

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No 13

meeting date: 19 OCTOBER 2017
 title: REVENUE MONITORING 2017/18
 submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

1.1 To provide this Committee with information relating to the progress of the 2017/18 revenue budget, as at the end of August 2017.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.
- Corporate Priorities - to continue to be a well-managed council providing efficient services based on identified customer need, whilst ensuring the Council provides council tax payers with value for money.
- Other Considerations – none identified.

2 REVENUE MONITORING 2017/18

2.1 Shown below, by cost centre, is a comparison between actual expenditure and the original estimate budget for the period April 2017 to August 2017. You will see an overall underspend of £3,547 on the net cost of services, as at the end of August 2017. After allowing for transfers to and from earmarked reserves, there is an overspend of £35,087. Please note that underspends and additional income are denoted by figures with a minus symbol.

Cost Centre	Cost Centre Name	Net Budget for the Full Year £	Net Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £	
APLAC	Alma Place Unit	5,170	5,170	4,717	-453	G
AWARM	Affordable Warmth	0	0	250	250	G
CLAIR	Clean Air	2,810	702	200	-502	G
CLAND	Contaminated Land	8,990	0	0	0	G
CLCEM	Clitheroe Cemetery	59,950	8,879	5,728	-3,151	A
CLMKT	Clitheroe Market	-46,220	-93,219	-102,307	-9,088	R
COMNL	Common Land	2,360	277	467	190	G
CTBEN	Localised Council Tax Support Admin	111,770	-19,649	-21,437	-1,788	G
DOGWD	Dog Warden & Pest Control	98,840	3,855	3,548	-307	G

Cost Centre	Cost Centre Name	Net Budget for the Full Year £	Net Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £	
ENVHT	Environmental Health Services	293,200	-2,483	-1,982	501	G
HGBEN	Housing Benefits	128,770	343,457	396,581	53,124	R
HOMEE	Home Energy Conservation	13,170	173	0	-173	G
HOMES	Homelessness Strategy	72,000	-4,152	-32,465	-28,313	R
HSASS	Housing Associations	6,670	215	830	615	G
HSTRA	Housing Strategy	51,880	6,475	5,598	-877	G
IMPGR	Improvement Grants	73,670	-2,695	-930	1,765	G
JARMS	Joiners Arms	25,710	6,982	-6,967	-13,949	R
SHARE	Shared Ownership Rents	-1,230	-1,230	-1,227	3	G
SUPPE	Supporting People	11,880	1,160	0	-1,160	G
UCRED	Universal Credit	9,400	0	-234	-234	G
Total Health and Housing Committee		928,790	253,917	250,370	-3,547	
Transfers to/(from) Earmarked Reserves						
Government Housing Grants Reserve - Prevention of Rough Sleeping		-130	0	0	0	
Government Housing Grants Reserve - Single Homelessness Initiative Support Grant		-1,450	-1,450	-1,450	0	
Government Housing Grants Reserve - Flexible Homelessness Support Grant		0	0	26,280	26,280	
Equipment Reserve - Joiners Arms Furniture Sinking Fund		0	0	12,604	12,604	
Equipment Reserve - Local Council Tax Support s31 New Burdens Funding		-2,800	-2,800	-2,800	0	
Equipment Reserve - Dog Control Order Signs		0	0	-250	-250	
Total after transfers to/(from) Earmarked Reserves		924,410	249,667	284,754	35,087	

Key to Variance shading	
Variance of £5,000 or more (Red)	R
Variance between £2,000 and £4,999 (Amber)	A
Variance less than £2,000 (Green)	G

2.2 The red variances highlight specific areas of high concern, for which budget holders are required to have an action plan. Amber variances are potential areas of high concern and green variances are areas which currently do not present any significant concern.

2.3 The main variances between budget and actuals on individual budget codes within cost centres have also been highlighted and explained, as follows:

- Red budget code variances (£5,000 or more) are shown with the budget holder's comments and agreed actions in Annex 1.
- Amber budget code variances (£2,000 to £4,999) are shown with the budget holder's comments in Annex 2.

2.4 The main reasons for the £35,087 overspend to the end of August 2017, after transfers to and from earmarked reserves, are as follows:

- **Housing Benefits Rent Allowance payments and grant (+£69,481):** Rent Allowance payments to date are £33,337 higher than anticipated at Original Estimate, after adjusting for recovery of housing benefits overpayments to date. Also, Rent Allowance grant subsidy income is £36,144 lower than anticipated when the Original Estimate budget was prepared. The lower income received is in line with estimates prepared for 2017/18 DWP Initial Estimate grant purposes.

In practice, any higher Rent Allowance payments made in year will be reflected in more Rent Allowance subsidy grant income claimed from the DWP at year-end, as Rent Allowance payments are broadly funded by subsidy received, after adjusting for recovery of housing benefits overpayments and non-cash transactions. This means there is no significant Rent Allowance overspend in practice, at this stage.

- **Housing Benefits administration funding (-£11,000):** Additional funding received in-year from the DWP that was not anticipated at Original Estimate, covering Right Benefit Initiative, Discretionary Housing Payments administration and Implementing Benefit Cap Changes. This additional funding will be taken to General Fund balances at year-end, unless spent on relevant areas in-year.
- **Housing Benefits Discretionary Housing Payments funding (-£4,293):** Actual Discretionary Housing Payments grant funding is higher than estimated at Original Estimate, because the Council was not notified of the yearly funding level until after the budget was set. The budget will be updated at Revised Estimate stage to reflect this additional income and it is likely that more discretionary housing payments will be made in-year, given the increased funding.
- **Clitheroe Market increased income and other underspends (-£9,088):** Cabins income is £4,820 higher than budgeted for because occupancy levels to date are higher than estimated. In addition, there is increased income from market special events and underspends to date in areas such as repairs and utilities costs. Note - Actual cabin income to date includes all cabins income invoiced for the full year in April 2017, so if any cabin holder leaves in-year the cabins income will drop if there is a vacant period for that cabin.

2.5 Other points to note from the variance review are as follows:

- The Joiners Arms repairs and maintenance overspend to date, +£4,445, will not rectify itself in-year. This is because further costs have been incurred in September 2017, mainly on additional fire safety work, so the amount spent so far this year is already higher than the full year's budget. Further works will also be required during the rest of 2017/18. Therefore, this Committee are requested to approve a Supplementary Estimate budget for additional fire safety and extractor fan work, financed from the Repairs and Maintenance earmarked reserve, in a separate report elsewhere on this agenda. Further to this, the repairs and maintenance budget will be updated for other repairs overspends at Revised Estimate stage
- Environmental Health Private Water Samples reduced income, +£3,697, may be difficult to catch up across the rest of the financial year. The Environmental Health team will review work plans to see if more staff resources can be put into private water risk assessments and sampling for the rest of the year to minimise the reduction in income received so far. This is dependent on this Committee approving the Council's approach to incorporating RADON risk in the new risk assessment round, as set down in a separate report elsewhere on this agenda.
- The DCLG Flexible Homelessness Support Grant and Joiners Arms Furniture Sinking Fund additional income received will be set aside in earmarked reserves at year-end, unless spent on relevant areas in-year.

3 CONCLUSION

3.1 The comparison between actual expenditure and budget for this Committee at the end of August 2017 shows an overspend to date of £35,087, after allowing for transfers to and from earmarked reserves.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

HH10-17/AC/AC
3 October 2017

BACKGROUND PAPERS: None

For further information please ask for Andrew Cook

Health and Housing Committee Revenue Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
HOMES/8759z	Homelessness Strategy/DCLG - Flexible Homelessness Support Grant	-13,720	-13,720	-40,000	-26,280	R	DCLG Flexible Homelessness Support Grant received from DCLG for 2017/18, which was not known about when the 2017/18 Original Estimate was set. Some of this grant has already been used to fund enabling works at the new Alma Place homelessness unit and fire safety work at Joiners Arms.	<p>These funds will be used to support relevant homelessness prevention spend in-year. For example, an amount will be used to cover the difference between rent rebates paid on behalf of people in Joiners Arms by the Council and the reduced housing benefits subsidy levels that can be claimed by the Council to support these payments, following a change in DWP benefits rules from 1 April 2017.</p> <p>Any unspent amounts at year-end will be set aside in earmarked reserves. The budget will be updated for this at Revised Estimate.</p>

Health and Housing Committee Revenue Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
JARMS/8605z	Joiners Arms/Other Income	0	0	-12,644	-12,644	R	Mainly due to £12,604 received from Ribble Valley Homes for the Furniture Sinking Fund, when management of Joiners Arms transferred to the Council. It is for purchasing of basic furniture and equipment at Joiners Arms and is a reserve.	The budget will be updated for this and a process will be put in place re how we spend this fund and top up the fund at Revised Estimate. Any unspent amounts at year-end will be set aside in earmarked reserves.
JARMS/8802u	Joiners Arms/Dwelling Rents	-17,100	-7,129	-13,277	-6,148	R	<p>This is due to:</p> <ul style="list-style-type: none"> - Occupancy at Joiners Arms being higher than expected for the year to date; and - Both rent and service charge income is included in this code to date. The reduced income on the Service Charges budget (see JARMS/8615z below) partly offsets the increased income included here. <p>The rent and service charge income to date is £1,273 higher than the combined budgets for dwelling rents and service charges. However, income can fluctuate within Joiners Arms throughout the year, due to the demand-led and short-term nature of the tenancies.</p>	The budget will be updated for this at Revised Estimate stage.

Health and Housing Committee Revenue Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
HGBEN/8758z	Housing Benefits/DWP - Right Benefit Initiative	0	0	-5,000	-5,000	R	This is additional DWP funding for Right Benefit Initiative work in-year that was not anticipated at Original Estimate. This income is to fund additional RTIs referrals work that the Council will undertake in-year.	The budget will be updated at Revised Estimate stage to reflect this income.
HGBEN/4652	Housing Benefits/Rent Allowance Payments	6,626,900	3,167,657	3,200,994	33,337	R	Rent Allowance payments to date are slightly higher than anticipated at Original Estimate, after adjusting for recovery of housing benefits overpayments to date. Any higher payments at year-end will be reflected in more Rent Allowance subsidy grant income received at year-end, as expenditure is broadly funded by subsidy received (see HGBEN/8002z below). This means there is no significant overspend in practice, at this stage.	Budget to be amended at Revised Estimate, in line with the Mid-Year Estimate claim prepared for DWP grant purposes.

Health and Housing Committee Revenue Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
HGBEN/8002z	Housing Benefits/Rent Allowances Grant	-6,662,760	-2,777,704	-2,741,560	36,144	R	Rent Allowance grant subsidy income is lower than anticipated when the Original Estimate budget was prepared. The reduced income is in line with estimates prepared for 2017/18 DWP Initial Estimate grant purposes. The level of subsidy received at year-end will broadly cover the Rent Allowance payments made in-year (see HGBEN/4652 above). This means there is no significant overspend in practice, at this stage.	Budget to be amended at Revised Estimate, in line with the Mid-Year Estimate claim prepared for DWP grant purposes.

Health and Housing Committee Revenue Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance
CLMKT/8824n	Clitheroe Market/Cabins	-99,290	-99,290	-104,110	-4,820	A	Cabins income is higher than budgeted for because occupancy levels to date are higher than estimated. Note - The actual includes all cabins income invoiced for the full year in April 2017, so if any cabin holder leaves in-year, then the cabins income will drop if there is a vacant period for that cabin.
HGBEN/8060z	Housing Benefits/DWP - Discretionary Housing Payments Income	-33,750	-11,253	-15,546	-4,293	A	Actual Discretionary Housing Payments grant funding is higher than estimated at Original Estimate, because the Council was not notified of the yearly funding level until after the budget was set. The budget will be updated at Revised Estimate stage to reflect this additional income.
CLCEM/5056	Clitheroe Cemetery/Grounds Maintenance	50,640	21,111	17,428	-3,683	A	Less work by the Grounds Maintenance team to date, compared to budget. This will be partly due to less interments than expected.
HGBEN/8765Z	Housing Benefits/DWP - Discretionary Housing Payment Administration	0	0	-3,592	-3,592	A	This is additional funding received in-year, that was not anticipated at Original Estimate, to reflect the burden on the Council of administering Discretionary Housing Payments in-year. The budget will be updated at Revised Estimate stage to reflect this income.
HGBEN/8026z	Housing Benefits/DWP - LA Data Sharing (LADS) IT Costs	0	0	-3,133	-3,133	A	Additional funding from the DWP to pay for one-off expenditure on revenue system updates to support local authority IT data sharing with the DWP (see HGBEN/2809 below). It was not anticipated at Original Estimate stage. The budget will be updated at Revised Estimate stage to reflect this income.

Health and Housing Committee Revenue Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance
HGBEN/8690z	Housing Benefits/DWP - Implementing Benefit Cap Changes	0	0	-2,408	-2,408	A	This is additional funding received in-year, that was not anticipated at Original Estimate, to reflect the work the Council will do to implement the benefit cap changes. The budget will be updated at Revised Estimate stage to reflect this income.
CLCEM/8441u	Clitheroe Cemetery/Interment Fees	-20,160	-8,401	-5,456	2,945	A	Lower interments income than anticipated, due to the normal year-on-year variations in the numbers of interments. The budget will be updated at Revised Estimate stage to reflect this change in income levels.
HGBEN/2809	Housing Benefits/Non Recurring Purchases of Equipment etc	0	0	3,133	3,133	A	Unbudgeted one-off expenditure for revenue system updates to support local authority IT data sharing with the DWP. It was not anticipated at Original Estimate stage. It was requested by and was fully funded by the DWP in-year (see HGBEN/8026z above). The budget will be updated at Revised Estimate stage to reflect this expenditure.

Health and Housing Committee Revenue Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance
ENVHT/ 8417u	Environmental Health Services/Private Water Samples	-9,000	-3,755	-58	3,697	A	<p>No risk assessments have been carried out on the new risk assessment round so far this year, mainly because the approach to incorporating RADON risk has still to be decided. This has also meant no monitoring visits/samples carried out to date. This lost income may be difficult to catch up across the rest of the financial year.</p> <p>A separate report elsewhere on this agenda will request this Committee to approve the Council's approach to incorporating RADON risk in the new risk assessment round. If approved, the Environmental Health team will review work plans to see if more staff resources can be put into private water risk assessments and sampling for the rest of the year to catch up on testing and minimise the reduction in income received in-year.</p> <p>The budget will be updated at Revised Estimate to reflect the latest work plans.</p>
HGBEN/ 8007z	Housing Benefits/HRA Rent Rebate Grant	-31,000	-12,923	-8,795	4,128	A	<p>Rent Rebate grant subsidy income is lower than anticipated when the Original Estimate budget was prepared. The reduced income is in line with estimates prepared for 2017/18 DWP Initial Estimate grant purposes. The budget will be updated at Revised Estimate, in line with the Mid-Year Estimate claim prepared for DWP grant purposes.</p>

Health and Housing Committee Revenue Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of August 2017 £	Actual including Commitments to the end of August 2017 £	Variance £		Reason for Variance
JARMS/2402	Joiners Arms/Repair & Maintenance - Buildings	17,880	7,226	11,671	4,445	A	<p>The repairs budget for Joiners Arms was a broad estimate as this is the first year of the Council taking back the management of the unit. More repairs and enabling works than expected have been required to date in essential areas such as additional fire safety and compartmentalisation work, updating of all fire alarm equipment, cutting off the gas supply and re-tarmacing the external areas around the building. Further costs have also been incurred in September to date, mainly on additional fire safety work, so the amount spent in-year so far is higher than the full year repairs budget. Further works will also be required in-year.</p> <p>This Committee are requested to approve a Supplementary Estimate budget for additional fire safety and extractor fan work in a separate report elsewhere on this agenda. The additional budget will be financed from funds set aside in the Repairs and Maintenance earmarked reserve.</p> <p>In addition, this budget will be updated for any further areas of repairs overspends at Revised Estimate stage, along with the overall Joiners Arms budget position and the overall Repairs & Maintenance budgets for all Council properties.</p>
JARMS/8615z	Joiners Arms/Service Charges	-11,700	-4,875	0	4,875	A	<p>Service Charges income is all accounted for in the Dwelling Rents code (see JARMS/8802u above). The budget will be updated for this at Revised Estimate stage.</p>