

CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS

**Venue: Town Hall,
Moorgate Street,
Rotherham. S60 2TH**

Date: Monday, 8th April, 2013

Time: 10.00 a.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested, in accordance with the Local Government Act 1972 (as amended March 2006).
2. To determine any item which the Chairman is of the opinion should be considered later in the agenda as a matter of urgency.
3. Neighbourhoods General Fund Revenue Budget Monitoring (Pages 1 - 5)
4. Housing Revenue Account Budget Monitoring 2012-13 (Pages 6 - 13)
5. Exclusion of the Press and Public
Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any particular person (including the Council)).
6. Tender Report - Appointment of Asbestos Consultant (Pages 14 - 18)

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday, 8th April, 2013
3.	Title:	Neighbourhoods General Fund Revenue Budget Monitoring 2012/13
4.	Directorate:	Neighbourhoods and Adult Social Services

5. Summary

This Budget Monitoring Report provides a financial forecast for Neighbourhoods General Fund within the Neighbourhoods & Adult Services Directorate to the end of March 2013 based on actual income and expenditure for the period ending February 2013.

The forecast for the financial year 2012/13 is an overall underspend of £156k, against an approved net revenue budget of £2.424m.

6. Recommendation

That the Cabinet Member receives and notes the latest financial projection against budget for 2012/13.

7. Proposals and Details

7.1 The table below shows the summary forecast outturn position against the approved Net Revenue Budgets:-

SERVICE AREA	Net Budget	Forecast Outturn to 31 st March 2013	Variance from Net Budget Deficit/ (Surplus)	% Variation to Net Budget
	£000's	£000's	£000's	%
Environmental Health	1,182	1,163	-19	-1.61
Public Health	205	151	-54	-26.3
Housing & Communities	166	118	-48	-28.9
Strategic Housing & Investment	291	259	-32	-11.0
Housing Options	235	236	1	+0.4
Central	351	347	-4	-1.1
Income	-6	-6	0	0
TOTALS	2,424	2,268	-156	-6.4

There are some pressures which have been noted below but these are being offset by a number of one-off savings identified within the Directorate, and this will leave an overall projected under spend by the year end of (-£156k).

It should be noted that the Net Budget figure has reduced slightly by £34k since last month, as a result of the re-alignment of the procurement savings budgets and associated costs.

The main variations against budget can be summarised as follows:-

7.2 Environmental Health (-£19k)

This budget area faced a significant pressure at the start of the year, as a result of the £114k Vacancy Factor. The Community Protection team and the Enviro-Crime and Neighbourhood Wardens teams were merged into one joint Community Protection team in 2011/12. Savings within salaries already identified have now met this pressure in full. Further planned savings and efficiencies have been identified during the year on Transport and Premises together with restricted spend on Supplies & Services as a result of the moratorium on all non essential spend is resulting in a projected under spend of (-£19k) by the end of the financial year.

7.3 Public Health (-£54k)

A number of posts were held vacant at the start of the year until the Public Health restructure could be implemented. This has now been actioned and there is a projected under spend within Trading Standards of (-£85k), in part due to

delayed recruitment. A small shortfall (+£2k) is projected on Health & Safety due to Procurement budget re-alignment and increased printing costs.

A saving on Food & Drugs (-£6k) has been identified due mainly to vacancies held and there is a small projected overspend on Bereavement Services as a result of one-off repair costs to meet Health & Safety standards (+£2k) and on Animal Health (+£3k) due mainly to unmet Vacancy Factor.

Licensing budget is anticipating a shortfall of (+£30k) unless further late income is received to offset the shortfalls on Transport and Supplies and Services areas. This area's income is always difficult to forecast at the start of the year as it can vary greatly year on year, however it is now looking unlikely that sufficient additional income will be generated to offset the shortfall.

However, overall Public Health is still projecting an overall under spend (-£54k).

7.4 Housing and Communities (-£48k)

Community Safety Unit has a pressure of (+£11k) as a result of slippage in implementing the new structure agreed as part of budget setting savings.

However, there is a projected surplus of (-£2k) on Anti Social Behaviour area as a result of one post that was vacant for several months and savings within supplies & services due to the downsizing of this team.

In addition, the Area Assemblies teams and Management & Admin are showing a combined projected under spend of (-£32k) mainly as a result of vacancies and generation of some one-off external funding.

The Community Leadership Fund budget is projecting an under spend of (-£25k), although Cabinet Member has recommended to carry forward an under spend of up to £750 per member into next year, and the balance of any remaining surplus (if any) to be carried forward to the One Town, One Community budget within Chief Executive Directorate. A Total of £19,620 was approved to carry forward from 2011-12.

Therefore, overall the Housing & Communities area is expected to achieve a projected under spend of (-£48k).

7.5 Strategic Housing & Investment Service (-£32k)

The SHIS team budget had an overall pressure as a result of a small shortfall on the staffing budget including a vacancy factor. Further sources of funding have now been identified that will be used to resolve this pressure following the cessation of the grant funding that previously supported a large element of this team.

There is an anticipated (-£2k) under spend in respect of income from interest on the Equity Loan Scheme.

In addition, there is an anticipated (-£31k) under spend on the Lighting of Staircases budget based on costs to date and projected spend to the end of the year. This budget will continue to be monitored closely.

A small overspend of (+£1k) on Registered Social Landlords cost centre has been identified as a result of the reduction in the number of Landlords in the scheme.

This leaves an overall projected surplus of (-£32k) for this service area.

7.6 Housing Options (+£1k)

A small overspend is projected on Key Choices Property Management of (+£1k) mainly due to the recent Procurement savings budget realignment.

7.7 Central (-£4k)

A contribution has been made by the Asylum team in previous years to the Management & Admin budget as recognition of location costs. However, the Asylum Grant has now ended and the work of this team is being outsourced. As a result of this there will be no further contributions, leaving an income shortfall, which has been reduced to £15k after the realignment of budgets. There is also an additional vacancy factor pressure (+£9k) within these budgets. However, sufficient balance has now been identified in the Asylum Reserve to contribute (-£13k) towards this shortfall.

Some savings had been identified on pension and insurance costs and also within supplies and services (-£16k), which has offset this pressure.

This has been partially reduced by a small projected shortfall on IT of (+£1k) as a result of the Procurement budget re-alignment.

Therefore there is now an overall projected under spend of (-£4k) for this area.

7.8 Agency & Consultancy

To date there is no spend on either Agency or Consultancy within Neighbourhoods General Fund Budgets.

7.9 Non-Contractual Overtime

The only non-contractual overtime for Neighbourhoods relates to grant funded overtime for the Food, Health & Safety teams & externally funded overtime for a member of the Area Assembly teams.

8. Finance

The financial implications for each service area have been outlined in Section 7 above.

9. Risks and Uncertainties

These forecasts are based on financial performance to the end of February 2013. The forecast outturn is dependent on delivery of the planned management actions being achieved and thus effective and tight financial management practices remain essential including holding monthly budget clinics with the Service Director and senior managers.

10. Policy and Performance Agenda Implications

The delivery of the Council's Revenue Budget within the limits determined in March 2012 is vital to achieving the Council's Policy agenda. Financial performance is a key element within the assessment of the Council's overall performance.

11. Background Papers and Consultation

- Report to Cabinet 22 February 2012 – Proposed Revenue Budget & Council Tax 2012/13.
- The Council's Medium Term Financial Strategy (MTFS) 2011-2014

The content of this report has been discussed with the Director of Housing and Neighbourhoods and the Director of Finance.

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ROTHERHAM BOROUGH COUNCIL - REPORT TO MEMBERS

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday 8 April 2013
3.	Title:	Housing Revenue Account Budget Monitoring Report 2012/13
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report presents the forecast outturn position on the 2012/13 Housing Revenue Account (HRA) based upon activity as at the end of February 2013.

The overall forecast is that the HRA will outturn on budget with a transfer to Working Balance (reserves) of £4.524m which is an increase of £2.686m above the approved budget.

6. Recommendations

- **That the Cabinet Member receives and notes the latest financial projection.**

7. Proposals and Details

- 7.1 This budget report is based upon actual income, expenditure and known commitments as at the end of February 2013 forecast to the end of the financial year to give a projected outturn position, compared to budget.
- 7.2 Appendix A of this report provides the Budget Operating Statement for 2012/13 which shows the various income and expenditure budgets lines which make up the net cost of delivering the service. The latest forecast net cost of service is an underspend of £5.449m which, together with interest received and after a revenue contribution to Capital, will result in a surplus over the approved budget of £4.524m which will result in an additional sum of £2.686m to be transferred to Working Balance.
- 7.3 Within the Operating Statement are several budget heads which are either year end adjustments (for example debt management costs £222k) or are subject to external influence and therefore outside direct control, (for example cost of capital charges £14.046m).
- 7.4 Budget Monitoring is therefore focussed upon expenditure and income which is within control, i.e. income of £73.327m, the repair and maintenance budget of £17.438m and supervision and management of £19.365m.

7.5 Budget Monitoring

- 7.5.1 Appendix A, column B demonstrates the projected outturn based upon activity to the end of February 2013.
- 7.5.2 Overall it can be seen that the net cost of service is forecast to be -£5.449m, a surplus of £2.686m as shown in the table below.

	Budget £000	Forecast £000	Variance £000
Expenditure	70,564	69,091	-1,473
Income	-73,327	-74,540	-1,213
Net Cost of Service	-2,763	-5,449	-2,686

- 7.5.3 Several of the budget lines within income and expenditure are forecasting to outturn with a variance to budget. The table below highlights these budgets.

	Budget £000	Forecast £000	Variance £000
Housing Repairs	17,438	16,573	-865
Supervision and Management	19,365	18,954	-411
Rent, Rates, Taxes	77	37	-40
Housing Subsidy	0	-157	-157
Income	-73,327	-74,540	-1,213
Net Variance			-2,686

7.5.4 The balance of this report will focus on the main variations to budget.

7.6 Expenditure

Column B of Appendix A demonstrates that based upon expenditure and commitments to date, total expenditure is forecast to outturn at £69.091m compared to a budget provision of £70.564m, an overall underspend of £1.473m. The major variations are as follows:

7.6.1 Contributions to Housing Repairs

Appendix A demonstrates that the forecast year-end spend on Repairs and Maintenance is for an underspend of £865k compared to budget.

Under the review of the 2011/12 Cost Collection workbook, which is part of the Repairs & Maintenance contract, both contractors have had their Price per Property (PPP) reduced.

The reduction has generated a net saving of £865k. Whilst every endeavour has been made to spend these savings, due to the fact that they were identified late in the current financial year, further additional works cannot be delivered. Therefore, these savings will be carried forward into 2013/14 to address repairs and maintenance items in that year.

Previous reports have highlighted the difficulty in forecasting the empty homes budget given the responsive nature of the service. The original budget was based on an estimated 1,600 minor voids in year. The actual number of voids to end of January was 133 below the sum budgeted and as therefore resulted in the forecast spend below budget. However, this is a responsive budget and close monitoring is ongoing. Alternative works are being prepared which can be released at short notice to take up savings on this head of account.

In addition a bad weather contingency of £200k is in place and is monitored regularly.

Any under spend within the repair and maintenance budget will be carried forward into 2013/14 through the Working Balance to address investment issues identified within the investment requirements in the 30 Year Business Plan.

7.6.2 Supervision and Management

Column B of Appendix A demonstrates that based upon expenditure and commitments to date, total expenditure is forecast to outturn at £18.954m, a forecast overall underspend of £411k.

The main variance is a forecast overspend of £571k on the purchase of furniture within the Furnished Homes Service. However, this is offset by increased income from additional charges generated as more clients take up the option of this service. As income increases, this allows us to make provision to provide additional furniture in the future. The scheme currently has 2,646 customers, an increase of 729 since the beginning of the year (see paragraph 7.7.3).

The increase in spend on additional furniture has been offset by savings elsewhere within Supervision and Management (-£982k). A robust review of centrally held budgets has been undertaken, and savings released where it is apparent that the full budget will not be spent by the year end.

These savings, together with salary savings arising due to vacancies and under spends on non pay budgets, has offset the increased spending on additional furniture, resulting in the net underspend of £411k.

7.6.3 There are also forecast underspends within the following budgets:

- Rent, Rates and taxes budget (-£40k) in respect of lower Council Tax charges on Void properties.
- The final Housing subsidy claim has now been signed off by the external auditor. The provision made at the year end was slightly higher than forecast, therefore this one-off amount of £157k will be transferred to HRA reserves.

7.7 Income

7.7.1 Column B of Appendix A shows that based upon income received to date the total forecast income collectable is £74.540 an increase of £1.213m over and above the approved budget of £73.327m.

7.7.2 Dwelling rental income is projecting a slight over recovery of £478k due to an improvement in void turnaround rates, however, non-dwelling rents are forecasted to under recover against budget by £36k due to garage voids. A programme of repair has been started in an effort to reduce the numbers of garages which are void.

7.7.3 Income from charges for services and facilities and other fees and charges are forecasting an outturn of £4.256m, an over recovery of income of £771k. This is mainly due to additional income due to the continued growth of the Furnished Homes scheme offsetting the increase in expenditure reported above in 7.6.2.

7.8 Summary

In summary it can be seen in foregoing paragraphs 7.6 and 7.7 that the variance to budget of £2.686m when comparing the forecast net cost of service against the budget of £2.763m is mainly due to variances within housing repairs, supervision and management and the final Housing Subsidy claim together with additional income.

8. Finance

Impact on Working Balance

The report identifies that any deficit or surplus arising from the net cost of service will be transferred to the Working Balance which is reflected through the Appropriations section of the Operating Statement at Appendix A. Any forecast increase/decrease will be added to the budgeted sum shown under transfer to reserves.

Based upon the current forecast out-turn position on the net cost of service, the forecast transfer to balances will increase from £1.838m to £4.524m, an increase of £2.686m. The increased contribution will be utilised to help address budget pressures in the earlier years of the 30 year Business Plan.

HRA Business Plan

Previous reports have identified the establishment of the HRA 30 Year Business Plan which has been formulated in line with requirements set out in the Self Financing Initiative implemented on the 1st April 2012. The current financial year is Year 1 of the Business Plan. Any changes in income and/or expenditure during 2012-13 will have a bearing on the Business Plan, as will any changes in interest rates on loans, and void levels.

All savings/increased costs identified during this financial year are assessed to determine if they will have an ongoing impact across the whole 30 years, or just a one off impact in year.

Based upon activity to date, whilst some of the savings identified are of an ongoing nature, it is anticipated that increased costs arising in future years as a result of the introduction of welfare reform could offset any long term benefit to the Business Plan.

Accordingly, the £2.686m forecast increase in Working Balance will be treated as a one-off gain, and will be utilised to address the funding pressures which occur in the early years of the Business Plan.

9. Risks and Uncertainties

- **Inflation – Non Contractual** –The 2012/13 budget was formulated around an inflation assumption of nil; if inflation rises costs may exceed budget provision. It should be noted that the inflationary increase on the repair and maintenance contract is locked in for the financial year at 3.8 % and this has been provided for within the budget set.
Mitigation: Ongoing monitoring
- **Vacancy Factor**
Salaries budgets assume various levels of vacancies. If vacancies do not arise this could lead to salary costs in excess of budget.
Mitigation: In depth monitoring and forecasting of salary budgets.
- **Repair and Maintenance Voids.** Whilst the current empty home forecast is considered to be a prudent projection based upon 1,600 minor voids, it should be noted that the final number of voids received and completed in year could change. Any change in numbers or values will impact on expenditure.
Mitigation: Ongoing monitoring and triangulation with contractors. Any forecast increase in expenditure will be offset by a reduction in planned revenue works.
- **Rental Income**
Net rental income has been calculated on the basis of 2% void loss. Any increase / decrease on the actual levels of voids will impact on the level of income achieved.
Mitigation: Ongoing monitoring.

10. Policy and Performance Agenda Implications

The HRA supports the new Corporate Plan Priorities and is central to the long term strategy:

- Making sure no community is left behind.
- Helping to create safe and healthy communities.
- Improving the environment.

11. Background Papers and Consultation

- Budget and Council Tax Setting Report (2012/13) to Cabinet Member February 2012
- Housing Rents Increase 2012-13
- Director of Finance and Director of Housing and Neighbourhood Services have been consulted on the preparation of this report.

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APPENDIX A

Housing Revenue Account - Budget Operating Statement February 2013

Narrative	2012/13	2012/13	Variance
	Full Year Budget	Projected Out-turn	
	£	£	£
Expenditure			
Contributions to Housing Repairs Account	17,438,433	16,573,043	-865,390
Supervision and Management	19,365,334	18,954,656	-410,678
Rents, Rates, Taxes etc.	77,158	37,344	-39,814
Negative Subsidy repaid to Government	0	-157,365	-157,365
Provision for Bad Debts	600,000	600,000	0
Cost of capital Charge	14,046,217	14,046,217	0
Depreciation of Fixed Assets	18,815,210	18,815,210	0
Deferred Charges	0	0	0
Impairment of Fixed Assets	0	0	0
Debt Management Costs	222,000	222,000	0
Expenditure	70,564,352	69,091,104	-1,473,248
Income			
Dwelling Rents	-69,032,699	-69,510,639	-477,940
Non-dwelling Rents	-809,529	-773,237	36,292
Charges for Services and facilities	-3,305,258	-3,986,587	-681,329
Other fees and charges	-180,000	-269,656	-89,656
Income	-73,327,486	-74,540,119	-1,212,633
Net Cost of Services	-2,763,134	-5,449,015	-2,685,881
Interest received	-25,000	-25,000	0
Net Operating Expenditure	-2,788,134	-5,474,015	-2,685,881
Appropriations:			
Revenue Contributions to Capital Outlay	950,000	950,000	0
Transfer to Reserves	1,838,134	4,524,015	2,685,881
Surplus/Deficit for the year	0	0	0

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