

a: 2019/20 Summary Headlines

	Revised Budget	Forecast Outturn	Outturn Variance
P5	£0m	£0.0m	£0.0m
P6	£0m	(£1.4m)	(£1.4m)

b: Budget Monitor

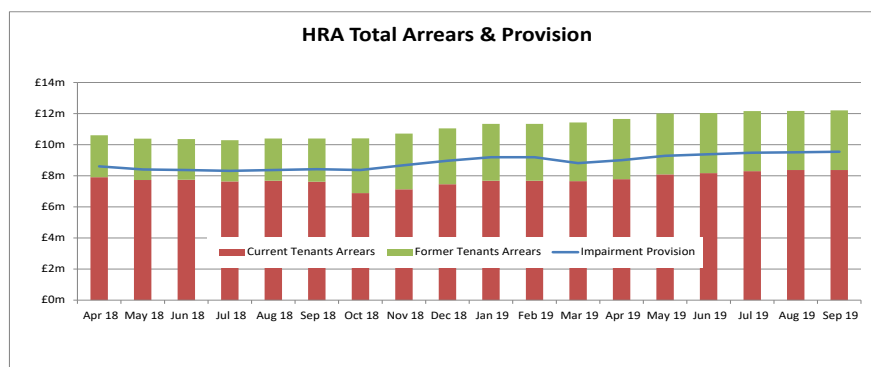
1. Overall Position and Movement

Forecast Outturn Variance 2019/20											
£m											
Revised budget	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
£0m	(2.4)	(0.2)	0.0	0.0	(1.4)						
	▼	▼	▼	▼	▼						

2. Revenue Position – Income and Expenditure

Revenue Position by Category	2019/20 Revised Budget £m	Forecast Outturn P6 £m	Forecast Variance P6 £m	Forecast Movement P5 to P6 £m
Income	(122.7)	(121.1)	1.6	(0.1)
Repairs and maintenance	31.7	30.2	(1.5)	(1.0)
Supervision and Management	30.0	28.8	(1.2)	(0.1)
Special Services (Rechargeable)	9.2	8.9	(0.3)	(0.0)
Rents, Rates, Taxes and other charges	0.8	0.7	(0.1)	0.0
Depreciation, Revenue funded capital, Interest payable and bad debt provision	51.0	51.1	0.1	(0.2)
(Surplus)/Deficit on HRA	0.0	(1.4)	(1.4)	(1.4)

3. Debt Position



Following implementation of the Civica system, there will be a focus on reducing the level of bad debt during 2019/20, with an initial planned review of all debts over five years old.

4. Key Messages

- The forecast outturn reflects the financing transactions which normally take place at the end of the year and shows the amount anticipated to be transferred to the HRA reserve at the year end subject to the appropriate approval.
- There are recruitment and retention issues in the Construction industry generally, and the service is seeking to fill vacancies in order to ensure maximum delivery of the planned programme. If there continues to be a significant level of vacancies this may contribute to a surplus position at the year end as there is no turnover provision within the budget. The service will look to use consultants and other frameworks to deliver if necessary to mitigate against this.
- In order to maximise delivery of the HRA Housing Investment Programme during 2019/20, the service will overprogramme, reduce contingencies and seek to avoid delays in procurement processes where possible. However, during the year the service has had to lose two major contractors due to their failure to provide which has had an impact on the delivery of relets.

c: Risks and Opportunities

Risk	Key Causes	Key Consequence	Key Mitigations
Implementation of Universal Credit	Risk deferred as roll out delayed by Government.		
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.	This could cost up to £25m if a complete programme is required.	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.
Zero Carbon Target		May be required to retro fit and ensure compliance for new builds.	City Leap may enable innovative solutions and funding to be identified.
Employees	Due to current market conditions it is difficult to fill vacancies.	If vacancies are not filled then this may impact on the delivery of the programme and result in further underspend against salary budgets.	The service will use consultants and frameworks to maintain delivery of works.
Paint Programme and Electrical Works	Some tenders are greater than originally estimated and additional costs are forecast.	There is a potential overspend of £0.5m for 2019/20.	It is anticipated that this will be offset by underspends in other areas.

d: Capital

Approved Budget	Revised Budget	Expenditure to Date	Forecast Outturn	Outturn Variance
£51.8m	£51.8m	£17.7m	£51.1m	(£0.8m)
P6 2018/19 figures	Budget £47.1m	34% of budget Expenditure £12.1m 26%	99% of revised budget Outturn £36.7m	

Ref	Scheme	Budget	Budget Manager Forecast	Variance based on budget manager forecast	
		£000s	£000s	£000s	%
Housing Revenue Account					
HRA1	Planned Programme - Major Projects	10,631	9,407	(1,224)	-12%
HRA2	New Build and Land Enabling	21,117	21,850	733	3%
HRA3	Building Maintenance and Improvements	20,084	19,823	(262)	-1%
Total Housing Revenue Account		51,832	51,080	(753)	-1%

Key messages:

The HRA has a 30 year business plan and any planned capital works which are delayed, such as those due to the failure of two major contractors late in 2018/19, will still be required to be delivered in later years.

The service successfully mitigated the collapse of a kitchen contractor by arranging a contract with Mispac in order to minimise delay in the planned programme.

In October, Cabinet agreed to the ZedPods development which will provide new homes this financial year utilising the new build budget.