

CABINET MEMBER FOR SAFE AND ATTRACTIVE NEIGHBOURHOODS

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

Date: Monday, 28th November, 2011

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 5th and 19th September and 3rd October, 2011 (see Minute Book dated 2nd November, 2011)
4. Housing Revenue Account Budget Monitoring (Pages 1 - 8)
5. Neighbourhoods General Fund Revenue Budget Monitoring 2011-12 (Pages 9 - 12)
6. 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 person (including the Council)).
7. Car Hill Landfill Lease Settlement (Pages 13 - 16)

ROTHERHAM BOROUGH COUNCIL - REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date:	Monday 28th November 2011
3.	Title:	Housing Revenue Account Budget Monitoring Report 2011/12
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report presents the forecast outturn position on the 2011/12 Housing Revenue Account (HRA) based upon activity as at the end of October 2011.

This report will demonstrate that a forecast increase in Repairs and Maintenance expenditure, due in the main to increased activity in empty homes turnover rates, can be contained within existing resources as a result of savings within supervision and management costs, together with a forecast increase in income.

The overall forecast is that the HRA will outturn on budget with a transfer to working balance (reserves) of £4.669m which is a slight increase of £56k above the approved budget.

6. Recommendations

- That Cabinet Member receives and notes the latest financial projection.
- The forecast savings on supervision and management are utilised to meet the projected increased spend on repair and maintenance.

7. Proposals and Details

- 7.1** This budget report is based upon actual income, expenditure and known commitments as at the end of October 2011 forecast to the end of the financial year to give a projected outturn position, compared to budget.
- 7.2** The report shows that whilst there has been an overall minimum change in the net projected cost of service, when compared with the previous forecast at the end of July, there have been changes across a number of budget heads.
- 7.3** Appendix A of this report provides the Budget Operating Statement for 2011/12 which shows the various income and expenditure budgets lines which make up the net cost of delivering the service. The latest forecast shows a surplus of income over service expenditure of £5.444m which, together with interest received will result in an overall surplus of £56k to be transferred to working balance over that originally budgeted for - this represents a reduction of £206k from the previous forecast.
- 7.4** The previous budget monitoring report identified that several of the budget heads contained within the Operating Statement are either year end adjustments (for example debt management costs £226k) or are subject to external influence and therefore outside direct control, (for example capital charges £11.596m).

Budget Monitoring is therefore focussed upon expenditure and income which is within control, i.e. income of £80.022m, the repair and maintenance budget of £14.658m and supervision and management of £16.405m. Other budget heads as seen within Appendix A are currently being forecast to outturn in line with budget.

7.5 Budget Monitoring

- 7.5.1** Appendix A, column B demonstrates the projected outturn based upon activity to the end of October 2011.
- 7.5.2** Overall it can be seen that the net cost of service is forecast to be -£5.444m, a slight surplus of £56k over the original budget as shown in the table below.

	Budget £000	Forecast £000	Variance £000
Income	-80,022	-80,617	-595
Expenditure	74,634	75,173	539
Net Cost of Service	-5,388	-5,444	-56

7.5.3 The table below highlights the budget lines forecasting a variance to approved budget:

	Budget £000	Forecast £000	Variance £000
Contribution to Housing Repairs	14,658	16,018	+1,360
Supervision and Management	16,405	15,584	-821
Income	-80,022	80,617	-595
Net Variance			-56

7.5.4 It can be seen that the forecast overspend on housing repairs £1.36m, is being offset by a reduction in the forecast cost of supervision and management of £821k and by an increase in income of £595k.

7.5.5 The balance of this report will focus on the main variations to budget and will also identify the main reasons for the movement from the previous monitoring report.

7.6 Expenditure

Column B of Appendix A demonstrates that based upon expenditure and commitments to date, total expenditure is forecast to outturn at £75.173m compared to a budget provision of £74.634m, an increase in spend of £539k. The major changes are as follows:

7.6.1 Contributions to Housing Repairs

Appendix A demonstrates that the forecast year-end spend on Repairs and Maintenance is £16.018m against a budget provision of £14.658m, increased spend of £1.360m. The major areas of movement are as follows:-

7.6.2 Increased spend on Empty Homes - the previous monitoring report identified a potential overspend of £231k on void properties due to high value variation orders for works over and above contract specification. It also highlighted the fact that if the actual number of voids changed from the 1,496 voids budgeted for, this would also have a consequential impact on the forecast.

7.6.3 As a result of the end to end review of the voids process, it has now emerged that the release of the recently completed, new build homes has had a substantial bearing on the number of empty homes being generated. As each new property has been released, the opportunity has been taken to implement the government's agenda to incentivise

tenants to downsize from existing properties to smaller homes to meet current housing needs. This has resulted in two and, on occasion, more void properties for every new home released.

The forecast void turnover rate has increased from the budgeted 1,496 in year, up to 1,811, an increase of 315 (+21%).

The increase in volume, together with increased works has resulted in a forecast increased spend of £970k.

Due to the responsive nature of empty homes, it is difficult to make accurate forecasts of the actual number in year and this forecast is considered to be "prudent". Monitoring continues on a weekly basis together with the review around increased works. If turnover on voids reduces there will be a reduction in the increased spend.

- 7.6.4** In addition to the position on empty homes, there has been a marked increase in vandalism and metal thefts across the borough resulting in additional costs in the region of £130k which must be met in this financial year.
- 7.6.5** Finally, within the Repair and Maintenance Budget, an estimated £200k of batched works had been put on hold due to budgetary constraints. In light of the £277k savings identified through the re-phasing of the introduction of the Housing Management Information System as identified in the Supervision and Management paragraphs below, it is proposed to release this work in order to meet customer expectations.
- 7.6.6** The previous Budget Monitoring report identified a potential key pressure point with regard to payments outside of the contracted sum by Willmott Dixons. These negotiations have now been concluded within existing provision and the pressure risk has now been mitigated.
- 7.6.7** Whilst increased expenditure of £1.360m is forecast against Repairs and Maintenance, it is proposed that the increased spend is reduced by savings identified within supervision and management as follows:-

Supervision and Management

Column B of Appendix A demonstrates that based upon expenditure and commitment to date, total expenditure is forecast to outturn at £15.584m, a saving on budget of £821k.

The previous budget monitoring report forecast an under spend of £130k; this latest forecast identifies additional savings of £691k. The main variances are as follows:-

- Forecast savings of £88k on salaries due to vacancies being held pending the current restructure.

- IT savings of £70k due to the decommissioning of ROCC.
- Support cost savings of £89k.
- Re-phasing of the implementation of the Housing Information Management System from 2011/12 to 2012/13 has resulted in savings of £277k in the current financial year.
- a forecast under spend of £189k on the purchase of furniture within the Furnished Homes Service plus increased income of £180k as more clients take up the option of this service.

7.6.8 In conclusion, when the forecast increased spend on repairs is offset against forecast savings on supervision and management there is a net total increase in expenditure of £539k over budget. However, this net overspend can be contained within overall resources due to a forecast over recovery on income of £595k.

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 £80.617m, an increase of £595k over and above the approved budget of £80.022m.

The previous budget monitoring report forecast income collectable of £80.154m an increase over budget of £132k.

7.7.2 The net movement between the two periods is therefore an increase in income of £463k, this can be explained as follows:-

Dwelling rental income is projecting an overall increase of £327k, compared with the previous forecast of a slight under-recovery of income of £65k. This is mainly due to increased rental income generated as the new build properties came on stream earlier than anticipated.

Within the above figure rental lost through voids still remains an issue with a forecast increased loss against budget of £224k, a slight increase of £24k against that reported previously.

Charges for services and facilities are projecting to out-turn at £3.290m against a budget provision of £3.028m, an over-recovery of 262k. This is a slight increase from the previous report due to increased income on the furnished homes schemes.

The overall movement can be summarised as increases over the following heads: rental income £392k, service charges £65k and miscellaneous income £6k.

7.8 Summary

In summary it can be seen in preceding paragraphs 7.6 and 7.7 that the variance to budget of £56k when comparing the forecast net cost of service against the budget of £5.388m is due to changes within repairs and maintenance, supervision and management together with income due.

Whilst it can be noted that there has been a marked forecast increase in spend within repairs and maintenance, the projected overspend can be off-set against forecast savings on supervision and management, together with forecast increased income thus containing the increased spend within budgeted resources.

8. Finance

Impact on Working Balance - The previous report identified that any deficit or surplus arising from the net cost of service would 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 be £4.669m, which is £56k higher than budget.

This is a reduction of £206k when compared to the previous forecast which is as a direct result of forecast increased costs on repairs and maintenance.

9. Risks and Uncertainties

- **Inflation – Non Contractual**

The 2011/12 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 5.5% 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 1,811 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.

- **Cyclical Repairs Dispute**

Now mitigated.

- **Negative Subsidy Aid to Government**

Changes in property numbers and interest rates will have a bearing on final subsidy due to Government. Any changes will impact upon the contribution to Working Balance at the end of the year.

- **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

10.1 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 (2011/12) to Cabinet Member March 2011
- Cabinet Report 19th September 2011: Housing Revenue Account 2011/12. Budget Monitoring P04 - July 2011.
- Director of Finance and Director of Housing and Neighbourhood Services have been consulted on the preparation of this report.

Contact Name:

Maureen Gatt, Finance Director, Neighbourhoods & Adult Services, RMBC (ext: 2288, email Maureen.gatt@rotherham.gov.uk)

Mark Scarrott, Finance Manager, Neighbourhoods and Adult Services, Financial Services, Business Partnering, ext: 22007, email mark.scarrott@rotherham.gov.uk

Housing Revenue Account - Draft Budget Operating Statement

Narrative	Full Year Budget 2011/12 A	Forecast Outturn 2011/12 B	Variance to Budget	%age Variance to Budget
Expenditure				
Contributions to Housing Repairs Account	14,658,092	16,017,875	1,359,783	9.277%
Supervision and Management	16,405,259	15,584,412	-820,847	-5.004%
ALMO Management Fee	1,892,055	1,892,055	0	0.000%
Rents, Rates, Taxes etc.	73,519	73,681	162	0.220%
Negative Subsidy repaid to Government	16,162,214	16,162,214	0	
Provision for Bad Debts	500,000	500,000	0	
Cost of capital Charge	11,596,589	11,596,589	0	
Depreciation of Fixed Assets	13,120,398	13,120,398	0	
Deferred Charges	0	0	0	
Impairment of Fixed Assets	0	0	0	
Debt Management Costs	225,913	225,913	0	
Expenditure	74,634,039	75,173,137	539,098	0
Income				
Dwelling Rents	-62,904,116	-63,231,513	-327,397	0.520%
Non-dwelling Rents	-793,930	-777,684	16,246	-2.046%
Charges for Services and facilities	-3,027,928	-3,290,058	-262,130	8.657%
Other fees and charges	-176,000	-197,951	-21,951	12.472%
HRA Subsidy receivable (Major Repairs Allowance)	-13,120,398	-13,120,398	0	
Income	-80,022,372	-80,617,604	-595,232	0
Net Cost of Services	-5,388,333	-5,444,467	-56,134	0
Amortised premia - Debt redemption	0	0	0	
Interest received	-25,000	-25,000	0	
Net Operating Expenditure	-5,413,333	-5,469,467	-56,134	0
Appropriations:				
Transfer from Capital Finance Account- Deferred	0	0	0	
Revenue Contributions to Capital Outlay	800,000	800,000	0	
Transfer from Capital Finance Account- Impairment	0	0	0	
Transfer from Major Repairs Reserve	0	0	0	
Transfer to Reserves	4,613,333	4,669,467	56,134	1.217%
Surplus/Deficit for the year	0	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 28th November 2011
3.	Title:	Neighbourhoods General Fund Revenue Budget Monitoring 2011-12
4.	Directorate:	Neighbourhoods and Adult Social Services

5. Summary

This report details the projected year end outturn position as at 31st October 2011 for the Neighbourhoods General Fund within the Neighbourhoods & Adult Services Directorate compared to the approved Net Revenue Budget of £3.3m. **The latest forecast shows a projected underspend of £61k by the end of March 2012.**

6. Recommendation

That the Cabinet Member receives and notes the latest financial projection based on income and expenditure to the end of October 2011.

7. Proposals and Details

The table below shows the summary forecast outturn position for the Directorate against the approved Net Revenue Budgets.

SERVICE AREA	Net Budget	Forecast Outturn to 31 st March 2012	Variance from Net Budget Deficit/ (Surplus)	% Variation to Net Budget
	£000's	£000's	£000's	%
Asylum	0	0	0	0
Housing Access	353	337	(16)	-4.53
Housing Choices	243	211	(32)	-13.17
Safer Neighbourhoods	2,073	2,011	(62)	-2.99
Business Regulation	309	311	2	+0.65
Neighbourhood Partnerships	276	273	(3)	-1.08
Neighbourhood Investment	43	93	50	+116.27
TOTALS	3,297	3,236	(61)	(1.85%)

Most Service areas are projecting balanced or near balanced budgets at year end, the main variations are summarised below:

Housing Access (£16k)

There are small projected surplus balances within Adaptations Service (£5k) and Housing Management & Admin (£17k) as a result of vacant posts. These are partially reduced by a small forecast shortfall of £4k on the Medical Mobility and Community Care budget due to the unmet vacancy factor on this small budget area and a small projected income shortfall of £2k on the Housing Mortgage cost centre due to reducing income from Mortgage Interest.

Housing Choices (£32k)

This Service Area is projecting a surplus within the Homelessness budget of (£7k) as a result of a post being held vacant since the post holder's secondment to another service area within Housing Choices.

In addition the Lighting of Staircases budget is projecting a surplus of (£25k), as a result of a number of refunds on utility bills relating to previous years.

Safer Neighbourhoods (£62k)

There is an overall forecast underspend within Community Protection due mainly to vacant posts of (£56k). This underspend also includes some projected savings on Transport costs as a direct result of efficiencies achieved due to the merger of Community Protection with the former Neighbourhood Wardens and Enviro-Crime

costs centres. Additional underspends are projected within Community Safety (£11k), and Anti-Social Behaviour (£12k) mainly due to vacant posts being held.

The Pest Control Service is currently facing a forecast income pressure of £24k which is being closely monitored.

Business Regulation £2k

Within Business Regulation there are forecast underspends in Health & Safety, Food & Drugs and Bereavement Services totalling (£89k) as a result of vacant posts, and increased fee income. These are offset by projected overspends on Animal Health and Trading Standards mainly due to the services being unable to meet its vacancy management target. Licensing budget is also forecasting a projected shortfall on income (£46k) at this stage, however this is being closely monitored and may reduce by the year end if additional income targets are achieved.

Neighbourhood Partnerships (£3k)

The Service is forecasting a small underspend due to savings achieved due to Maternity Leave, which has offset pressures of meeting the vacancy management target plus additional external audit costs on the Local Ambition programme.

Neighbourhood Investment £50k

The Registered Social Landlords cost centre is projecting a shortfall in income of £8k against budget as the number of landlords in the scheme is reducing in 2011/12. This is being offset by a surplus of (£8k) now being forecast within Neighbourhood Investment as a result of a vacant post.

A full review of the Neighbourhood Investment Team cost centre is currently being undertaken to ensure that sufficient funding is available to cover all costs incurred as no general fund budget is available for this service in 2011/12. The budget funded by Growth/Housing Market Renewal Revenue Programme, New Build Council Housing and Homelessness funding as a result of work undertaken by this team that links to the Homelessness service. A forecast overspend of £50k is being projected at the moment until the review is completed.

During the budget setting process for 2011/12 savings of £790k were identified in respect of Neighbourhood Wardens, Neighbourhood Partnerships, Food Inspection, and Trading Standards. These budget savings are on target to be achieved with the exception of Trading Standards where there are further budget pressures as highlighted above.

7.1 Agency & Consultancy

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

7.2 Non-Contractual Overtime

Actual expenditure to the end of October 2011 on non-contractual overtime for Neighbourhood Services was £6,800, as follows:

Safer Neighbourhoods:	
Community Protection	£6,214 (includes Out of Hours Service)
Pest Control	£ 586

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 March 2012. The forecast outturn is dependent on delivery of the planned management actions being achieved and thus effective and tight financial management practices remain essential - monthly budget clinics are held with the Service Directors to facilitate this.

10. Policy and Performance Agenda Implications

The delivery of the Council's Revenue Budget within the limits determined in March 2011 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

- Cabinet February 2011 – Proposed Revenue Budget & Council Tax 2011/12
- The Council's Medium Term Financial Strategy (MTFS)
- Revenue Budget Monitoring Report – October 2011.

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

Contact Name:

**Mark Scarrott, Financial Services - Business Partnering Finance Manager
(Neighbourhoods and Adult Services), Extn 22007**

Email: mark.scarrott@rotherham.gov.uk

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