

Arun District Council

REPORT TO:	Housing and Wellbeing Committee – 12 September 2023
SUBJECT:	Budget Monitoring Report to 30 June 2023
LEAD OFFICER:	Antony Baden – Group Head of Finance & Section 151 Officer
LEAD MEMBER:	Councillor Carol Birch, Chair of the Housing and Wellbeing Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's budget supports all the Council's Objectives.	
DIRECTORATE POLICY CONTEXT: Budget monitoring and forecasting are key in ensuring sound financial control and control of spending is in place. It is also a major part in ensuring sound governance arrangements.	
FINANCIAL SUMMARY: The report shows the Committee's Revenue budget, Housing Revenue Account and Capital programme forecast out turn position for 2023/24 as at the end of Quarter 1.	

1. PURPOSE OF REPORT

1.1. The purpose of this report is to apprise the Housing and Wellbeing Committee of its forecast out turn against the 2023/24 budgets, which were approved by Full Council at its meeting of the 9 March 2023.

2. RECOMMENDATIONS

1.2. To note the report.

2. EXECUTIVE SUMMARY

2.1. The report sets out in further detail the Committee's Revenue, Housing Revenue Account (HRA) and Capital programme budget performance projections to the 31 March 2024.

3. DETAIL

Revenue Budget

3.1. Table 1 below shows the 2023/24 revenue out turn forecast as at Quarter 1 and anticipates an underspend of £400,000. The variances are explained in paragraphs 4.2 to 4.5 below.

Table 1

			Table 1
Description	Budget 2023/24 £'000	Forecast £'000	Variance £'000
Homelessness	2,474	2,510	36
Temporary Accommodation	(32)	(32)	0
Arun Lifeline	(7)	(7)	0
Laburnum Day	49	49	0
Day Centres	78	78	0
Housing Strategy, Advice & Enabling	39	21	(18)
Community Development	234	194	(40)
Children's/Adult	57	57	0
Safety Services	716	716	0
Health & Equalities	45	45	0
Arun Leisure Centre	201	201	0
Fred Lyons Pool	112	112	0
Littlehampton	284	284	0
Leisure Management	(488)	(866)	(378)
Windmill Theatre	21	21	0
Concessionary	11	11	0
Council Tax	817	817	0
Council Tax Benefit	362	362	0
Business Rate	206	206	0
Housing Benefit	785	785	0
Rent Allowances	440	440	0
Rent Rebates	171	171	0
Housing & Wellbeing - Total	6,575	6,175	(400)

3.2. **Leisure Management** - A budget for £580,000 was provided in the 2023-24 budget to provide further financial support to Freedom Leisure and help them manage the financial pressures arising because of the global energy crisis. As reported to this

Committee on the 20 June 2023, Freedom Leisure have since negotiated new contracts, which have improved their financial position and following a review, the level of financial support has been set at £202,000, which is £378,000 less than the budget.

3.3. **Homelessness** - The overspend of £36,000 is due to the storage costs of clients' furniture. The department tries to recover these costs but cannot always do so.

3.4. **Housing Strategy, Advice and Enabling** - An underspend of £18,000 is forecast due to a saving on a vacant post.

3.5. **Community Development** - The £40,000 variance is due to a timing difference between when the budget was set and beginning of the financial year.

Capital Programme

3.6. Table 2 below details the 2023/24 forecast capital programme forecast out turn as at Quarter 1 and anticipates that spend will be in line with budget.

Table 2

Budget Monitoring 2023/24 - Capital Programme							June 2023 (Quarter 1 2023/24)		
Housing and Wellbeing Committee									
Project	Original Capital Budget (Approved) 2023/24	Carry Forwards from 2022/23	Reprofiled	Revised Capital Budget (Approved) 2023/24	Forecast Outturn for the Year (2023/24)	Variance (Forecast Outturn vs Revised Budget)	Capital Budget 2024/25	Capital Budget 2025/26	Capital Budget 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ALC Wet Change	0	578		578	578	0	0	0	0
Housing Improvements and Stock Development	2,931	7,821	(6,671)	4,081	4,081	0	9,585	2,903	2,776
Decarbonisation (match funding)	3,000	0		3,000	3,000	0	0	0	0
Civica Implementation	467	60	(107)	420	420	(0)	160	0	0
Sheltered Accommodation	2,600	0		2,600	2,600	0	2,000	1,400	0
Housing and Wellbeing (HRA) - Total	8,998	8,459	(6,778)	10,678	10,678	0	11,745	4,303	2,776

3.7. The total capital budget for 2023/24 is £10,678,000, which includes slippage from the previous year of £8,459,000 and expenditure reprofiling of £6,778,000 into future financial years. Members will note that this has not resulted in additional expenditure but reflects the likely timing of future costs.

3.8. The Warwick Nurseries & Boweries scheme was approved at Full Council on the 19 July 2023 after the Quarter 1 period and will be included in the Quarter 2 forecast report.

Housing Revenue Account (HRA)

3.9. The forecast outturn position for the HRA is summarized in Table 3 below and indicates a deficit of £519,000 in 2023/24 against a budgeted deficit of £340,000. This would result in an overspend of £179,000.

Table 3

Housing Revenue Account - Budget Summary			
	Budget	Forecast	Variance
	23/24	23/24	23/24
	£'000	£'000	£'000
Supervision & Management	5,865	6,044	179
Repairs & Maintenance	5,956	5,956	0
Rents, rates, taxes & other charges	186	186	0
Depreciation	5,808	5,808	0
Loan Charges	1,952	1,952	0
Total Expenditure	19,767	19,946	179
Gross Dwelling Rents (current stock)	18,345	18,345	0
Gross Non-Dwelling Rents (current stock)	479	479	0
Voids	(272)	(272)	0
Write-Offs	(96)	(96)	0
Other Income	764	764	0
Interest on Balance	207	207	0
Total Income	19,427	19,427	0
(Surplus)/Deficit	340	519	179
Gain or Loss on sale of HRA Non current assets	0	0	0
Net HRA (Surplus)/Deficit	340	519	179
Major repairs reserve			
Financing of capital spend	2,931	2,931	0
Provision for debt repayment (HRA Stock)	1,454	1,454	0
Provision for debt repayment (HRA Leases)	89	89	0
Total expenditure	4,473	4,473	0
Depreciation for year (credit)	5,808	5,808	0
Total income	5,808	5,808	0
(Surplus)/Deficit	(1,335)	(1,335)	0
Balance Brought Forward	(3,884)	(3,884)	0
Major repairs reserves Balance Carried Forward	(5,219)	(5,219)	0
HRA Reserve			
HRA Reserve - Balance Brought Forward	(1,523)	(1,523)	0
Net HRA (Surplus)/Deficit	340	519	179
HRA Reserve - Balance Carried Forward	(1,183)	(1,004)	179
In year (Surplus) / Deficit on HRA	(995)	(816)	179

3.10. The forecast overspends of £179,000 are against the Supervision & Management budget, including Agency staff costs (£96,000), Compensation costs (£50,000), Sheltered accommodation bed bug treatment (£20,000), Subscriptions (£8,000) and Insurances (£5,000). Work is ongoing between Finance and Housing to review these costs and identify opportunities for savings.

3.11. Following the previous update on the HRA business plan, Finance and Housing have been reviewing the HRA's financial performance. This has included a review of the capital policy and an on-going review of the depreciation policy. Work is continuing and may result in positive changes to the forecast.

3.12. Finance and Housing are also working together to identify savings and income through a review of resources, new procurement systems and reducing agency costs.

4. CONSULTATION

4.1. Consultation with other stakeholders is not required for this report.

5. OPTIONS/ALTERNATIVES CONSIDERED

5.1. Not applicable.

6. COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER

6.1. There are no additional financial implications arising from the matters set out in this report. Committee will note that the Group Head of Finance & Section 151 Officer will work throughout the financial year with other Group Heads to mitigate any overspends that have been highlighted in the report and to maximise potential income generation opportunities/cost avoidance efficiencies.

7. RISK ASSESSMENT CONSIDERATIONS

7.1. Regular budget monitoring and forecasting mitigates against the risk of poor financial control and ensures that Members are informed when corrective action is required and what action has been taken.

7.2. Responsive repair costs are overspent for the quarter. Measures are being implemented to mitigate these costs. These include the establishment of a Dynamic Purchasing System, which supports value for money and an increase in capital roofing work, which reduces responsive repair requests. There remains the risk that costs will continue to be higher than budgeted.

7.3. The capital spend on roofing supports the Council's efforts to reduce responsive repair costs. Whilst this reduces our Major Repairs Reserve balance, Finance and Housing are exploring ways of smoothing the financial impact.

7.4. Finance and Housing continue to monitor all costs and risks and will take further action as required. An updated position will be reported to Committee in the Quarter 2 monitoring report.

8. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

8.1. None.

9. HUMAN RESOURCES IMPACT

9.1. None.

10. HEALTH & SAFETY IMPACT

10.1. None.

11. PROPERTY & ESTATES IMPACT

11.1. None.

12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

12.1. None.

13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

13.1. None.

14. CRIME AND DISORDER REDUCTION IMPACT

14.1. None.

15. HUMAN RIGHTS IMPACT

15.1. None.

16. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

16.1. None.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

Budget Book 2023/24

Minute 779, Full Council 9 March 2023 – Arun District Council budget 2023/24.