

a: 2019/20 Summary Headlines

| | | | |
|----|-----------------------|-------------------------|-------------------------|
| | Revised Budget | Forecast Outturn | Outturn Variance |
| P8 | £0m | (£2.1m) | (£2.1m) |
| P9 | £0m | (£2.6m) | (£2.6m) |

b: Budget Monitor

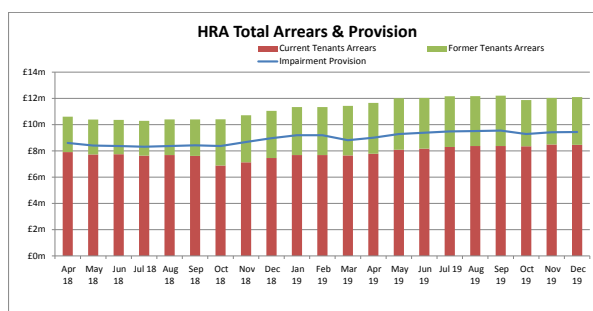
1. Overall Position and Movement

| Forecast Outturn Variance 2019/20 £(2.6)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) | (1.7) | (2.1) | (2.6) | | | |
| | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | | | |

2. Revenue Position – Income and Expenditure

| Revenue Position by Category | 2019/20 | Forecast | Forecast | Forecast Movement |
|---|----------------|--------------|--------------|-------------------|
| | Revised Budget | Outturn P9 | Variance P9 | P8 to P9 |
| | £m | £m | £m | £m |
| Income | (122.7) | (121.5) | 1.2 | 0.1 |
| Repairs and maintenance | 31.7 | 30.3 | (1.4) | 0.2 |
| Supervision and Management | 30.0 | 28.8 | (1.2) | 0.0 |
| Special Services (Rechargeable) | 9.2 | 8.6 | (0.6) | (0.1) |
| 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 | 50.5 | (0.5) | (0.6) |
| (Surplus)/Deficit on HRA | 0.0 | (2.6) | (2.6) | (0.4) |

3. Debt Position



There is a continual focus on reducing the level of bad debt for 2019/20 through to 2020/21. An action plan is in place to reduce overall arrears, prioritising rent payments, improving performance, improving support methods and reviewing our rents policy. Third Party software is to be procured which uses insight to focus action and resource for income recovery where it will have the biggest impact on tackling arrears through 2020/21.

4. Key Messages

- The forecast outturn underspend will be transferred to the HRA reserves at the year-end.
- 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 and the movement in forecast since P7.
- During the final quarter the financing of HRA expenditure will be determined based on updated Right to Buy figures and it is not anticipated that new borrowing of £4.8m that was originally budgeted for 2019/20 will be required this year.

c: Risks and Opportunities

| Risk | Key Causes | Key Consequence | Key Mitigations |
|--|--|--|--|
| Implementation of Universal Credit (UC) | UC continues to be a risk with increased monthly migrations increasing by around 200 | Arrears for this group increasing- increase in claimants over 9 months from 31 March 2019 by 1400 with a £1m increase in UC arrears | New UC Team Leader role Focussed day to day case work Use of Managed Payments All team training on UC management Closer working with DWP and issue log developed |
| 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 retrofit 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 | £49.5m | £29.4m | £49.5m | £0 |
| P9 2018/19 figures | Budget £39.2m | 59% of budget Expenditure £20.7m 53% | 100% of revised budget Outturn £39.2m | |

| Ref | Scheme | Budget | Expenditure to Date | Forecast | Variance | Expenditure to date | Forecast |
|--------------------------------------|---------------------------------------|---------------|---------------------|---------------|----------|---------------------|-------------|
| Housing Revenue Account | | | | | | | |
| HRA1 | Planned Programme - Major Projects | 9,558 | 5,418 | 9,558 | 0 | 57% | 100% |
| HRA2 | New Build and Land Enabling | 22,164 | 13,676 | 22,164 | 0 | 62% | 100% |
| HRA3 | Building Maintenance and Improvements | 17,762 | 10,331 | 17,762 | 0 | 58% | 100% |
| Total Housing Revenue Account | | 49,484 | 29,425 | 49,484 | 0 | 59% | 100% |

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 new contract in order to minimise delay in the planned programme.

Following the termination of the Void North Contract with Jeff Way Group, we have now secured the services of CLC Group who are due to mobilise a new contract from early 2020.