

a: 2018/19 Summary Headlines

	Revised Budget	Forecast Outturn	Outturn Variance
P6	£0m	(£3.7m)	(£3.7m)
P7	£0m	(£4.4m)	(£4.4m)

b: Budget Monitor

1. Overall Position and Movement

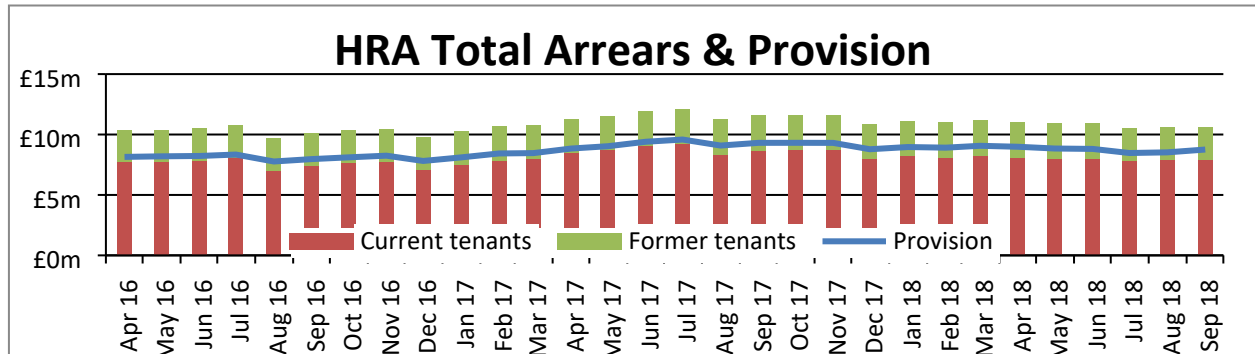
The forecast revenue underspend has increased marginally compared to Period 6.

Forecast Outturn Variance 2018/19												
£m												
Revised budget	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
£0m	(1.7)	(1.5)	(2.8)	(2.5)	(3.7)	(4.4)						
	▼	▲	▼	▲	▼	▼						

2. Revenue Position

Revenue Position by Division	2018/19 - Full Year				
	Revised Budget	P7 Forecast Outturn	P6 Forecast Outturn	Variance	Movement in Forecast since P6
	£000s				
Income	(119.9)	(121.0)	(121.0)	(1.1)	0.0
Repairs and Maintenance	32.1	29.3	30.6	(2.8)	(1.3)
Supervision and Management	27.4	27.9	26.9	0.6	1.0
Special Services (Rechargeable)	8.6	7.9	8.1	(0.7)	(0.2)
Rents, Rates etc	1.9	1.6	1.9	(0.3)	(0.3)
Capital Funded from Revenue, Interest and Depreciation	50.0	50.0	50.0	0.0	0.0
(Surplus) on the HRA	0.0	(4.4)	(3.7)	(4.4)	(0.7)

3. Debt Position



4. Key Messages

Overall a surplus of £4.4m forecast at P7 an increase of £0.7m compared to P6. The key variances from Period 6 are as follows:

- Repairs and Maintenance - Largest underspend due to poor performance from external contractor - improvement plan agreed and being monitored.
- Supervision and Management – Savings on employee costs including vacancies pending recruitment.

There is an action plan in place that has reviewed all aspects associated with the reported HRA surplus for 2017/18 to ensure that there is no repetition of the large unforeseen movements.

c: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
Implementation of Universal Credit	Changes to rent policy and welfare benefit reform reducing income, Universal credit full service roll out from June and September 2018, to estimated 1500 tenants.	Estimated impact on rent arrears of between £32k to £200k	Universal Credit response plan including raising awareness of change for tenants, developing assessment of readiness and identification of tenants needing support to get ready or make transition. Income Collection Policy being reviewed to promote rent first approach which will reset rent payment culture for tenants, staff and partnership agencies. Joint cross service steering group for continuing development and delivery of corporate UC response action plan.
Impact of Grenfell enquiry outcomes	Additional works as a result of Grenfell enquiry outcomes, or the outcomes of independent fire safety checks on clad blocks; public /political pressure to install sprinklers.	Lack of ability to deliver planned services, requirement to cut spending plans / reduce services, impact on New Build programmes	Need to retain flexibility in capital programme to meet outcomes of Grenfell enquiry that does not result in disruption to the rest of the programme.
Repayment of Right to Buy Receipts RTB	Lack of any forward plan to use RTB receipts	Loss of funding to support capital investment in new stock	Develop a forward programme to utilise RTB receipts thereby reducing the amount to be repaid. This responsibility is shared with the Housing Delivery Team as they are responsible for new build. There is a remaining requirement for the Strategic Director for Communities to be informed about spend and to support the planning of the spend.

d: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£47.0m	£39.2m	£16.1m	£39.2m	£0.0m
		37% of budget 37% of forecast	100% of budget	

		Current Year (2018)				Performance to budget	
Gross expenditure by *Programme & Scheme		Budget	Expenditure to Date	Forecast	Variance	Expenditure to date	Forecast
		£000s				%	
		752	0	752	0	0%	100%
13612	Capital - Professional Charges - Planned	752	0	752	0	0%	100%
13613	Capital - Professional Charges - SP&G	801	0	801	0	0%	100%
13614	Capital - Capitalised Works	3,840	1,420	3,840	0	37%	100%
13615	Capital - Disabled Adaptations	2,164	1,136	2,164	0	53%	100%
13616	Capital - Investment In Blocks - Planned	7,515	1,518	7,515	0	20%	100%
13618	Capital - Miscellaneous Schemes	206	27	206	0	13%	100%
13619	Capital - Neighbourhood Investment Projects	600	162	600	0	27%	100%
13620	Capital - New Build / Land Enabling Works	12,175	6,503	12,175	0	53%	100%
13621	Capital - Planned Programme	10,055	5,382	10,055	0	54%	100%
14595	Capital: New Housing Management System	1,100	0	1,100	0	0%	100%
15258	Capital - Planned Other	0	0	0	0		
HRA1	Housing Revenue Account (HRA)	39,209	16,148	39,209	0	41%	100%

The capital budget for 2018/19 has been reduced from £47m to £39.2m in order to reflect the expected level of programme delivery in 2018/19. Overall, the service will be taking a more strategic approach going forward. Savills have been commissioned to give advice on the investment programme and business plan allowances for investment to enable better budget setting. This will take place over the coming weeks and impact next year's budget setting process.

The main reasons for reprofiling projects are as follows:

Blocks - Communal Rewire budget £500k set aside for possible additional emergency lighting works as part of our contingency planning post Grenfell- this is not required for this year. Also £1m repairs to cladding set aside, and (£650k) may not be needed until next year after we know the results of the independent checks.

Major Block Refurbishment projects - some carried forward from last year due to contractors and winter causing delays resulting in overspend this year, offset by some delayed starts leading to less budget required this year (contractor delays in signing contracts and performance bond issues). Delays due to tendering difficulties, lengthy approvals process, and staff issues. We have applied our experience on this at Spencer and Norton (now started on site) to forecasts for spend on Polden and Gaywood projects now out to tender / going out to tender. We will allow for this when setting future budgets. Conflicting procurement and legal advice has lengthened the process from tender to start on site, to be addressed at a strategic meeting.

Planned Programmes:

(a) Kitchen installs - change in contractor who will now only be providing a lower number before contract ends and new contractor takes over (current contractor supply chain leaving), plus there may be mobilisation issues. There is a reduced need for replacement kitchens / reduced number due.

(b) Heating installs - new contract is now at a lower price than envisaged when setting the budget, fewer numbers are due, and hard to access properties are causing some delays.

(c) External maintenance: one large external maintenance project subject to option appraisal and will now start next year (Vincent close);

New Build - unforeseen environmental issues on the Alderman Moores site.