

Third Quarter Budget Monitoring 2018/19

Communities, Housing and Environment

Committee

19 March 2019

Lead Officer: Mark Green

Report Author: Paul Holland

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Executive Summary

This report is intended to provide Members with an overview of performance against revenue and capital budgets and outturn during the third quarter of 2018/19 for the services within this Committee's remit.

Robust budget monitoring is a key part of effective internal financial control, and therefore is one of the elements underpinning good corporate governance.

The aim of reporting financial information to service committees at quarterly intervals is to ensure that underlying trends can be identified at an early stage, and that action is taken to combat adverse developments or seize opportunities.

It is advisable for these reports to be considered in conjunction with quarterly performance monitoring reports, as this may provide the context for variances identified with the budget and general progress towards delivery of the Council's strategic priorities.

Headline messages for this quarter are as follows:

- For this Committee, there is an underspend against the revenue budget at the end of the third quarter. An underspend of £221,000 is projected by the end of this financial year.
- The position for the Council as a whole at the end of the third quarter is an underspend against the revenue budgets of £1.0m. However this figure includes a number of large grants received that will be carried forward into 2019/20. At this stage a broadly balanced position is expected for the year after taking account carried forward grants.
- Capital expenditure totaling £4.48m has been incurred between 1 April and 31 December, for the projects which sit within this Committee's remit. At this stage, it is anticipated that there will be slippage of £1.982m into 2019/20.
- Overall capital expenditure totaling £8.539m has been incurred during the first three quarters, against a revised budget of £24.246m.

Revenue Budget

3rd Quarter

2018/19



Revenue Spending

At the end of the third quarter, there is an overall positive variance of £0.668m against the revenue budget for this Committee. This figure incorporates a number of grants which we are anticipating will be carried forward into 2019/20. Based on current information, we are forecasting that this will decrease to an underspend of £0.221m by the end of the year.

As illustrated by the chart below, all committees with the exception of Policy & Resources have kept expenditure within the agreed budget, and only one Committee (Strategic Planning, Sustainability & Transportation) is showing a shortfall against their income budget. The specific issues for this Committee are discussed later in this report.

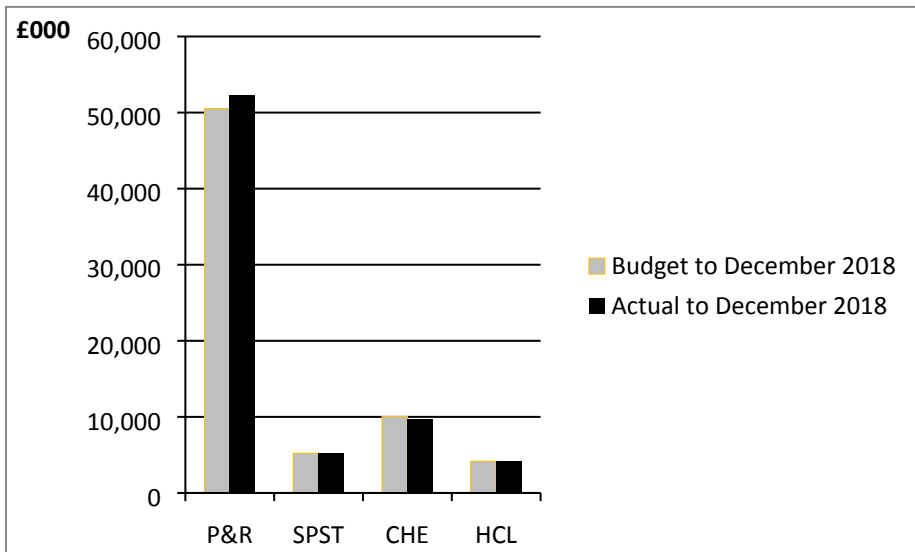


Chart 1 Performance against budget analysed by service committee (Expenditure)

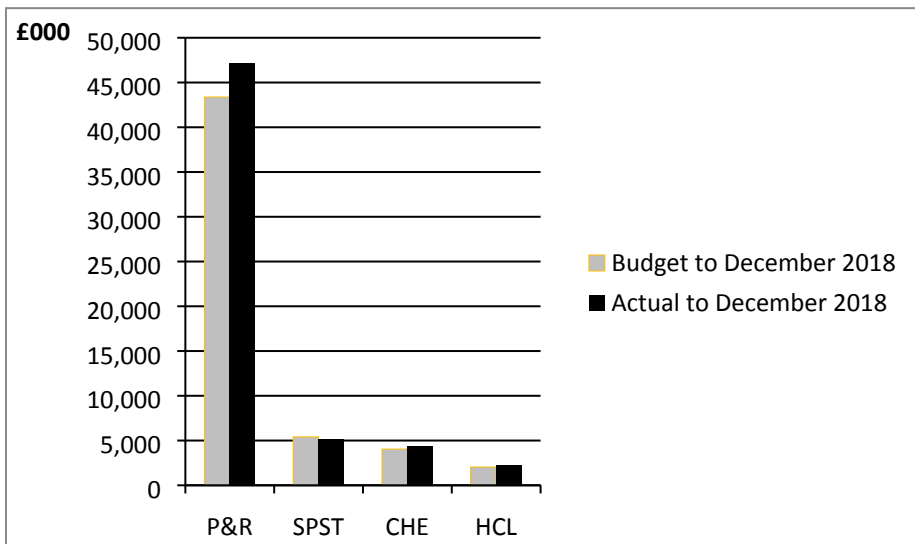


Chart 2 Performance against budget analysed by service committee (Income)

The table on the following page details the budget and expenditure position for this Committee's services during the third quarter. These figures represent the net budget for each cost centre. The actual position includes expenditure for goods and services which we have received but not yet paid for. The budget now being used is the revised estimate for 2018/19.

The columns of the table show the following detail:

- a) The cost centre description;
- b) The value of the total budget for the year;
- c) The amount of the budget expected to be spent by the end of December 2018;
- d) The actual spend to that date;
- e) The variance between expected and actual spend;
- f) The forecast spend to year end; and
- g) The expected significant variances at 31 March 2019.

The budgets for each service committee now include a figure for assumed salary slippage to reflect the forecast level of vacant posts across the year. This was previously shown as a figure for the whole Council as part of the budget monitoring report for Policy & Resources Committee.

The table shows that of a net annual expenditure budget of £8.377m it was expected that £5.461m would be spent up until the end of December. At this point in time the budget is reporting an underspend of £0.668m, and the current forecast indicates that the year-end position for this committee will decrease to an underspend of £0.221m.



Revenue Budget Summary Q3 2018/19

| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
|--|-------------------------|---------------------------------------|----------------|------------------|--------------------------------------|--|
| Cost Centre | Budget for Year £000 | Budget to 31 December 2018 £000 | Actual £000 | Variance £000 | Forecast 31 March 2019 £000 | Forecast Variance 31 March 2019 £000 |
| Community Safety | 50 | 37 | 31 | 6 | 50 | 0 |
| PCC Grant - Building Safer Communities | 0 | 0 | 0 | 0 | 0 | 0 |
| C C T V | 199 | 150 | 199 | -49 | 260 | -61 |
| Drainage | 32 | 26 | 16 | 10 | 32 | 0 |
| Licences | -6 | -3 | -7 | 4 | -6 | 0 |
| Licensing Statutory | -68 | -51 | -69 | 18 | -68 | 0 |
| Licensing Non Chargeable | 7 | 6 | 6 | -0 | 7 | 0 |
| Dog Control | 28 | 19 | 32 | -14 | 28 | 0 |
| Health Improvement Programme | 9 | 9 | 8 | 1 | 9 | 0 |
| Pollution Control - General | 263 | 43 | 104 | -61 | 263 | 0 |
| Contaminated Land | 0 | 0 | 0 | -0 | 0 | 0 |
| Waste Crime | 67 | 50 | -14 | 64 | 1 | 66 |
| Food Hygiene | 9 | 6 | -2 | 8 | 9 | 0 |
| Sampling | 3 | 2 | 0 | 2 | 3 | 0 |
| Occupational Health & Safety | 48 | 33 | -7 | 40 | -7 | 55 |
| Infectious Disease Control | 1 | 1 | 1 | 0 | 1 | 0 |
| Noise Control | 1 | 1 | 1 | 0 | 1 | 0 |
| Pest Control | -12 | -9 | -9 | 0 | -12 | 0 |
| Public Conveniences | 161 | 115 | 147 | -32 | 211 | -50 |
| Licensing - Hackney & Private Hire | -66 | -52 | -58 | 7 | -66 | 0 |
| Street Cleansing | 1,127 | 807 | 832 | -25 | 1,127 | 0 |
| Household Waste Collection | 1,122 | 844 | 848 | -4 | 1,122 | 0 |
| Commercial Waste Services | -68 | -53 | -80 | 27 | -68 | 0 |
| Recycling Collection | 695 | 320 | 282 | 38 | 655 | 40 |
| Switch Cafe Project | 0 | 0 | 4 | -4 | 0 | 0 |
| Social Inclusion | 5 | 4 | 2 | 2 | 5 | 0 |
| Public Health - Obesity | 0 | -17 | -29 | 12 | 0 | 0 |
| Public Health - Misc Services | 2 | 1 | -4 | 5 | 2 | 0 |
| Grants | 195 | 195 | 200 | -5 | 195 | 0 |
| Delegated Grants | 2 | 2 | 1 | 1 | 2 | 0 |
| Parish Services | 127 | 127 | 126 | 1 | 127 | 0 |

Continued on next page

| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
|--|-------------------------|------------------------------------|----------------|------------------|--------------------------------|---|
| Cost Centre | Budget for Year £000 | Budget to 31 December 2018 £000 | Actual £000 | Variance £000 | Forecast 31 March 2019 £000 | Forecast Variance 31 March 2019 £000 |
| Strategic Housing Role | 65 | 18 | 5 | 13 | 65 | 0 |
| Housing Register & Allocations | 10 | 10 | 13 | -3 | 10 | 0 |
| Private Sector Renewal | -47 | -48 | -50 | 2 | -47 | 0 |
| HMO Licensing | -14 | -11 | -42 | 31 | -47 | 33 |
| Homeless Temporary Accommodation | 589 | 442 | 425 | 17 | 589 | 0 |
| Homelessness Prevention | 516 | 102 | -196 | 298 | 516 | 0 |
| Aylesbury House | 37 | 27 | 31 | -4 | 37 | 0 |
| Magnolia House | -8 | -5 | -22 | 17 | -8 | 0 |
| St Martins House | 0 | 0 | 2 | -2 | 0 | 0 |
| Marsham Street | 4 | -26 | -47 | 21 | 4 | 0 |
| Sundry Temporary Accommodation (TA) Properties | -33 | -24 | -26 | 2 | -33 | 0 |
| Pelican Court (Leased TA Property) | 1 | -16 | -30 | 14 | 1 | 0 |
| 2 Bed Property - Temporary Accommodation | -28 | -14 | -39 | 25 | -28 | 0 |
| 3 Bed Property - Temporary Accommodation | -17 | -9 | -27 | 17 | -17 | 0 |
| 4 bed Property - Temporary Accommodation | -18 | -13 | -16 | 3 | -18 | 0 |
| 1 Bed Property- Temporary Accommodation | 0 | 1 | -2 | 3 | 0 | 0 |
| Marden Caravan Site (Stilebridge Lane) | 19 | 15 | 19 | -4 | 19 | 0 |
| Ulcombe Caravan Site (Water Lane) | 7 | -0 | 44 | -44 | 36 | -29 |
| Head of Environment and Public Realm | 95 | 71 | 66 | 4 | 95 | 0 |
| Community Partnerships & Resilience Section | 530 | 397 | 344 | 53 | 459 | 71 |
| Licensing Section | 106 | 80 | 72 | 8 | 106 | 0 |
| Environmental Protection Section | 240 | 180 | 180 | -0 | 240 | 0 |
| Food and Safety Section | 249 | 187 | 187 | 0 | 249 | 0 |
| Depot Services Section | 664 | 494 | 505 | -11 | 664 | 0 |
| Head of Housing & Community Services | 106 | 80 | 78 | 2 | 106 | 0 |
| Homechoice | 197 | 140 | 120 | 20 | 197 | 0 |
| Housing & Inclusion Section | 557 | 383 | 308 | 75 | 456 | 101 |
| Housing & Health Section | 292 | 190 | 157 | 32 | 262 | 30 |
| Housing Management | 194 | 111 | 100 | 12 | 194 | 0 |
| Homelessness Outreach | 42 | 34 | 8 | 25 | 42 | 0 |
| Salary Slippage | -93 | -70 | 0 | -70 | -0 | -93 |
| Fleet Workshop & Management | 268 | 192 | 250 | -57 | 328 | -60 |
| MBS Support Crew | -63 | -51 | -52 | 2 | -63 | 0 |
| Grounds Maintenance - Commercial | -24 | -18 | -131 | 113 | -142 | 118 |
| | 8,377 | 5,461 | 4,793 | 668 | 8,156 | 221 |

Table 1 Revenue Budget Position, Q3 2018/19 – Communities, Housing and Environment Committee

Significant Variances

Within these headline figures, there are a number of adverse and favourable variances for individual service areas. This report draws attention to the most significant variances, i.e. those exceeding £30,000 or expected to do so by the end of the year. The table below provides further detail regarding these variances, and the actions being taken to address them.

It is important that the potential implications of variances are considered at this stage, so that contingency plans can be put in place and if necessary, this can be used to inform future financial planning.

| | Positive Variance Q3 | Adverse Variance Q3 | Year End Forecast Variance |
|---|----------------------------|---------------------------|----------------------------------|
| Communities, Housing & Environment Committee | £000 | | |
| CCTV - The negative variance has arisen due to a combination of a savings target that will not be met and an income target that will not be achieved. | | -49 | -61 |
| Pollution Control General – The current variance has arisen due to a profiling error in the budget, which will be corrected in the fourth quarter. There is also an underspend on the professional services budget, along with additional income, which will be used to fund an additional employee. | | -61 | 0 |
| Waste Crime – The variance in this area has arisen from a combination of additional income and a carried forward budget that has not yet been spent. | 64 | | 66 |
| Occupational Health & Safety - There is a professional services budget of £49,000 in this area that is not expected to be spent this year. | 40 | | 55 |
| Public Conveniences - The negative variance in this area is mainly due to additional expenditure on utilities and repairs and maintenance. There is also an unachieved saving of £10,000. | | -32 | -50 |
| Recycling Collection - Green bin hire continues to exceed the income budget, although demand has slowed down in the second half of the year. | 38 | | 40 |
| HMO Licensing – This variance has arisen from additional income received. | 31 | | 33 |
| Homelessness Prevention - The forecast year end variance reflects a number of grants that will be carried forward. | 297 | | 0 |
| Ulcombe Caravan Site (Water Lane) – There have been increased site management costs and there is reduced income due to vacant plots. | | -44 | -29 |
| Community Partnerships & Resilience Section - This variance has been caused by vacant posts in the team, which have taken longer to fill than hoped. | 53 | | 71 |

| | | | |
|--|-----|-----|-----|
| Housing & Inclusion Section - This variance has been caused by vacant posts in the team. Some of these posts are grant-funded so the relevant grants will be carried forward. | 76 | | 101 |
| Housing & Health Section - This variance has been caused by vacant posts in the team. | 32 | | 30 |
| Fleet Workshop & Management - The workshop has now been outsourced, but prior to that a high level of work had been outsourced to local garages due to resourcing issues. This has contributed to the negative variance along with a savings target of £50,000 that will only be partly achieved this year. | | -57 | -60 |
| Grounds Maintenance – Commercial - Income continues to be high due to works funded from Section 106 contributions, capital projects and other external works. The additional income is being used to fund additional staff to deal with the extra work. | 113 | | 118 |

Table 2 Significant Variances – Communities, Housing and Environment Committee

Capital Budget

3rd Quarter

2018/19



Capital Spending

The five year capital programme for 2018/19 onwards was approved by Council on 7 March 2018. Funding for the programme remains consistent with previous decisions of Council in that the majority of capital resources come from New Homes Bonus along with a small grants budget.

Progress made towards delivery of planned projects for 2018/19 is set out in the table below. The budget figure includes resources which have been brought forward from 2017/18, and these have been added to the agreed budget for the current year.

To date, expenditure totaling £4.477m has been incurred against a budget of £12.189m. At this stage, it is anticipated that there will be slippage of £1.982m, although this position will be reviewed at the end of the year when the Committee will be asked to approve/note the carry forward of resources into the next financial year.

Capital Budget Summary Q3 2018/19

| Capital Programme Heading | Revised Estimate 2018/19 £000 | Actual to December 2018 £000 | Budget Remaining £000 | Q4 Profile £000 | Projected Total Expenditure £000 | Projected Slippage to 2019/20 £000 | Budget Not Required £000 |
|---|----------------------------------|---------------------------------|--------------------------|--------------------|-------------------------------------|---------------------------------------|-----------------------------|
| Communities, Housing & Environment | | | | | | | |
| Housing Incentives | 1,041 | 2 | 1,039 | 98 | 100 | 941 | |
| Housing - Disabled Facilities Grants Funding | 1,348 | 289 | 1,059 | 300 | 589 | 759 | |
| Housing Investments | 4,683 | 3,097 | 1,585 | 1,303 | 4,400 | 282 | |
| Purchase of Lenworth House | 2,228 | 61 | 2,167 | 2,167 | 2,228 | -0 | |
| Brunswick Street - Costs of Scheme | 1,642 | 609 | 1,033 | 1,033 | 1,642 | -0 | |
| Union Street - Costs of Scheme | 917 | 392 | 525 | 525 | 917 | -0 | |
| Commercial Waste | 180 | | 180 | 180 | 180 | | |
| Street Scene Investment | 151 | 27 | 124 | 124 | 151 | 0 | |
| Total | 12,189 | 4,477 | 7,712 | 5,730 | 10,207 | 1,982 | |

Table 3 Capital Expenditure, Q3 2018/19

- The construction phase of the Brunswick Street and Union Street developments is now under way.
- The purchase of Lenworth House was completed in the fourth quarter.
- A total of 13 temporary accommodation properties have either been completed or are close to completion under phase two of the purchase and repair programme. A further two properties are due to be purchased before the end of the financial year.
- The Housing Incentives budget has historically been under-utilised and is being reviewed to reset it to a more realistic level.