality and poverty, environmental, procurement, consultation and communication and/or community safety implications.

(b) Staffing Implications

There are no direct staffing implications associated with this report..

(c) Equality and Poverty Implications

There are no new equality or poverty implications associated with this report.

(d) Environmental Implications

There are no new environmental implications arising from this report.

(e) Procurement Implications

There are no new procurement implications arising from this report.

(f) Consultation and Communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process.

(g) Community Safety

There are no community safety implications arising from this report.

6. Background papers

Background papers used in the preparation of this report:

- Directors Variance Explanations – March 2018
- Budgetary Control Reports to 31 March 2018
- Capital Monitoring Reports – March 2018

7. Appendices

The following items, where applicable, are included for discussion:

Appendix	Proposal Type	Included
A	Revenue Summary for this portfolio	✓
B	Revenue Major Variances for this portfolio	✓
C	Carry Forward Requests for this portfolio	✓
D	Capital Summary for this portfolio	✓

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

Julia Hovells, Principal Accountant

Telephone: 01954 - 713071 or email: julia.hovells@cambridge.gov.uk.

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General Fund Housing Portfolio / Housing Committee

Revenue Budget - 2017/18 Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn	Variation Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
Housing General Fund						
Housing Strategy, Home Aid, Housing Aid / Needs						
Housing Advice Service	854,920	880,580	898,194	17,614	0	17,614
Town Hall Lettings	66,900	104,290	104,345	55	0	55
Housing Strategy	161,610	213,450	110,854	(102,596)	41,920	(60,676)
Home Aid / Home Improvement Grants	55,460	55,460	49,336	(6,124)	0	(6,124)
Shared Home Improvement Agency		0	0	0	0	0
	1,138,890	1,253,780	1,162,729	(91,051)	41,920	(49,131)
Housing General Fund, Other						
Homelessness Costs	195,400	181,900	195,402	13,502	0	13,502
Flexible Homeless Support Grant	0	0	(323,869)	(323,869)	306,200	(17,669)
Choice Based Lettings (Revenue Running Costs)	26,270	26,270	2,587	(23,683)	0	(23,683)
Grants to Housing Agencies	777,880	714,830	719,619	4,789	0	4,789
Bermuda Road Garages	(5,960)	(5,960)	(7,571)	(1,611)	0	(1,611)
Racial Harassment	44,410	44,410	44,072	(338)	0	(338)
Growth - Community Services	63,570	63,570	63,271	(299)	0	(299)
Strategic Housing GF Recharges	(16,670)	(17,630)	(17,630)	0	0	0
Housing Development Agency (H.D.A)	(110)	(110)	(110)	0	0	0
125 / 451 Newmarket Road - Revenue costs	(12,720)	(12,710)	27,894	40,604	0	40,604
Contribution to / from HRA	487,720	487,720	506,582	18,862	0	18,862
Syrian Re-Settlement	0	0	0	0	0	0
Dual Diagnosis Street Team	0	0	1,144	1,144	0	1,144
Reducing Pensioner Poverty	0	15,900	15,903	3	0	3
	1,559,790	1,498,190	1,227,294	(270,896)	306,200	35,304
Total Housing General Fund	2,698,680	2,751,970	2,390,023	(361,947)	348,120	(13,827)
Environment - Environmental Health						
Housing Standards	527,110	555,110	559,432	4,322	0	4,322
Property Accreditation	68,140	68,140	61,364	(6,776)	0	(6,776)
Energy Officer	167,970	220,640	182,565	(38,075)	0	(38,075)
Total Environment	763,220	843,890	803,361	(40,529)	0	(40,529)
Total Net Budget	3,461,900	3,595,860	3,193,384	(402,476)	348,120	(54,356)

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted

and are detailed and approved:

- in the January committee cycle (as part of the Budget-Setting Report)
- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium-Term Financial Strategy, MTFS)
- via technical adjustments/virements throughout the year

General Fund Housing Portfolio / Housing Scrutiny Committee

Revenue Budget 2017/18 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Housing Strategy, Home Aid, Housing Advice, General Fund and Other Housing			
Flexible Homeless Support Grant	Flexible Homeless Support Grant was awarded to the authority by Central Government to assist in meeting the increased statutory requirements of the new Homeless Reduction Act. As part of the budget process in January / February 2018 it was agreed that the resource would be utilised to fund additional staffing across a number of years to allow the authority to fulfil its obligations.	(323,869)	David Greening
Housing Strategy	Underspending in Housing Strategy was due to the Development Officer having been seconded to South Cambridgeshire District Council for the entire year, a 7 hour a week vacancy in the Housing Strategy Manager post, held for funding research and government grant for community housing projects, which was not required to be spent in-year. The grant is being used to fund CLT East to work with community groups and offer grants to groups. Request made to carry unspent community housing grant forward into 2018/19.	(102,596)	Helen Reed
125 / 451 Newmarket Road	Rent income under-achieved and significant maintenance works required in 2017/18, particularly at 451 Newmarket Road, where decoration and flat roofing works were required.	40,604	David Greening
Choice Based Lettings (Revenue Running Costs)	The revenue running costs for the Sub-Regional Choice Based Lettings system were less than anticipated in 2017/18, with the contribution to South Cambridgeshire District Council for administering the scheme and IT costs both less than budgeted.	(23,683)	David Greening
Contributions to / from the HRA	The recharge from the HRA to the General Fund for the cost of upkeep to shared amenities was greater than budgeted in 2017/18, due in part to the cost of amenity street lighting.	18,862	Julia Hovells
Housing Advice Service	Expenditure in the Housing Advice Service for 2017/18 exceeded the budget, predominantly due to the need to employ additional staff resource to respond to the requirements of the new Homeless Reduction Act. This expenditure was funded using Flexible Homeless Support Grant, with the balance of the grant to be carried forward into 2018/19.	17,614	David Greening

General Fund Housing Portfolio / Housing Scrutiny Committee

Revenue Budget 2017/18 - Major Variances from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
Other		11,121	
Total		(361,947)	
Environment - Environmental Health			
Energy Officer	The majority of the variance is due to Sharing Prosperity Activity that will continue in the new financial year. This funding will automatically be carried forward as per agreed process of the Sharing Prosperity Fund. The remaining variance is due to under activity as a result of priority given to other projects.	(38,075)	Jo Dicks
Other		(2,454)	
Total		(40,529)	
Total for Housing Portfolio		(402,476)	

General Fund Housing Portfolio / Housing Committee

Revenue Budget 2017/18 - Carry Forward Requests

Request to Carry Forward Budgets from 2017/18 into 2018/19 and future years

Item		Request £	Contact
	Housing General Fund		
1	Community Housing Fund Grant awarded for promoting / developing community-led housing. A carry forward is requested to allow CLT East to work with community groups and to allow the award of grants to community groups to take projects forward.	41,920	Helen Reed
2	Flexible Homeless Grant and the Administrative Burden Grant are ring-fenced grants awarded to allow the authority to prepare for and meet the statutory demands resulting from the new Homeless Reduction Act. This funding will be required across a number of financial years to meet the requirements under the Act..	306,200	David Greening
	Environment - Environmental Health		
3	No carry forward requests	0	
Total Carry Forward Requests for General Fund Housing Portfolio		348,120	

General Fund Housing Portfolio / Housing Committee

Capital Budget 2017/18 - Outturn

Capital Ref	Description	Lead Officer	Original Budget £000	Final Budget £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Re-phase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC597 - 100048 (38282)	Empty Homes Loans Fund	Y O'Donnell	200	200	0	(200)	200	0	This is a holding account which is recycleable where empty property home owners borrow the loan to bring the property into occupation and then and repay it back. There were no applications to borrow out of this fund in 2017/18.
PV564 - 100022 (38199)	Clay Farm Community Centre Phase 2 - Construction	D Kaye	2,895	2,895	3,151	256	0	256	The community centre project is now complete, has been handed over and is now operational. The scheme overspent in total at completion due to a number of contractual and technical issues experienced during the project.
Total Provisions			3,095	3,095	3,151	56	200	256	
Total for Housing			3,095	3,095	3,151	56	200	256	

Changes between original and final budgets may be made to reflect:

- rephased capital spend from the previous financial year
- rephased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Medium-Term Financial Strategy, MTFS)
- in the January committee cycle (as part of the Budget-Setting Report, BSR)
- via technical adjustments/virements throughout the year