



**Service Delivery  
Committee**

**Tuesday, 11 October  
2016**

**Matter for Information**

**Title: Committee Budget Review (April - August 2016)**

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## 1. Introduction

This report provides Members with details of the budgetary position for the committee at 31 August 2016 for both capital and revenue budgets within both the General Fund and Housing Revenue Account (HRA).

## 2. Recommendations

That Members note the current position

## 3. Information

- 3.1 In February 2016 a revenue budget was approved for this committee of £3,593,050. Currently, the Committee General Fund position shows a predicted net spend for the year of £3,473,050 giving savings of £120,000. The principal variances are shown in the table below.

<u>Budget</u>	<u>Cause of Variance</u>	<u>£</u>
Swimming Pool Contract Fees	Good Performance in 2015/16	(11,000)
Swimming Pool Contract Fees	Reduction in overall fees paid	(33,000)
Salary Saving across Service Delivery Committee	Restructuring and reduction in hired staff	(120,000)
Grants Core Funding	Grants to Voluntary Organisations not reduced	32,000
Car Parks - Income	Fewer Penalties being given	12,000
Total Expected Saving		<u>(120,000)</u>

- 3.2 Throughout 2016/17 the Council has examined its staffing structure with the main aim of reducing its reliance on hired agency staff, while seeking efficiencies in working practices. This exercise, although still ongoing, should accrue savings of around £120,000 on this Committee's original budget. Members should however be mindful that the above savings only go part way to meeting the total savings and efficiencies provision contained within the overall Council budget for 2016/17.
- 3.3 For the last two years there has been a significant down turn in the recycling markets. At the 2016/17 budget cycle the Council re-aligned its expectations of these income streams setting new realistic targets, thus reducing its exposure to risk. At present recycling income streams are inline with and in some instances slightly ahead of targets set.

### 3.4 Housing Revenue Account (HRA)

The Council's Housing Revenue Account budget was set in February 2016 estimating a budget deficit of £151,000 would be made after appropriations to earmarked

reserves, leaving a balance on the reserve of £442,000. This was in line with the Council's Housing Revenue Account Business Plan.

	Original Budget 2016/17	Expenditure Budgets c/f from 2015/16	Increases/ Decreases in Budgets	Estimated Outturn 2016/17
	£	£	£	£
Net Costs of Services on the HRA	(881,610)	14,330	25,200	(842,080)
Capital Charges	538,480			538,480
Revenue Contribution to Capital	494,000	656,000		1,150,000
<b>Increase in Year</b>	<b>150,870</b>	<b>670,330</b>	<b>25,200</b>	<b>846,400</b>
Actual Balance b/f on Housing Revenue Account - 1 April 2015	(1,346,070)			(1,346,070)
Budgeted Deficit in Year	150,870	670,330	25,200	846,400
<b>Balance c/f on Housing Revenue Account</b>	<b>(1,195,200)</b>	<b>670,330</b>	<b>25,200</b>	<b>(499,670)</b>

The HRA has currently a predicted balance at 31 March 2017 of £500,000 keeping it above the minimum balance of £300,000 recommended by the business plan.

- 3.5 The Council's main income stream for the HRA is its rental income paid by its tenants. The current gross debit is around £5m and has a built in allowance for property voids of around £100,000 (2%). However due to the substantial capital programmes the Council has run over the last three years the number of void properties and the length of time which they remain void has become more volatile. This will have an impact on the overall deficit for the year and therefore the final balance, however at this time it is too early to predict the final total loss for void tenancies.

### 3.6 HRA Business Plan

It has been reported at previous Committees that the Government, in the July 2015 Budget, proposed significant changes to Housing finance. The most immediate of these was the 1% decrease in dwellings rent, from April 2016, with year on year decreases until 2020/21 at which point rents should be allowed to increase in line with inflation. This change has been built into the Council's Business Plan for 2016/17

The Government also announced as part of the 2015 Budget a new 'void sale levy' which it would impose on authorities. Since July 2015 there has been a paucity of detail surrounding this proposal and as a result Councils have been unable to build this into their business plans. Incorporation into the business plan will be completed once full proposals are known.

In May 2016 the Government issued a consultation relating to technical accounting issues surrounding the Finance Settlement. These related to the reversal of impairment out of the HRA and the treatment of depreciation and major repairs allowance. The results of this consultation have not yet been published. However it is likely that impairment will continue to be reversed out of the HRA while the Major Repairs Allowance will cease to be used as a proxy for depreciation. Once these changes have been firmed up they will be incorporated into the Council's Business Plan.

The above changes will have an effect on the future spending plans for the HRA. It is

likely that the short to medium term plans of the authority will need to be revisited, in particular the capital programmes which will need to be financially realistic and manageable

### 3.7. Capital Programme

A summary of progress on the capital programme is contained in Appendix 1 to this report.

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Implications	
<b>Financial (CR)</b>	As contained in the report
<b>Legal (AC)</b>	No significant implications.
<b>Risk (CR)</b>	CR1 Decreasing Financial Resources CR9 Economy
<b>Equalities (CR)</b>	No significant implications.
	Equality Assessment:- <input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable