

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No 13

meeting date: 8 NOVEMBER 2018
 title: REVENUE MONITORING 2018/19
 submitted by: DIRECTOR OF RESOURCES
 principal author: ANDREW COOK

1 PURPOSE

1.1 To provide this Committee with information relating to the progress of the 2018/19 revenue budget, as at the end of September 2018.

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 2018/19

2.1 Shown below, by cost centre, is a comparison between actual expenditure and the original estimate budget for the period April 2018 to September 2018. Please note that underspends and additional income are denoted by figures with a minus symbol.

Cost Centre	Cost Centre Name	Budget for the Full Year £	Budget to the end of September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £	
APLAC	Alma Place Unit	680	-260	-1,101	-841	G
AWARM	Affordable Warmth	750	378	0	-378	G
CLAIR	Clean Air	1,790	290	263	-27	G
CLAND	Contaminated Land	8,460	0	0	0	G
CLCEM	Clitheroe Cemetery	37,970	419	-3,755	-4,174	A
CLMKT	Clitheroe Market	-51,150	-98,110	-101,842	-3,732	A
CMGHH	Community Groups - Health & Housing	46,300	0	0	0	G
COMNL	Common Land	2,420	332	28	-304	G
CTBEN	Localised Council Tax Support Admin	116,610	-21,024	-24,289	-3,265	A

Cost Centre	Cost Centre Name	Budget for the Full Year £	Budget to the end of September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £	
DOGWD	Dog Warden & Pest Control	98,960	6,306	5,639	-667	G
ENVHT	Environmental Health Services	302,230	-11,208	-13,965	-2,757	A
HGBEN	Housing Benefits	119,090	300,578	378,830	78,252	R
HOMEE	Home Energy Conservation	13,720	210	0	-210	G
HOMES	Homelessness Strategy	78,530	-14,200	-26,951	-12,751	R
HSASS	Housing Associations	6,330	0	0	0	G
HSTRA	Housing Strategy	43,410	5,882	5,986	104	G
IMPGR	Improvement Grants	84,790	-3,534	-21,955	-18,421	R
JARMS	Joiners Arms	27,140	11,410	9,958	-1,452	G
PHACT	Public Health Act House Clearance	0	0	0	0	G
SHARE	Shared Ownership Rents	-1,250	-1,250	-1,252	-2	G
SUPPE	Supporting People	29,400	17,410	17,415	5	G
UCRED	Universal Credit	10,860	-10,240	-12,259	-2,019	A
Health and Housing Committee Total		977,040	183,389	210,750	27,361	
Transfers to/(from) Earmarked Reserves						
	Government Housing Grants Reserve - Affordable Warmth Grant	-750	-378	0	378	
	Government Housing Grants Reserve - Domestic Abuse Support Worker and Support Services	-14,290	-14,290	-14,290	0	
	Government Housing Grants Reserve - Domestic Violence Sanctuary Security Scheme	-2,920	-2,920	-2,920	0	
	Government Housing Grants Reserve - Flexible Homelessness Support Grant and Homelessness Reduction Act funding	0	0	7,640	7,640	
	Capital Reserve - Home Improvement Loan repayment	0	0	3,806	3,806	
Total after transfers to/(from) Earmarked Reserves		959,080	165,801	204,986	39,185	

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 You will see an overall overspend of £27,361 on the net cost of services, as at the end of September 2018. After allowing for transfers to and from earmarked reserves, the overspend is increased to £39,185.
- 2.5 The main reasons for the headline overspend of £39,185 to the end of September 2018 are Housing Benefits Rent Allowance payments being £57,728 higher than budgeted for to date and Housing Benefits Rent Allowance grant income being £36,158 lower than budgeted for to date.
- 2.6 As Rent Allowance expenditure for the year is broadly funded by subsidy grant received, there is unlikely to be any significant overspend or under-recovery of income in relation to Housing Benefits Rent Allowance payments and income at year-end.
- 2.7 As such the variances shown for Housing Benefits largely represent an in-year mismatch for which there will be a correcting adjustment by the government at the end of the year – either we repay the government, or the government repay us.
- 2.8 Once the Housing Benefits Rent Allowance position is taken into account, this Committee is currently on track to contain net expenditure within budget by year-end, subject to no further significant negative variances arising between October and March.
- 2.9 Outlined below are the main variances to the end of September 2018 that are unlikely to be rectified by the end of the financial year:
- **Housing Benefits administration funding (-£15,150):** Additional funding received in-year from the DWP that was not anticipated at original estimate, the largest amounts being received for the Verify Earnings and Pensions Alerts (VEP) service, Discretionary Housing Payments administration and transitioning to Universal Credit housing payments in-year. This additional funding will be taken to General Fund balances at year-end, unless spent on relevant areas in-year.
 - **Disabled Facilities Grants administration fees income (-£15,885):** This is due to the increased numbers and value of Disabled Facilities Grants schemes completed to date and the increase from 5% to 10% for the administration fee charged by the Council on most categories of grants. Part of the additional income will be used to cover the increased costs from the additional 0.5FTE post approved to continue until June 2019 to provide capacity to administer the increase in grant applications.

3 CONCLUSION

- 3.1 The comparison between actual expenditure and budget for this Committee shows an overspend of £39,185 at the end of September 2018, after allowing for transfers to and from earmarked reserves.
- 3.2 Once the Housing Benefits Rent Allowance position is taken into account, this Committee is currently on track to contain net expenditure within budget by year-end, subject to no further significant negative variances arising between October and March.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

HH13-18/AC/AC
26 October 2018

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 September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
IMPGR/ 8716m	Improvement Grants/Admin charge - Disabled Facilities Grant	-4,700	-2,352	-18,237	-15,885	R	This is due to the increased numbers and value of Disabled Facilities Grants schemes completed to date and the increase from 5% to 10% for the administration fee charged by the Council on most categories of grants. These issues were not factored into the original estimate budget set.	Part of the additional income will be used to cover the increased costs from the additional 0.5FTE post approved to continue until June 2019 to provide capacity to administer the increase in grant applications - the additional cost of this post will be recharged to the improvement grants cost centre at year-end.
HOMES/ 2809	Homelessness Strategy/Non Recurring Purchases of Equipment etc	31,270	15,640	8,000	-7,640	R	This budget is for specific spend on updating IT, systems and processes to help comply with the new Homelessness Reduction Act and any additional spending to prevent and deal with homelessness, as funded by the Flexible Homelessness Support Grant (FHSG). Less additional spend than budgeted for has been required to date in 2018/19 to help comply with the new Homelessness Reduction Act and to prevent and deal with homelessness.	Any amounts unspent at year-end in relation to the Homelessness Reduction Act funding and the Flexible Homelessness Support Grant will be set aside in the Government Housing Grants earmarked reserve at year-end to support expenditure in future years in these specific areas. Thus, there will not be a net revenue underspend in 2018/19. The budget will be updated at Revised Estimate stage to consider the likely spend in-year and any year-end transfers to earmarked reserves.

Health and Housing Committee Revenue Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
HGBEN/8784z	Housing Benefits/DWP - VEP Alerts Service Funding	0	0	-6,000	-6,000	R	This is additional funding received in-year from the DWP to reflect the burden on the Council of administering the new Verify Earnings and Pensions Alerts (VEP) service in-year. This funding was not anticipated at original estimate budget stage.	The budget will be updated at Revised Estimate stage to reflect this income.
CLCEM/5056	Clitheroe Cemetery/Grounds Maintenance	46,880	23,441	17,552	-5,889	R	Less work by the Grounds Maintenance team at the Cemetery for the year to date, mainly due to higher staff turnover than anticipated at original estimate stage.	The level of Grounds Maintenance time input and associated charges to the Cemetery will be reviewed and updated 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 September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £		Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
HGBEN/8002z	Housing Benefits/Rent Allowances Grant	-6,301,700	-3,152,108	-3,115,950	36,158	R	Actual Rent Allowance subsidy grant income is slightly lower than budgeted for - actual was 1.1% less than the £3.15m budgeted for to date. The reduced income is in line with the estimate prepared for the 2018/19 DWP subsidy grant initial estimate claim, which was completed after the original estimate budget was set. Rent Allowance subsidy grant income received at year-end will be amended to broadly reflect Rent Allowance expenditure for the year (see overleaf). As a result, there is unlikely to be a significant under recovery of income at year-end.	The budget will be amended at Revised Estimate to reflect the latest full-year estimate for Rent Allowance subsidy grant income.

Health and Housing Committee Revenue Monitoring – Red Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £	Reason for Variance	Action Plan as agreed between the Budget Holder and Accountant
HGBEN/4652	Housing Benefits/Rent Allowance Payments	6,254,240	3,501,748	3,559,476	57,728	R Rent Allowance payments are slightly higher than budgeted for, after adjusting for recovery of benefits overpayments and non-cash transactions - actual was 1.6% higher than the £3.5m budgeted for to date. This is mainly due to changing levels of caseloads, which vary week to week. Any higher payments for the year as a whole would be reflected in more Rent Allowance subsidy grant income received at year-end (see previous page), as expenditure for the year is broadly funded by subsidy grant received. As a result, there is unlikely to be a significant overspend at year-end.	The budget will be amended at Revised Estimate to reflect the latest full-year estimate for Rent Allowance payments.

Health and Housing Committee Revenue Monitoring – Amber Variances

Ledger Code	Ledger Code Name	Budget for the Full Year £	Budget to the end of September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £		Reason for Variance
HGBEN/8765Z	Housing Benefits/DWP - Discretionary Housing Payment Admn	0	0	-3,865	-3,865	A	This is additional funding received in-year from the DWP to reflect the burden on the Council of administering Discretionary Housing Payments in-year. This funding was not anticipated at original estimate budget stage, The budget will be updated at Revised Estimate stage to reflect this income.
IMPGR/8154z	Improvement Grants/Improvement Grants	0	0	-3,806	-3,806	A	Repayment of an equity release grant paid as part of the 2010/11 capital programme. Because the receipt is less than £10,000, it is initially accounted for within the improvement grants revenue budget and it will be set aside in capital reserves at year-end to support future capital expenditure. Thus, this is not a revenue underspend for use in 2018/19.
HOMES/3079	Homelessness Strategy/Other Contract Payments	2,160	2,160	-1,160	-3,320	A	The budgeted contribution to the Pennine Lancashire Mental Health and Housing project of £2,160 has not been required, because the service has been discontinued. In addition, the Council has received a contribution refund of £1,160 from the project administrators for underspends on the project budget to the date of closure.
HGBEN/8785z	Housing Benefits/DWP - New Burd Tran to UC Housing Paymnt	0	0	-2,921	-2,921	A	This is additional funding received in-year from the DWP to reflect the burden on the Council of transitioning to Universal Credit housing payments and removing temporary accommodation from Universal Credit in-year. This funding was not anticipated at original estimate budget 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 September 2018 £	Actual including Commitments to the end of September 2018 £	Variance £		Reason for Variance
UCRED/ 8760z	Universal Credit/DWP - Universal Credits Service Funding	-10,240	-10,240	-12,259	-2,019	A	Actual Universal Credit Service funding received from the DWP 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 increased income.
CLCEM/ 8441u	Clitheroe Cemetery/Interment Fees	-27,200	-13,604	-11,557	2,047	A	Lower interments income than anticipated to date, 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/ 8060z	Housing Benefits/DWP - Discretionary Housing Payments Inc	-47,570	-15,856	-12,744	3,112	A	Actual Discretionary Housing Payments grant funding is lower 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 reduced income. In addition, less discretionary housing payments are likely to be made in-year, given the reduction in funding, which will cover the under-recovery of income.
ENVHT/ 8417u	Environmental Health Services/Private Water Samples	-9,180	-4,590	-438	4,152	A	No private water supply risk assessments or monitoring sample visits were carried out between April and July 2018 due to a vacant post resulting in re-delegation of workloads within the Environmental Health section. A small amount of risk assessment and sampling work has taken place to the end of September 2018 and the full programme of risk assessment and sampling work will re-commence from mid-November 2018, as all private water supplies are currently being re-categorised following recent changes in legislation. The budget will be updated at Revised Estimate stage to reflect the updated work plan and estimated income for the year.