

CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS

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

Date: Monday, 18th March, 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. Minutes of Meetings held on 4th and 18th February, 2013
(see Council Minute Book dated 6th March, 2013)
4. Area Assembly Chairs (Pages 1 - 6)
 - Minutes of meeting held on 4th March, 2013
5. Payment Options for RMBC's Leaseholders to Meet the Cost of Capital Works
(Pages 7 - 13)
6. Housing Revenue Account Budget Monitoring (Pages 14 - 21)
7. Proposed Housing Revenue Account 2013/14 (Pages 22 - 31)
8. Neighbourhoods General Fund Revenue Budget Monitoring (Pages 32 - 36)
9. Housing Allocations
 - Report to follow
10. Date of Next Meeting
 - Monday, 8th April, 2013

**AREA ASSEMBLY CHAIRS
MONDAY, 4TH MARCH, 2013**

Present:- Councillor Atkin (in the Chair); Councillors Beaumont, N. Hamilton, Whelbourn, J. Hamilton, Havenhand, Johnston, Dodson and Swift.

Apologies for absence:- Apologies were received from Councillors Goult, McNeely and Kaye.

21. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 14th January, 2013, were noted.

22. RMBC PLANNING CONSULTATION (SITE SELECTION AND PLANNING POLICIES) UPDATE

Helen Sleight, Senior Planner, reported that 3 seminars had been arranged on the emerging "allocation" sites to be proposed for housing and employment development in the Rotherham Local Plan. The seminars had been established on an Area Assembly basis as follows:-

19th March, 2013, 1.30 p.m.-3.30 p.m. Rotherham Town Hall
Rother Valley South
Rother Valley West
Wentworth Valley

20th March, 2013, 9.30 a.m.-11.30 a.m. Rotherham Town Hall
Wentworth North

22nd March, 2013, 9.30 a.m.-11.30 a.m. Rotherham Town Hall
Rotherham North
Rotherham South
Wentworth South

Consultation on the Sites and Policies Document would commence on 13th May, 2013. A number of drop-in sessions would be held, similar to those held in 2011, but focussing on the areas proposed for significant new development.

Discussion ensued with the following points raised:-

- The events would give Members a chance to see the selected sites – 25 new sites
- Core Strategy Policy stated how many dwellings needed to be built in each statement then look at how many planning permissions had already been granted. Where there were planning permissions agreed they would not be reassessed
- Ongoing work identifying where additional sites were required
- Consultation would commence on 13th May

- Bassingthorpe Farm Concept Framework required detailed consultation which would be done with the landowner and possibly some of the consultants as well
- Need to avoid the confusion caused at previous public consultation events particularly with regard to the Bassingthorpe Farm site
- Potential implications of HS2 on the Waverley site

Resolved:- That the report be noted.

23. AREA ASSEMBLY CHAIRS/AREA PARTNERSHIP MANAGER UPDATES

Shaun Mirfield, Area Partnership Manager, gave the following reports:-

Rotherham North/South

- At the February meeting, Rotherham North Area Assembly had received a presentation in relation to Connect to Support, the new website set up to support those that wanted control of their own care. Concern had been expressed by members of the public regarding the website given that any service provider could add themselves to the website without any checks being made. The site was under the banner of the Council and, even though there was a disclaimer stating that the organisations were not vetted, it was still felt that it was open to abuse
- Rotherham South, at its last Area Assembly meeting, had discussed the Alcohol Strategy together with issues raised regarding Rotherham Hospital

Local Communities

- Eastwood Village continued to take up a lot of time. A meeting with residents had raised a number of questions but the outcome was positive and there had been recognition of the work the Council and Police. There was a realisation of the 2 unique big challenges faced in Eastwood and Ferham given the changes in population
- A bid was being worked on for submission to the Police and Crime Commissioner Grant which would benefit potentially Eastwood and Ferham and hopefully 2 other communities elsewhere in the Borough

Area Housing Panel

- All of the budgets for 2012/13 had been allocated. Now in the process of planning for 2013/14

Community Chest

- There were 5 panels – Rother Valley, Keppel and Rotherham East had now allocated all their funding. Wingfield had approximately £6,000 but had proposals to submit. Boston Castle had approximately £7,000 to be allocated but should have done so by its meeting on 7th March
- Sarah Currer, Andrea Peers and Shaun had met with the Cabinet

Office whose Programme it was and with Panel partners. Positive feedback had been received for the role the Council played in ensuring the money had stayed within the Borough

Deprived Communities

- Wherever possible, linkages had been made between Community First and Deprived Communities work. Eastwood and East Dene had both identified children's education and the need for more pre-school provision and adults skills as priorities. The Rotherham East Community First Panel funding was being used to support projects which would deliver against those 2 priorities as well as using the Panel as a vehicle for other partnership work
- A similar process in Ferham and Masbrough was being followed for the Rotherham West Panel

Andrea Peers, Area Partnership Manager, gave the following report:-

Rother Valley South

- The Area Assembly had been very involved in the Community Alcohol Partnership and there was a great deal of momentum around the issue. At a recent meeting the retailers had been in attendance and the Co-op had agreed to be the lead retailer for the area. All had signed up to be part of the Partnership, training their staff to the same standards in terms of how to deal with alcohol sales and the Buddy system. Some of the key actions that would be in the action plan were around enforcement, diversionary activities, an education package which also included a fairly comprehensive 1 for schools
- Consultation carried out with young people through a questionnaire and a perception survey with the community which would give a baseline to track any progress.
- Launch of the Partnership on 20th March

Rother Valley West

- Big Local – not a great deal of progress since last meeting, however, the group were very much on their way to producing their action plan. The residents would have the opportunity to give a presentation to a future meeting
- 1 of the wind turbines had been erected

Community Chest

- Rother Valley had allocated Y1 and 2 spend and anticipating allocating Y3 at its next meeting. There was a lot of interest and would be presenting a Ward plan for approval

Wentworth Valley

- The next Area Assembly meeting would consider the Alcohol Strategy and Heart Town
- Work was progressing on Disadvantaged Communities for the Maltby Ward. 3 action plan activities had been held recently which had been

promising in terms of partnership-buy in and resulted in really good projects

- Area Assembly and Maltby Town Council policy plan action day facilitated. Signed up to Disadvantaged Communities agenda and looking at where joint working could take place

Co-ordinating Group

- Discussion on Welfare Reform and its impact. Looking at how support could be given to connect communities with Credit Unions as a potential tool to support, however, there was concern as to the capacity in Rotherham to meet the demand. Trying to work with Laser Credit
- A request had been made for a future discussion at Area Assembly with regard to the Co-ordinating Groups' role in Section 106 monies and Infrastructure Levies and how they could play a part in that
- It was felt that the Co-ordinating Group could really play a role in it given that Area Assemblies and Co-ordinating Groups were instrumental in setting the local priorities and required some synergy in how that money was spent

Sarah Currer, Area Partnership Manager, gave the following report:-

Borough-wide Issues

- Tenants' Spring Conference to be held on 14th March, 2013, at the New York Stadium
- Council Gardening Competition for Council tenants to be relaunched

Wentworth North/South

- Application to be submitted to Police and Crime Commissioner Grant for Youth Services for diversionary activities

Area Housing Panel

- Fund was allocated and slightly oversubscribed to the end of the financial year
- Wren funding for a play area for which the tendering process had commenced.
- Safer Rotherham Partnership funding for graffiti type art project on Swinton Rec changing rooms

Community First

- Hooper – all funding allocated. Community Plan to be agreed
- Wentworth South – there had been a lot of the work carried out around 2 Community First areas and 3 Deprived Communities.
- Rawmarsh had allocated all their funding after having received numerous applications. Work commenced on 2013/14. Community Plan completed and submitted
- Valley and Silverwood – lack of community groups to get the money spent in the areas. It was hoped to carry some of the funding forward or into another project. Both Community Plans had been agreed

Deprived Communities

- Currently East Herringthorpe, Dalton and Thrybergh were considered together but eventually they would be separated off due to the size of the meetings becoming quite large
- Really good projects under Employment and Health priority areas. An Employment Surgery was to be set up, held once a week, linking in with the Citizens Advice Bureau, where members of the public could go for advice. A financial awareness event was also to be held based around “the price is right” quiz
- Consideration being given as to how that could be delivered into communities and would be using the Youth Service bus to take it out onto the streets. If successful, would look as to how something similar could be funded in the future

Community Alcohol Partnership

- Had meeting with licencees and stakeholders. Will be launched on 21st March
- Also piloting a practitioners network event where statutory bodies would make presentations, inviting voluntary and community sector to come along and share information and network with the idea of reversing the process in the future. The first event was to be held on 16th May linked to Employment and Health and with Every Contact Counts
- Through Families and Communities there were actions around Crime and Anti-Social Behaviour
- Letters were being sent to the 200 residents that had completed a consultation form at the Christmas event informing them of a planting project with the school on 13th March. There was also to be an Easter Egg hunt on 2nd April and a community surgery pilot

Community Workers

- Together with Rotherfed and Groundwork, an application was being completed for salaried workers who would be based in the locality, working with the community

Neighbourhood Action Group

- Looking at Parkgate. Series of walkabouts held and possibility of some funding for diversionary activity. A further meeting had been arranged for 22nd April

24. ANY OTHER BUSINESS

Budget 2013/14/Community Leadership Fund

The Director of Housing and Neighbourhood Services reported that the budgetary positions for both of the above were unchanged from the previous financial year.

25. DATE AND TIME OF NEXT MEETING -

Resolved:- That a further meeting be held on Monday, 17th June, 2013, commencing at 2.00 p.m.

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	18 March 2013
3.	Title:	Payment Options for RMBC's Leaseholders to Meet the Cost of Capital Works
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

When buying leasehold properties, many people are not aware of their obligations to contribute towards the cost of repairs to communal areas and to the fabric of the building. The charges for major repairs often stretch their financial capacity to breaking point. The Council wishes to support leaseholders with a set of affordable solutions, which:

- Sign post leaseholders to financial advice, working in partnership with a Credit Union and the voluntary sector, in particular for pensioners and people with disabilities.
- Maintain deferred payment facilities over 12 months, interest free and without charges.
- Offer 5 year loans secured by a legal charge and managed by a credit union, with a cap on the value of the loan, and
- Use discretionary powers to grant voluntary charges on properties to people in financial hardship.

6. Recommendations

- That the **Cabinet Member for Safe and Attractive Neighbourhoods** support the payment options in this report to enable leaseholders to meet the costs of capital works to their flats.
 - That the **LASER Credit Union** administers the loans on behalf of Rotherham Metropolitan Borough Council.
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7. Proposals and Details

7.1 Background

There are 459 leaseholders in owner occupation in Rotherham who have exercised their right to buy and are paying service charges to Rotherham Metropolitan Borough Council. A very small number of these leasehold agreements were signed post-2002. (< 10 years). It is estimated that 60 leaseholders will receive invoices for major repair works which total £180,000 in 2012-13.

17,090 properties were sold under the right to buy scheme between 1982 and 2012, of which 459 properties were sold under 125-year long leases (2.6%). The Government's 'reinvigorated right to buy scheme' increased the cap on discounts to a maximum of 70% of the market value (or £75,000), which is likely to result in more local authority tenants becoming leaseholders.

Data collected indicates that Rotherham Council levy charges averaging around £200 annually per leaseholder per flat. However, service charges may often exceed £3,000 if properties are subject to major works, in particular non-traditional properties and roof repairs.

It is estimated that over 30% of the leaseholders in Rotherham are over 55 and the majority are on low incomes, cash poor, but with housing assets worth between £50,000 and £75,000.

The Land Valuation Tribunal (LVT) hears cases of legal dispute between leaseholders and landlords and will examine how far a landlord has considered the financial impact of its plans for major repairs. The landlord should offer a range of payment options, which reflect the financial circumstances of leaseholders, whilst allowing major works to proceed as necessary.

On the understanding that local authorities are not authorised to operate sinking funds, the Council is not able to help leaseholders manage their finances ahead of a programme of major repairs, thus it is proposed that payment options are offered through loans, instalments in arrears, or other measures.

7.2 Sign Post Leaseholders to Financial Advice

Claiming missing benefits is likely to be very relevant among older home owners. Analysis by the Department for Work and Pensions (DWP) indicates that home owners are much more likely than tenants to fail to take up their entitlement to pension credits. DWP estimates indicate that only about 50%-60% of home owners entitled to pension credits claim them.

A survey conducted in 2010 by the Joseph Rowntree Foundation, on older people interested in Equity Release, indicated that nearly one in five (18%) were not claiming any of the state benefits they were entitled to, and a further 26% were identified as under-claiming.

RMBC and partners, such as Age Concern and Citizens' Advice Bureau, can check benefit entitlements, and encourage people to claim the welfare benefits they are entitled to.

7.3 - Preferred Payment Options

7.3.1 - Payment plan

Local authorities may offer discretionary loans as provided for in the Housing Regulations 1985. The eligibility criteria and terms, including interest rates, are determined by the local authority. For example, Sheffield offers a two year discretionary loan, other councils, such as East Durham Homes, extend the repayment term to allow leaseholders to pay over a period of 1, 2 or 3 years.

Rotherham's lease offers leaseholders the option of paying for service charges 12 months in arrears, free of interest charges.

7.3.2 - Discretionary Loans administered by a Credit Union

Administering loans beyond the 12 month interest free option, already offered to leaseholders, will be costly to manage and place a significant administrative burden on the Council's services. A more suitable option would be to work with a local credit union to manage longer term loans.

A Credit Union could offer competitive loans as follows:

- Personal loans with maximum 2% interest per month (26.4% APR up to 18 months) when the loan is not secured on the property.
- Premier loan with 13.7% APR (1.14%), up to 10 years, guaranteed by a legal charge option on the property.
- The interest payments received would be apportioned between RMBC and the Credit Union. Lower APR could be negotiated when the loan is fully secured on the property (not second charges).
- Loans will not attract set up fees or early redemption fees but would attract administration costs. The personal loan will not attract penalties for repaying the loan early and no additional charges will apply.

An affordability exercise will have to be carried out to ensure that loan repayments do not cause undue hardship for leaseholders.

If the affordability test demonstrates that the applicant cannot afford a loan repayment, RMBC will seek to register a legal charge on the property to include the loan principal, interest payments and administration fees.

It is predicted that a number of leaseholders will be facing severe financial hardship. This could be because of one or a combination of the following reasons:

- No access to mainstream banks
- Consolidation of high interest loans
- Low value loans <£1,000 (including crisis loans)
- Debt management agreement or Individual Voluntary Arrangements
- Administration Order (<£5,000 debts)

In these instances, RMBC will seek to proceed with a legal charge and will not consider a loan option, in order to protect the leaseholder's best interests.

7.3.3 - Voluntary charges against the property

This will apply when a leaseholder:

- Is not able to meet interest free loan repayment obligations with RMBC (12 months).
- Is not able to secure a long-term loan with a Credit Union.
- Makes a request for a voluntary charge. A qualifying value for the works should apply to the granting of a voluntary charge, and could be calculated to meet the full value of major repairs such as roof refurbishments and non traditional improvements (£3,000 to £5,000). RMBC would have discretionary power to grant or reject an application on the basis of financial circumstances and the age of the leaseholder.

7.4 - Other Payment Options

7.4.1 - HCA Loan

If the following conditions are met, a leaseholder may request a loan from the HCA to cover the cost of major repairs:

- Only for charges made within the first 10 years of purchase
- For the element of the annual service charge and major repairs over £2,633

It is the responsibility of the Council to inform the leaseholder of their right to apply for a loan from the HCA. The loan period will range from three years to a maximum of 10 years depending on the value. The loan will be secured by a mortgage on the property.

This measure is limited in its application in Rotherham as very few of Rotherham's leaseholders bought in the last 10 years and as most repairs cost are likely not to exceed £3,000.

7.4.2 - Equity Release

A large proportion of those aged over 55 are already aware of the existence of Equity Release (ER) options, but despite the introduction of strict FSA regulations and a growing acceptance that realising the value of assets may be a reasonable solution to meet major costs in later life there is a perception that:

- Equity release is risky and of poor value
- A home is a family asset to be valued as a statement of personal freedom and intended for passing on to other members of the family

Two main equity release products are available:

- 1) Home Reversion plans by which the owner sells their home to a lender in exchange for a lump sum or an income for life and retain the right to stay in their property until death or a permanent move into residential care.
- 2) Lifetime mortgages are similar to conventional mortgages. The owner retains ownership of their home but borrows against it and the lender secures the loan with a first charge over the property. Some lenders, such as the Home Improvement Trust, offer interest only payments but in the vast majority of cases, interest is rolled up and repaid with the capital sums on the sale of the property following death or a move into permanent residential care.

It is important to note that people in ex-Council flats and leaseholds properties with less than 70 years remaining on the lease face difficulties securing an ER deal. Finally, for low income households there is a real risk of losing pension credits if the loan is not carefully designed to meet pre-determined spending needs and takes into account the savings threshold (currently £10,000).

7.4.3 - Example of Equity Release - Home Cash Plan

The Home Cash Plan is a new equity release product introduced by Just Retirement Solutions, following a pilot scheme conducted with the Joseph Rowntree Foundation. The scheme is devised to be safe from loss of benefits and with a minimum initial drawing of £5,000. This solution is designed for income-poor older people and, unlike other equity release products, allows home-owners to release small sums of money from their property safely and easily, without jeopardising their benefits. Older people with housing equity can use this facility to pay for major repairs or/and pay for additional support at home.

The administrative and legal costs of organising the loan are estimated to be £1,000. Just Retirement Solutions Limited (JRS) is part of Just Retirement (Holdings) Limited. Leaseholders may be reluctant to deal with a private financial adviser and may prefer to deal with a voluntary organisation that has received Local Authority support.

7.4.4 - Buy Back of properties

Local authorities have powers to buy back properties from homeowners who are experiencing financial difficulties. This will add financial burdens to the HRA 30 year investment plan and should only be considered if it meets the Council's strategic objectives, in particular in terms of land assembly and reduces the risk of absentee landlords in vulnerable estates in the future.

8. Finance

Major repairs to leasehold properties are part of the HRA refurbishment budget. The contribution of leaseholders to refurbishment work represents a very small portion of the work allocation this year and in 2013-14. The programme of interventions can be summarised as follows:

- £220,000 of re-roofing and miscellaneous interventions across 122 properties in 2012/13

- A minimum of £153,000 of capital works to 54 properties in 2013/14

£76,000 of service charges were in arrears at the end of January 2013, however, it is understood that many leaseholders have agreed to payment plans and that the debt level should be significantly reduced at the end of the financial year. 65% of the debts in arrears are held between 50 leaseholders. It will be essential to work closely with these individuals to ensure that appropriate financial arrangements are in place when major repairs works are conducted.

9. Risks and Uncertainties

9.1 The financial impact of refurbishment plans on leaseholders, in ex-local authority flats in particular, can be considerable and, in case of dispute, the Leasehold Valuation Tribunal (LVT) will examine how far a landlord has gone to consider the financial impact of its plans for major repairs on leaseholders. Local Authorities are at risk of having to fund the bulk of leaseholders' refurbishment costs if they cannot evidence that they have taken the necessary steps to:

- Explain that the leasehold contract clearly state leaseholders' financial obligations in relation to the costs of repairs, maintenance and structural improvements to the common areas of their buildings.
- Prepare accurate estimates of the works.
- Engage with a robust consultation process before starting repairs and refurbishment works.
- Sign-post leaseholders to financial and benefit advice, and
- Offer payment options that reflect the financial circumstances of each leaseholder, while allowing major works to proceed as necessary.

9.2 Major repairs interventions are engaged by Rotherham in advance of their payment by leaseholders. Local Authorities are not authorised to operate sinking funds and help leaseholders manage their finances ahead of a programme of major repairs, thus creating a medium to high risk of payment default and bad debts. A comprehensive payment options plan and sign-posting to financial advice will be part of a revised programme of consultation and information in Rotherham. The cost of managing bad debts will be charged to leaseholders in arrears and legal charges will guarantee loans and payment arrangements. This will ensure that all debts are recovered in Rotherham, albeit in some circumstances with considerable delay after the sale of the property.

10. Policy and Performance Agenda Implications

Payment options for leaseholders contribute to three of the ten commitments within Rotherham's new Housing Strategy:

- Commitment 2: We will increase and improve the supply of affordable rented housing in Rotherham.
- Commitment 6: We will help people to access the support they need.
- Commitment 7: We will help people in Rotherham's most disadvantaged communities.

The changes also support priority 3 of [Rotherham's Community Strategy, 2012 - 2015](#):

- Priority three: supporting those that are vulnerable within our society

11. Background Papers and Consultation

- Rotherham's Housing Strategy, 2013 – 2016
- Rotherham's Community Strategy, 2012 – 2015
- Capital Programme Monitoring 2012/13 and Capital Programme Budget 2013/14 to 2014/15, Self Regulation Select Committee, 22 November 2012

- Financial Services
- Legal Services

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ROTHERHAM BOROUGH COUNCIL - REPORT TO MEMBERS

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday 18 March 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 January 2013.

The overall forecast is that the HRA will outturn on budget with a transfer to Working Balance (reserves) of £3.964m which is an increase of £2.126m 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 January 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 £4.889m which, together with interest received and after a revenue contribution to Capital, will result in a surplus over the approved budget of £3.964m which will result in an additional sum of £2.126m 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 January 2013.
- 7.5.2 Overall it can be seen that the net cost of service is forecast to be -£4.889m, a surplus of £2.126m as shown in the table below.

	Budget £000	Forecast £000	Variance £000
Expenditure	70,564	69,497	-1,067
Income	-73,327	-74,386	-1,059
Net Cost of Service	-2,763	-4,889	-2,126

- 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	16,784	-655
Supervision and Management	19,365	19,150	-216
Rent, Rates, Taxes	77	38	-39
Housing Subsidy	0	-157	-157
Income	-73,327	-74,386	-1,059
Net Variance			-2,126

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 £69.497m compared to a budget provision of £70.564m, an overall underspend of £1.067m. 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 £655k 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 £655k. 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 120 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 will be reviewed on an ongoing basis.

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 £19.150m, a forecast overall underspend of £216k.

The main variance is a forecast overspend of £549k 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 2,451 customers, an increase of 534 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 (-£765k). A robust review of centrally held budgets has been undertaken, and savings released where it is apparent that the full budget will not be spend 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 £216k.

7.6.3 There are also forecast underspends within the following budgets:

- Rent, Rates and taxes budget (-£39k) in respect of lower Council Tax charges on Void properties.
- The final Housing subsidy claim as 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 £74.386m an increase of £1.059m over and above the approved budget of £73.327m.

7.7.2 Dwelling rental income is projecting a slight over recovery of £388k due to an improvement in void turnaround rates, however, non-dwelling rents are forecasted to under recover against budget by £35k 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 are forecasting an outturn of £3.940m, an over recovery of income of £635k. 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 £2.126m 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 £3.964m, an increase of £2.126m. 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 £2.126m 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 January 2013

Narrative	A	B	C
	2012/13 Full Year Budget £	2012/13 Projected Out-turn £	Variance £
Expenditure			
Contributions to Housing Repairs Account	17,438,433	16,783,529	-654,904
Supervision and Management	19,365,334	19,149,708	-215,626
Rents, Rates, Taxes etc.	77,158	38,110	-39,048
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	69,497,409	-1,066,943
Income			
Dwelling Rents	-69,032,699	-69,420,936	-388,237
Non-dwelling Rents	-809,529	-774,148	35,381
Charges for Services and facilities	-3,305,258	-3,939,857	-634,599
Other fees and charges	-180,000	-251,146	-71,146
Income	-73,327,486	-74,386,087	-1,058,601
Net Cost of Services	-2,763,134	-4,888,678	-2,125,544
Interest received	-25,000	-25,000	0
Net Operating Expenditure	-2,788,134	-4,913,678	-2,125,544
Appropriations:			
Revenue Contributions to Capital Outlay	950,000	950,000	0
Transfer to Reserves	1,838,134	3,963,678	2,125,544
Surplus/Deficit for the year	0	0	0

ROTHERHAM BOROUGH COUNCIL – REPORT TO CABINET MEMBER

1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday 18 March 2013
3.	Title:	Proposed HRA Revenue Budget 2013/14
4.	Directorate:	Neighbourhoods and Adult Services

5.0 Summary

This report details the proposed Housing Revenue Account (HRA) Revenue Budget for 2013/14.

The report demonstrates that the cost of delivering services in 2013/14 can be met from existing resources. However, a contribution from the Working Balance will be required in year to underpin service delivery and capital investment requirements in 2013/14 as identified within the 30 year Business Plan.

6.0 Recommendations

Cabinet Member is asked to note and approve the draft 2013/14 HRA Revenue Budget.

7.0 Proposals and Details

7.1 Background

- 7.1.1** April 2012 saw the implementation of the Government's HRA Self-Financing Initiative, which was introduced as part of the Localism Act.
- 7.1.2** As part of this Initiative, authorities were allocated a one-off debt settlement charge, which for Rotherham was £15.188m and in addition authorities are now required to meet all the costs of delivering services, funding debt and meeting the capital investment needs of the stock from it's own resources.
- 7.1.3** In order to facilitate this approach, authorities were required to draw up a 30 Year Business Plan to demonstrate that they are able to meet all forecast expenditure items, from the forecast income receivable.
- 7.1.4** The HRA Revenue Budget 2013/14 presented within this report, is effectively Year 2 of the 30 Year Business Plan.
- 7.1.5** Appendix A of this report identifies the budgeted cost of delivering services is £73.090m which can be met from budgeted income of £78.904m. However, a contribution of £8.437m will be made towards the cost of investment in 2013/14. This will result in an in-year transfer from the Working Balance of £2.599m to contribute to capital investment requirements. This position is in line with the Business Plan requirements.

The remainder of this report will present the details and assumptions made in compiling the 2013/14 HRA budget.

7.2 Details

- 7.2.1** Appendix A of this report presents the 2013/14 detailed Draft Operating Statement which is effectively "The Budget".

The table below presents an overall summary position of Income and expenditure as follows:-

	Proposed Budget 2013/14 £
Expenditure	73,090,434
Income	-78,903,700
Net Cost of Service (Surplus)	<u>- 5,813,266</u>
Interest Received	- 25,000
Net Operating Expenditure (Surplus)	<u>- 5,838,266</u>
Revenue Contribution to Capital Outlay	8,437,000
Transfer from Reserves	-2,598,734

7.2.2 It can be seen that budgeted income of £78.904m is anticipated to be collected in 2013/14 and that this is offset by £73.090m of budgeted expenditure which represents the cost of delivering the service. As budgeted income is greater than the cost of delivering the service, there is an overall net income of £5.813m to the service.

Once interest receivable is taken into account, and a contribution of £8.437m has been made towards the capital investment plans, (approved by Cabinet 20 February 2013, Minute C156), it is forecast that the HRA will be require a transfer from Reserves of £2.599m to meet planned investment requirements in 2013/14 as reported in the HRA Budget Report for 2012/13.

The following paragraphs present a detailed analysis of the individual budget lines as shown within Appendix A.

Expenditure

The overall gross cost of service is £73.090m which can be analysed as follows:-

- **Contributions to Housing Repairs £17.966m.**

This budget head is used to deliver the revenue repair and maintenance service to properties and includes items such as responsive repairs, cyclical maintenance, minor voids and planned maintenance works. The majority of this work is carried out through the external contract.

The budget has been set in line with the Business Plan assumptions and Inflation at a rate of 3.2% has been applied to reflect the anticipated uplift on the Repair and Maintenance Contract.

- **Supervision and Management £20.065m**

This budget head reflects the cost of delivering front line services to tenants together with associated support costs. The budget has been set on the basis of “standstill”, that is, as services are currently being delivered, and without growth.

A realistic vacancy factor of 2% has been assumed with the expectation that staff turnover rates are likely to be lower than in previous years.

The position will be monitored on an ongoing basis and any changes will be reported through budget monitoring in 2013/14.

Non pay costs, with the exception of utilities, have been set in line with the 2013/14 budget or forecast outturn position. An inflationary increase has not been included in non pay budgets with the exception of utilities which include uplifts inline with RMBC budget setting strategy.

- **Rent and Rates £174k**

This budget reflects the anticipated costs of rent and council tax associated with empty properties. This shows a significant increase over the 2012/13 budget due to proposed changes to the RMBC charging policy on void properties.

- **Bad Debt Provision £743k**

This budget reflects the potential cost of income which is unlikely to be collected. The budget has been increased by £125k to reflect the current economic climate and the potential impact of Welfare reform on the level of bad debts.

- **Major Repairs Allowance (MRA) £19.289m**

MRA was previously paid through the subsidy system and the sum allocated was intended to be used to finance works of a capital nature which would keep properties in a good state of repair.

Government however, still stipulates the level of MRA that authorities are required to provide, even though the cost of works have to be met from the HRA's own resources.

The £19.289m required in 2013/14 is the Self-Financing Settlement Base Value MRA uplifted by inflation (RPI) and adjusted based on the updated number of dwellings.

- **Capital Financing Costs £14.602m**

This budget reflects the cost of servicing all outstanding debts, based upon a consolidated rate of interest of 4.76%.

Capital Financing Costs are expected to be higher than in previous years reflecting the £15.188m additional debt allocated to the Council by Government as part of implementing the HRA Self Financing Initiative referred to earlier in this report.

If interest rates rise in 2013/14 a budget pressure will be generated as debt charges will increase.

- **Debt Management Costs £222k**

This budget reflects the costs associated with the management of the HRA's outstanding debt portfolio of £307m including the daily cash flow position.

Income

The overall gross income is anticipated to be £78.904m, which can be analysed as follows:-

- **Rental Income £74.245m**

This budget reflects income collected based upon the 2013/14 average rental increase of 6.19% as approved by Cabinet on 16th January 2013 (minute C130).

The budgeted level of income assumes an empty property level of 2% which will result in income not being collectable. If the void rate increases above the 2% then less income will be collected, which will create a budget pressure.

- **Non Dwelling Rents £792k**

The majority of this budget represents rental income collected for garage rents which have increased by 2.6% in line with inflation. It also includes other non-dwelling rent income such as ground rents, garage access and way leaves.

- **Charges for Services and Facilities £3.602m**

This budget reflects charges associated with the Council's district heating scheme, communal facilities charges as well as income received from the furnished accommodation service.

- **Other Income £214k**

An anticipated £214k is expected to be received through miscellaneous income, including administration charges and reimbursement of court costs.

- **Leaseholder Income £51k**

In line with the CIPFA Code of Practice on Local Authority Accounting, Leaseholder Income must be shown separately on the Operating Statement. This was included in Charges for Services and Facilities in previous years.

The difference between the Expenditure - Costs of delivering services and income generated is referred to as the Net Cost of Service which, as can be seen at Appendix A is £5.813m for 2013/14.

In addition to the analysis presented above two further transactions are included within the Operating Statement as follows:

- **Interest Received £25k**

This is an indicative sum to reflect interest receivable by the HRA for balances held, primarily the Working Balance. Interest payable is calculated using seven day money market rates.

- **Revenue Contribution to Capital Outlay (RCCO) £8.437m**

This budget reflects the planned charge to the HRA of £8.437m to fund capital expenditure through the Housing Investment Plan (HIP) alongside the planned MRA funded spend.

This principle is further established within the HRA Self-Financing Initiative whereby authorities have to meet the cost of capital investment from their own resources.

During 2013/14 the HRA will be investing approximately £24m to enhance and upgrade council housing.

This position is highlighted within the Capital Programme Report which was approved by Cabinet on 20th February 2013. That report identifies that the capital investment requirements for the next three years of the Business Plan have been "smoothed out" over a seven year period so as to be affordable.

In summary, once the cost of delivering services and making a revenue contribution to funding the capital programme have been offset against the income received, a transfer from reserves is required of £2.599m in order to set a balanced budget and contribute to capital investment outlined in the HRA 30 Year business Plan.

7.3 Impact on Working Balance

At the end of 2013/14 it is anticipated that the cumulative Working Balance will be as follows:-

	£,000's
Balance b/fwd 2012/13 (Jan 2013 Forecast)	12,291
Contribution in Yr 2013/14	-2,599
Balance c/fwd to 2014/15	<u>9,692</u>

Previous reports have identified that it is good accounting practice to establish a Working Balance in the region of £150 to £200 per property, which is effectively a provision for any **unforeseen** items of expenditure which may arise in the year. The Business Plan assumes a Working Balance in the region of £3m

Whilst the balance of £9.692m is significantly higher than the assumed £3m, it should be noted that in 2014/15 and 2015/16, it is known that significant contributions will be needed to meet the additional Capital Investment requirements.

7.4 Impact on 30 Year Business Plan

The Revenue Budget for 2013/14 as presented within this report is in line with Year 2 of the 30 Year Business Plan.

Previous reports have identified that resources within the earlier years of the 30 year Business Plan are particularly scarce. This is demonstrated in the presentation of the 2013/14 Revenue Budget set out in this report. Resulting from:

- An increase in capital financing charges resulting from the take on of new debt as part of the implementation of the new self financing initiative.
- Additional provision to meet the Government's MRA expectations.
- These additional sums have to be met from a contribution from both existing resources and reserves, resulting in a revenue contribution to the cost of capital investment of £8.437m in 2013/14.

As a consequence, and as further identified within this report, it has been necessary to "smooth out" the year on year capital investment requirements to meet funds available.

It is therefore essential that the assumptions made within the Business Plan are delivered in 2013/14 and subsequent years.

Following approval to the 2013/14 Revenue Budget, the Business Plan will be refreshed to reflect variances, and changes will be modelled across the remaining 30 years.

Budget monitoring of the 2013/14 Revenue and Capital Programmes will incorporate an assessment of the likely impact on the longer term position of the 30 Year Business Plan.

7.5 Key Risks/Pressure Points

The preceding paragraphs have identified the following risks:

- **Inflation**

The budget has been set with the following assumptions regarding inflation:

- **Non-pay spend**

Provision for non pay spend has been made without an inflationary allowance. This could result in actual costs being greater than budget provision which may lead to an overspend.

- **Utilities**

Provision has been made for an inflationary increase of between 3.5 and 12.1% on utility costs within the budget. If costs increase above this provision, a budget pressure will be generated.

- **Debt Charges**

Provision has been made within the budget for debt charges at 4.76%. If this rate increases, debt charges will rise which, if savings cannot be found elsewhere, will result in an overspend.

- **Empty Houses**

The repair and maintenance budget has been built around anticipated void property level of 1,500 revenue voids in year. If this increases in the year, it could result in increased costs and potential overspend on budget.

- **Rental Income**

The budgeted sum assumes a voids rate of 2%. If this increases the amount of rental income collected will fall.

In order to mitigate risks all budget heads are monitored on a monthly basis and a year-end forecast out-turn position is calculated each month based on income and expenditure to date. This facilitates the identification of potential issues and allows early intervention where required.

8.0. Policy and Performance Agenda Implications

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

- Making sure no community is left behind
- Helping to create saver communities
- Improving the environment

9.0 Background Papers and Consultation

- Housing Rent Increase 2013/14.
- Baseline Self Financing Determination for 2012/13 (DCLG 21 November 2011).

Consultation with tenants has identified that repairs and maintenance are key issues to service users.

Director of Housing and Neighbourhoods and Director of Financial Services and individual budget holders have been consulted during the preparation of this report.

Report Author

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APPENDIX A

Housing Revenue Account - Draft Budget Operating Statement 2013/14

Narrative	Full-year Budget 2012/13	Full-year Budget 2013/14	Change 12/13 to 13/14
	£	£	£
<u>Expenditure</u>			
Contributions to Housing Repairs Account	17,438,433	17,996,000	557,567
Supervision and Management	19,365,334	20,065,000	699,666
Rents, Rates, Taxes etc.	77,158	174,000	96,842
Provision for Bad Debts	600,000	742,500	142,500
Cost of capital Charge	14,046,217	14,602,200	555,983
Depreciation of Fixed Assets	18,815,210	19,288,734	473,524
Debt Management Costs	222,000	222,000	0
Expenditure	70,564,352	73,090,434	2,526,082
<u>Income</u>			
Dwelling Rents	-69,032,699	-74,245,061	-5,212,362
Non-dwelling Rents	-809,529	-792,280	17,249
Charges for Services and facilities	-3,305,258	-3,601,649	-296,391
Other fees and charges	-180,000	-213,800	-33,800
Leaseholder Income	0	-50,910	-50,910
Income	-73,327,486	-78,903,700	-5,576,214
Net Cost of Services	-2,763,134	-5,813,266	-3,050,132
Interest received	-25,000	-25,000	0
Net Operating Expenditure	-2,788,134	-5,838,266	-3,050,132
<u>Appropriations:</u>			
Revenue Contributions to Capital Outlay	950,000	8,437,000	7,487,000
Transfer from Major Repairs Reserve			0
Transfer to(+)/from(-) Reserves	1,838,134	-2,598,734	-4,436,868
Surplus/Deficit for the year	0	0	0

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday 18 March 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 January 2013.

The forecast for the financial year 2012/13 is an overall underspend of £160k, against an approved net revenue budget of £2.459m.

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	1,198	1,178	-20	-1.67
Public Health	209	132	-77	-36.8
Housing & Communities	171	131	-40	-23.4
Strategic Housing & Investment	292	265	-27	-9.25
Housing Options	240	240	0	0
Central	355	359	4	-1.13
Income	-6	-6	0	0
TOTALS	2,459	2,299	-160	-6.5

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 (-£160k).

It should be noted that the Net Budget figure has reduced by £51k since last month, from £2.510m to £2.459 mainly 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 (-£20k)

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 (-£20k) by the end of the financial year.

7.3 Public Health (-£77k)

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 (-£84k), in part due to delayed recruitment.

Minor savings on Health & Safety (-£1k) and Food & Drugs (-£3k) have been identified due to vacancies held. These savings are partially reduced by a small projected overspend on Bereavement Services as a result of one-off repair costs to meet Health & Safety standards (+£8k) and on Animal Health (+£3k) due mainly to unmet Vacancy Factor.

7.4 Housing and Communities (-£40k)

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 (-£4k) 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 (-£22k) 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 in previous year's Members have requested that any under spend is carried forward into next year (£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 (-£40k).

7.5 Strategic Housing & Investment Service (-£27k)

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 (-£26k) 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 (-£27k) for this service area.

7.6 Housing Options - balanced

A small overspend that was projected on the Medical Mobility & Community Care cost centre due to estimated set up costs for VPN for Occupational Therapists within this team has now been offset as a result of savings due to a vacant post.

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.

Some savings had been identified on pension and insurance costs and also within supplies and services, which covered the pressure and produced a small saving. With the realignment of Procurement Savings budgets there is now an overall shortfall of £4k being forecast.

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 January 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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