

Crawley Borough Council



Report to Cabinet 11th February 2015

2014/15 Budget Monitoring - Quarter 3

Report of the Head of Finance, Revenues & Benefits FIN/353

1. Purpose

- 1.1 The report sets out a summary of the Council's actual revenue and capital spending up to the third Quarter ending December 2014. It identifies the main variations from the approved spending levels and any potential impact on future budgets.

2. Recommendations

- 2.1 The Cabinet is recommended to:

Note the projected outturn for the year 2014/2015 as summarised in this report.

3. Reasons for the Recommendations

To report to Members on the projected outturn for the year compared to the approved Budget for 2014/2015.

4. Background

- 4.1 As part of the Budget Strategy, the Council has in place robust budget monitoring systems to ensure that unapproved overspends are avoided. The Council also manages and analyses underspending to identify potential savings that could help meet current and future years' priorities.
- 4.2 Budget monitoring is undertaken on a monthly basis with budget holders. There are quarterly budget monitoring reports to Cabinet with the Corporate Management Team receiving monthly update reports on key areas and any other areas of concern. The Performance Monitoring Scrutiny Panel and the Overview and Scrutiny Commission also have the opportunity to scrutinise expenditure.
- 4.3 This report outlines the projected outturn for 2014/2015 as at the end of December 2014.

5. Budget Monitoring Variations

5.1 General Fund

The table below summarises the projected variances in the relevant Portfolio at Quarter 3.

	£000's	
Cabinet	25	U
Community Engagement	-	
Customer and Corporate Services	(67)	F
Environment	(10)	F
Housing Services	95	U
Leisure & Cultural	(155)	F
Planning & Economic Development	(292)	F
Investment Interest	(226)	F
North East Sector Interest	(172)	F
Total Projected Variances	(802)	F

[F indicates that the variation is favourable, U that it is unfavourable]

Further details of these projected variances are provided in Appendix 1(ii).

- 5.1.1 In addition to the above 'surplus' there will be an estimated transfer from reserves of £1.586m in respect of a backdated shortfall on Retained Business Rates which was reported at Quarter 2, this is mainly due to increased rating appeals. As a result there will be an estimated net transfer from reserves of £784,000.

5.2 Significant variances Variations over £20,000.

5.2.1 Cabinet

Due to different ways of working the Council is receiving more in Council Tax income and at the same time taking fewer claims to court; due to earlier intervention. This results in lower court cost income. The impact of the increased Council Tax income will be accounted for in the next financial year.

5.2.2 Community Engagement

There are no significant variations to report this quarter.

5.2.3 Customer and Corporate Services

There are no significant variations to report this quarter.

5.2.4 Environment

There are no significant variations to report this quarter.

5.2.5 Housing Services

There are no significant variations to report this quarter.

5.2.6 Leisure & Cultural

Additional pension costs amounting to £35,000 have been advised by WSCC following the restructure of the Facilities Admin Team reducing the savings in the current year. However, overall these costs have been more than offset from the significant savings already made.

5.2.7 Planning & Economic Development

Planning Fee income continues to be buoyant as a result of the economic upturn through 2014-15. This includes a high number of large scale applications in Manor Royal and steady number of proposals for housing which have attracted a reasonable fee, exceeding budget expectation by £260,000.

5.2.8 Investment Income

Higher balances available for investment, mostly arising from the sale of the UK Gilts reported last quarter, has resulted in forecast additional investment income of £38,000.

6. Virements

Virements up to £50,000 can be approved by Heads of Service under delegated powers and reported to Cabinet for information.

6.1 There were no virements in the second quarter.

7. Council Housing Service – Revenue

7.1 The table below provides details of the 2014/2015 HRA Budget and the variances.

Expenditure Description	Budget 2014/15 £'000s	Projected Outturn £'000s	Variation £'000s	
Income				
Rental Income	(44,798)	(44,698)	100	U
Other Income	(1,762)	(1,962)	(200)	F
Total income	(46,560)	(46,660)	(100)	F
Expenditure				
Employees	3,521	3,391	(130)	F
Repairs & Maintenance	10,467	11,467	1,000	U
Other running costs	2,666	2,496	(170)	F
Rent rebates	146	0	(146)	F
Support services	2,688	2,688	0	
	19,488	20,042	554	U
Net (Surplus) / Deficit	(27,072)	(26,618)	454	U
Use of Reserves				

Available to fund future investment in housing	18,763	18,309	(454)	U
Interest Payable	8,309	8,309	0	
Total	27,072	26,618	(454)	U

(F = Favourable, U = Unfavourable)

- 7.2 Details of significant variances from the budget projections are shown in Appendix 1(iii)
- 7.3 More properties continue to be sold than budgeted under the Right to Buy scheme; however there has been a slow-down in the rate of sales with forty nine properties being sold up to the third quarter compared to seventy for the same period last year. As a result the rental income is projected to be lower than budgeted but not as great as anticipated at Quarter 2.
- 7.4 The Service charges to Leaseholders are above budget by £100,000 due to programmed maintenance works. Also other non-rental income streams and interest received on HRA balances are above target.
- 7.5 The staffing related savings are mainly due to vacancies and reduced level of agency staff together with associated employee costs.
- 7.6 The responsive repairs budget is currently £1m overspent at Quarter 3 due to the on going effects of the storm damage incurred last autumn and winter. Some storm damage work is now being charged to capital where significantly large works such as roof renewal have taken place but have been carried out by the responsive repairs contractors. This reflects a change in the methods of working as the division between planned and responsive repairs is eroded. The maintenance team purpose is "Do the correct work at the right time" and this has meant a change from delays for the customer and batching into the planned team and a focus on doing a full scope of work within the responsive repairs team. The impact of the change is still being evaluated but has meant significantly more work being undertaken through the responsive contracts.
- 7.7 Other running costs include underspends on insurance premiums and utilities together with purchases of furniture and equipment.
- 7.8 The government pays rent rebate benefit payments on the basis of a capped average 'limit rent'. Where an Authority's average rent is higher the HRA is required to fund a proportion of the excess cost; however the actual average "limit rent" now notified to us is greater than estimated and we as an Authority are no longer required to make a contribution from the HRA equating to a saving of £146,000.
- 8. Capital**
- 8.1 The table overleaf shows the 2014/15 projected capital outturn and proposed carry forward into 2015/16. Further details on the Capital Programme are provided in Appendix 2.

	Revised Budget 2014/15	Spend to Qtr 3	Estimated Outturn 2014/15	Re-profiled to/(from) future years
	£000's	£000's	£000's	£000's
Cabinet	922	196	824	(98)
Customer & Corporate Services	844	500	784	(60)
Environment	8,287	5,983	7,987	(300)
Planning & Economic Development	4,632	6,208	6,232	1,600
Housing Services	1,378	475	1,104	(274)
Leisure & Cultural	3,225	1,719	3,140	(85)
Total General Fund	19,288	15,081	20,071	783
Council Housing	21,632	11,303	20,942	(690)
Total Capital	40,920	26,384	41,013	93

- 8.2 The projected spend in the current year for Queens Square Environmental Improvements is now £130,000 resulting in £70,000 being carried forward to 2015/16.
- 8.3 The Town Hall Electrical Insulation Replacement is currently on hold pending clarification of the actual works needed within the refurbishment of the Town Hall, this has resulted in £28,000 being carried forward to 2015/16.
- 8.4 The main focus of the ICT team in 2014/15 has been on the roll out of Windows 7, therefore no other ICT future capital projects have been undertaken, as a result £60,000 ICT Future Capital Projects budget has been carried forward to 2015/16.
- 8.5 The initial introduction of wheeled Refuse Bins, funded by the DCLG Weekly Collection Support Scheme, has now been successfully completed at a cost of £806,000, therefore the remaining £200,000 DCLG funding has been carried forward to 2015/16 to fund the next phase of improvement projects.
- 8.6 The main grill structure for Creasy's Drive (Flood Works) has now been renewed. No further works are due to be carried out in 2014/15 therefore £100,000 has been carried forward to 2015/16 to cover the cost of further 2015/16 minor works to be carried out once the weather has improved.
- 8.7 The full scheme projected for Ifield Mill Pond is now £7.05m, this is £500,000 less than originally estimated; **as a result the budget for this scheme has been reduced by £500,000.**
- 8.8 An additional investment property has been purchased which has required £1.6m of the 2015/16 Investment Property Acquisition budget to be brought forward to 2014/15. This has resulted in additional income to the Council of £105,000 annually.
- 8.9 Within the Temporary Accommodation Acquisitions scheme; it is proposed that subject to planning permission a property in Goffs Park Road will be purchased in 2014/15 at a cost of £500,000 for subsequent demolition and construction of up to ten new units. The remaining £274,000 will be carried forward in the 2015/16 Budget.

- 8.10 Provision for the Skate Park was brought forward in Quarter 1 to deal with any potential issues with wooden structures throughout the service areas following the accident at Cherry Lane Adventure Playground. However, there were only minor defects found to the structure to the Half Pipe and these repairs were subsequently undertaken through the revenue budget. The main scheme for the replacement of equipment will now be undertaken from 2015/16.
- 8.11 The design fees for the new Museum detailed design work have been tendered and are lower than originally budgeted. This has resulted in £75,000 being carried forward to 2015/16.
- 8.12 HRA Purchase of Properties & Buy Backs, £110,000 has been brought forward from 2015/16 to cover additional costs incurred due to the buyback of three additional properties in December 2014, these are funded in part from the right to buy receipts.
- 8.13 The signing off of the Crawley Homes/Yes Polar PV Project agreement is now expected to take place in early 2015 which has delayed the installation of PV panels on Crawley Homes properties. This has resulted in the HRA Major Insulation Energy Efficiency £800,000 being carried forward to 2015/16.
- 8.14 Up to the end of the third quarter of 2014/15 forty nine Council Houses with a sales value of £5,001,415 were sold compared to seventy council houses with a sales value of £6,774,375 in the same period last year. In the third quarter £229,318 was paid to the Government and £155,027 has been retained by the Council relating to 1-4-1 receipts. [The 1-4-1 arrangement is one where the Council retains a larger proportion of right to buy receipts than they otherwise would, in return for a commitment to spend the additional receipts on building or acquiring properties.]
- 8.15 The total cumulative 1-4-1 receipts retained is £9,727,599 which can be used to fund 30% of any expenditure on new affordable housing. It cannot be used on schemes supported by HCA Funding.
- 8.16 To date, £914,258 of 1-4-1 receipts has been used to partially fund the purchase of properties. Any unused 1-4-1 receipts that are unspent within 3 years are to be returned to the Government with interest.

9. Background Papers

Budget and Council Tax 2014/15 Cabinet 12 February 2014 Fin/328

[2014-15 Quarter 2 - Budget Monitoring](#) Fin/347

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Appendix 1 (i)

REVENUE MONITORING SUMMARY 2014/15

GENERAL FUND

	Original Estimate £000's	Latest Estimate £000's	Projected Outturn £000's	Variance £000's
Cabinet	1,283	1,268	1,293	25
Community Engagement	1,484	1,483	1,483	0
Customer and Corporate Services	1,345	1,174	1,107	(67)
Environment	5,731	5,788	5,778	(10)
Housing Services	3,020	3,043	3,138	95
Leisure & Cultural	7,071	7,155	7,001	(155)
Planning & Economic Development	(1,885)	(1,720)	(2,012)	(292)
	18,050	18,191	17,788	(404)
Depreciation	(3,095)	(3,095)	(3,095)	0
Renewals Fund	400	400	400	0
NET COST OF SERVICES	15,355	15,496	15,092	(404)
Interest of Balances	(899)	(899)	(1,125)	(226)
North East Sector Interest			(172)	(172)
Grant Funding	0	(141)	(141)	0
Council Tax/RSG/NNDR/New Homes Bonus	(14,456)	(14,456)	(14,456)	0
	(15,355)	(15,496)	(15,894)	(398)
Net contribution from / (-to) Reserves	0	0	(802)	(802)

Appendix 1 (ii)

General Fund Main Variations Identified for Quarter 3

	Q3 Variation £000's	Q2 Variation £000's
1 <u>Cabinet</u>		
Head of Finance savings	(25)	(25)
Council Tax court costs income shortfall	50	
	25	(25)
2 <u>Community Engagement</u>		
No significant variations this quarter	0	0
3 <u>Customer and Corporate Services</u>		
Legal & Democratic Services vacancy savings	(37)	(42)
Procurement Shared Services - 2 vacant posts savings.	(30)	(30)
	(67)	(72)
4 <u>Environment</u>		
Wardens/Civil Enforcement Officers held vacancies during Systems Thinking	(25)	(30)
Environmental Health Team vacancy	(25)	(30)
Quick wins budget	50	50
Business support Unit Vacancy	(10)	(10)
	(10)	(20)
5 <u>Housing Services</u>		
Systems Thinking backfilling - Benefits	75	75
Systems Thinking backfilling - Housing Options	20	20
	95	95
6 <u>Leisure & Cultural</u>		
Amenity Services restructure savings	(100)	(100)
Community general vacancies	(20)	(20)
Community Facilities restructure staff savings	(35)	(70)
	(155)	(190)
7 <u>Planning & Economic Development</u>		
Forward Planning vacancy savings (Local Plan)	(50)	(40)
Asset Management - Commercial Rental Income mainly due to Atlantic House lease	(100)	(80)
Planning Fees increase in income	(260)	(174)
Systems Thinking backfilling - Development Control	109	109
Legal costs of a tenant in respect of a court case where the judgement went against CBC.	24	24
Building Control - Increased Income	(15)	

(292)

(161)

**Appendix
1(ii)
Continued**

	Q3 Variation £000's	Q2 Variation £000's
8 Investment interest above budget	(226)	(188)
9 North East Sector income	(172)	(172)
Total Variances	(802)	(733)
Impact of Business Rates	1,586	1,588
Net Transfer from Reserves	784	855

Appendix 1 (iii)

Main Variations Identified for 2014/15 - Housing Revenue Account

	Q3 Variation £000's	Q2 Variation £000's
Income		
Reduced rental income due to property sales	100	200
Service charges to Leaseholders above projection	(100)	
Investment interest above budget	(30)	(30)
Other Various non rental income streams	(70)	
	(100)	170
Employees		
Vacancies - Currently two administrative posts, a Gas Surveyor and a Housing Assistant post	(50)	(50)
Reduced use of agency staff	(70)	(30)
Courses & Seminars	(10)	(30)
	(130)	(110)
Repairs & Premises costs		
Ongoing effects of storm damage repairs	1,000	700
	1,000	700
Other Running costs		
Insurance Premiums	(50)	
Utilities	(30)	
Equipment	(50)	
Other General	(40)	
	(170)	
<u>Rent Rebates</u>		
Rent Rebates	(146)	(146)
	(146)	(146)
TOTAL VARIANCES	454	614

Appendix 2

Qtr 3 - Capital Appendix 2

Portfolio Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
Cabinet	922	196	824	(98)	3,719	3,600	
Customer & Corporate Services	844	500	784	(60)	460		
Environment	8,287	5,983	7,987	(300)	4,639	1,841	580
Planning & Economic Development	4,632	6,208	6,232	1,600	3,768		
Housing Services	1,378	475	1,104	(274)	1,242	2,310	645
Leisure & Cultural	3,225	1,719	3,140	(85)	3,015	1,248	
Total General Fund	19,288	15,081	20,071	783	16,843	8,999	1,225
Housing Revenue Account	21,632	11,303	20,942	(690)	18,245	19,668	0
Total Capital	40,920	26,384	41,013	93	35,088	28,667	1,225

Cabinet Portfolio - Scheme Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
Town Centre	100	3	100		393	3,500	
Queens Square Environmental Improvements	200	57	130	(70)	2,770	100	
Gales Drive Parade	2	1	2		71		
Ifield Parade Improvements	10		10				
Tilgate Parade Env Improvement	21		21				
Broadfield Barton	140	7	140		320		
Neighbourhood Centres - Enhanced Maintenance	10		10				
Photovoltaic Sytems - Council Buildings	129		129				
Town Hall - Air Conditioning	120	52	120				
Town Hall - Maintenance	137	76	109	(28)	165		
Maidenbower Day Care & Community Centres PV	54		54				
Total Cabinet Portfolio	922	196	824	(98)	3,719	3,600	0

Customer & Corporate Services - Scheme Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
ICT Capital - Future Projects	78		18	(60)	460		
Tree Managemant Database	25		25				
Windows 7 Upgrade	337	340	337				
On Line Self Service	200		200				
FMS Enhancements	18	11	18				
Public Services Network	7	10	7				
Self Pay Kiosk (ICT)	13	5	13				
Enterprise Content Management	20		20				
ICT Replacements	146	135	146				
Total Customer & Corporate Services Portfolio	844	500	784	(60)	460	0	0

Environment Portfolio - Scheme Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
New Cemetery	181	97	181		1,519		
Cycling Signage	12	1	12		7		
K2 Heat Network (Heat & Power)					650		
Refuse & Recycling Vehicles	1,763	1,744	1,763				
Refuse Bins 2014	1,009	806	809	(200)	200		
Cycle Paths					58		
Reinstate Neighbourhood Recycling	16	1	16				
Grass Verge Improvements	30		30				
Community Safety Initiatives	100	66	100		123	80	
Car Park Maintenance	40		40				
Environmental Improvements Future Schemes	77	10	77		506	500	500
Hardman Close	6	2	6				
Cherry Lane	22	1	22				
Pearson Road	16	16	16				
Cobner Close	5	1	5				
Jackdaw Close	56	34	56				
Southgate Schemes	79	44	79				
Eden Road	71	14	71				
Scory Close	146	63	146				
Flooding Emergency Works	10	11	10		10	10	20
Ifield Mill Pond Improvements	4,054	2,896	4,054		1,131	1,081	
Tilgate (EA Flood Alleviation)	75		75				
Grattons Park	116	103	116				
Grattons Pond Flood Alleviation HLF	23	14	23				
Creaseys Drive (Flood Works)	243	47	143	(100)	100		
Operation Watershed	57	10	57				
Cheals Broadfield Pond	30		30		120		
Titmus Lake					50		
Stafford Bridge H&S Improvements	50		50		50		
Waterlea (Flood Works)						70	
Billington Drive (Flood Works)						50	
Tilgate Silt Lake (Flood Works)					75		
Weald Drive (Flood Works)					10		
Balcombe Road (Flood Works)						50	
Broadfield Brook							30
River Mole (Flood Works)							30
Telemetry Measuring Equipment					30		
Total Environment Portfolio	8,287	5,983	7,987	(300)	4,639	1,841	580

Planning & Economic Development Portfolio - Scheme Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
Investment Property Aquisition	4,632	6,208	6,232	1,600	3,768		
Total Planning & Economic Development Portfolio	4,632	6,208	6,232	1,600	3,768	0	0

Housing Services - Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
Housing Enabling	48		48				
Future Schemes					343	1,500	
Temporary Accommodation Acquisitions	774		500	(274)	274		
Lark Rise Phase 2	32	32	32				
North East Sector	13	4	13				
Affordable Housing Excluding Land	867	35	593	(274)	617	1,500	0
Disabled Facilities Grants	394	383	394		450	500	645
Home Insulation Grants	62	20	62		100	190	
Improvement/Repair Loans	55	37	55		75	120	
Total Housing (Genral Fund) Portfolio	1,378	475	1,104	(274)	1,242	2,310	645

Leisure & Cultural Portfolio - Scheme Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
Vehicle Replacement Programme	266	30	266				
Travellers Prevention Measures	15		15				
Maidenbower Phase 2	19		19				
New Museum Tree Refurbishment	138	12	63	(75)	926	900	
Worth Park (Milton Mount Gardens) Phase 2	1,486	1,029	1,486				
Ifield Community Facilities	250	163	250		32		
Tilgate Park Access Road	209	109	209		853		
Wscs Transit Site	93		93				
Parks & Open Spaces Spend To Save	37		37				
Parks Infrastructure Signage	30	28	30				
Tilgate Nature Centre & Tilgate Park Infrastructure	52	50	52				
Tilgate Park - Out Door Gym	20	21	20				
Parks Car Parks Operational Improvements	12	0	12		18		
Memorial Gardens Improvements	20	3	20		20		
Parks Infrastructure	50		50		50		
Broadfield Barton - Play Refurbishment					65		
Knepp Close - Play Refurbishment	65		65		0		
Play Refurbishment 14-15 Creasys Drive					120		
Play Refurbishment 2014-15	15	15	28	13	12		
Mill Pond ADV - Climbing Frame	18	15	18				
Refurb Playgrounds Future Schemes					260	235	
Hawth Main Sound System					115		
Hawth - Flying Equipmnt	37	35	37		39	41	
Hawth - Flat Floor	70	40	70				
Hawth - Light & Dimmers Main					38		
Hawth - Maintenance	32	29	32		10		
3G Pitch - Artificial Pitch					175		
K2 Athletics Track Replacement	93	98	93				
K2 Gym Equipment Replacement	19	15	19		15	17	
K2 Health & Fitness Replacement					225		
K2 - Maintenance	158	27	158		19		
Bewbush HLC - Gym Equipment						55	
Skate Park Equipment	23			(23)	23		
Total Leisure Services Portfolio	3,225	1,719	3,140	(85)	3,015	1,248	0

Total General Fund	19,288	15,081	20,071	783	16,843	8,999	1,225
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HRA - Scheme Description	Latest Budget 2014/15 £000's	Spend to Date £000's	Projected Outturn £000's	Slippage £000's	Latest Budget 2015/16 £000's	2016/17 £000's	Future Years £000's
Adaptations For The Disabled	300	154	300				
Major Insulation Energy Efficiency	800	0	0	(800)	2,300	2,300	
Capitalisation of Repair Work	500	222	500				
Total Programmed Repairs	8,566	5,531	8,566	0	7,807	7,318	0
Total HRA Improvements	10,166	5,908	9,366	(800)	10,107	9,618	0
Breezehurst Drive	2,457	2,137	2,457				
Brunel Place	3,300	1,569	3,300				
151 London Road (New Build)					239		
Forge Wood (HRA Development)	2,876	0	2,876		3,059	8,900	
Gales Place (HRA New Build)	900	0	900		2,200		
Kilnmead (HRA)					1,600		
Acquisitions Of Land	400	50	400		1,000	1,000	
Purchase of Properties including Buy Backs	1,533	1,639	1,643	110	40	150	
Total Other HRA	11,466	5,395	11,576	110	8,138	10,050	0
Total HRA	21,632	11,303	20,942	(690)	18,245	19,668	0
Total Capital Programme	40,920	26,384	41,013	93	35,088	28,667	1,225

Funded By

Capital Receipts	10,820	7,013	10,276	(528)	10,226	7,866	847
Capital Reserve	4,632	6,208	6,232	1,600	3,768	0	
Disabled Facilities Grant	335	383	335		378	378	
Lottery & External Funding	4,354	2,172	4,082	(289)	2,120	550	
1-4-1 Capital Receipts			2,373		930	4,403	
MRR	20,267	10,438	17,204	(690)	17,315	15,265	378
Replacement Fund/Revenue Financing	498	170	498		225	113	
Section 106	14		14		126	93	
Total Funding	40,920	26,384	41,013	93	35,088	28,667	1,225