

**REPORT TO:** PEOPLE SCRUTINY COMMITTEE  
**Date of Meeting:** 6 June 2019  
**Report of:** Chief Finance Officer  
**Title:** 2018/19 Budget Monitoring Report – Outturn

**Is this a Key Decision?**

No

**Is this an Executive or Council Function?**

Executive

**1. What is the report about?**

This report advises Members of any material differences, by management unit, between the 2018/19 approved budget and the outturn for the financial year up to 31 March 2019 in respect of People Scrutiny Committee.

An outturn update in respect of the People Capital Programme is also incorporated into this report in order to help provide a comprehensive financial update in respect of the People Scrutiny Committee Budgets.

**2. Recommendations:**

**That Members of People Scrutiny Committee note the content of this report in order to be satisfied that prudent steps have been taken during the year to address any areas with significant variances, as highlighted in this report, and note the actual cost of delivering services for this Committee in the 2018/19 financial year.**

**3. Reasons for the recommendation:**

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of People Services and this is the final report for 2018/19.

**4. What are the equality and diversity impacts of this decision?**

As this report does not call for a decision, an Equality Impact Assessment is not required.

**5. What are the resource implications including non financial resources**

The financial resources required to deliver People Services during 2018/19 are set out in the body of this report.

**6. Section 151 Officer comments:**

Whilst there has been an overspend in respect of the People Committee, this is due to a change in accounting requirements rather than the performance of Services. Therefore no action is required from the Committee. Overall Services across the Council have underspent by £2.149 million, although much of this is in respect of two items – the successful RAMM Business Rates appeal, which is now being challenged by the Valuation Office and the transfer of the Valley Parks to Devon Wildlife Trust, which completed in May. Taking into account all other income and expenditure, the transfer from the working balance is £1.708 million lower than budget, leaving the working balance at £4.395 million.

**7. What are the legal aspects?**

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

**8. Monitoring Officer's comments:**

This report raises no issues for the Monitoring Officer.

**9. Report Details:**

**Revenue Final Accounts to 31 March 2019**

9.1 The 2018/19 Code of Practice on Local Authority Accounting has introduced a new method of calculating bad debt provision, which are now classified as loss allowances. The purpose of the change is to ensure that prudent provision is made for possible future losses because the debtor could default on payment. Across council services, the impact of the change is broadly cost neutral, however the loss allowance relating to commercial properties has reduced by £138k, for housing properties has reduced by £46k and for the recovery of overpaid housing benefits has increased by £177k. The impact of these changes are shown against each of the services, however it does not reflect a change in the performance of debt recovery, just an estimate of credit risk.

**9.2 Key Variations from Budget**

The final outturn has been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets.

The total variance for the year shows a deficit of £52,858 after transfers from reserves, as detailed in Appendix 1. This represents a variation of 1.5% from the revised budget.

9.3 The significant variations (greater than +/- £30k) by management unit are:

<b>Budget Heading</b>	<b>Forecast Outturn Budget Variance at Quarter 3  (Under)/Overspend £</b>	<b>Actual Budget Variance  (Under)/Overspend £</b>
<b>Forecast Budget Variances by Management Unit:</b>		
<b>Housing Needs</b>	(72,500)	(72,049)

<p>Responsible Officer: Interim System Lead, Housing Needs</p> <p>The underspend on pay reflects the lead-in time for fully recruiting to the new Housing Needs structure approved by Executive in February 2018. Recruitment proved a significant challenge primarily due to it coinciding with the implementation of the Homelessness Reduction Act. This meant the team was very busy preparing beforehand and in the aftermath of the Act going live in April 2018 which also triggered a strong market demand for experienced housing needs staff which impacted on recruitment across the country including the South West area. The service is now at 95% of the structure with just two remaining posts under recruitment this month. Therefore, this underspend represents a one-off in-year saving to the General Fund.</p>		
<b>Private Sector Housing</b>	(21,500)	(37,188)
<p>Responsible Officer: Environmental Health and Licensing Manager</p> <p>The underspend reflects the capitalisation of officer time in respect of Disabled Facility Grants and Warm Up Exeter, which can be met from the Better Care Fund in accordance with proper accounting practice.</p>		
<b>General Fund Housing - Property</b>	0	41,658
<p>Responsible Officer: Service Lead Housing Assets</p> <p>The Housing Needs team have recently reassessed and re-banded a large number of households in Private Sector Leased (PSL) properties in order to create some move-on out of temporary accommodation. This provided an opportunity to handback some PSL properties with financially onerous lease agreements, which has led to a rise in handback costs in the last three months alongside a reduction in rental income. Although this represents an in-year overspend, it will achieve future revenue savings due to ending leases with favourable terms to the landlord.</p>		
<b>Revenues, Benefits &amp; Customer Access</b>	0	129,388
<p>Responsible Officer: System Lead Revenues, Benefits &amp; Customer Access</p> <p>As described above in 9.1 due to a new method of calculating the bad debt provision the loss allowance relating to the recovery of overpaid housing benefits has increased by £177k, across the council the impact of this change is broadly cost neutral.</p> <p>Before accounting for this movement the service made an overall saving of £47k:</p> <ul style="list-style-type: none"> <li>• £9k of this was due to savings in pay while vacancies were being filled</li> <li>• £38k was due to variances against the housing benefits budgets, this represents a variance of 0.1% against the £35m budget.</li> </ul>		

## 10. Capital Budget Monitoring – Outturn

To advise members of the financial performance in respect of the 2018/19 People Capital Programme.

## 10.1 Revisions to the People Capital Programme

The 2018/19 Capital Programme was last reported to Corporate Services Scrutiny Committee on 28 March 2019. Since that meeting the following changes have been made to the programme.

Description	£	Approval/Funding
<b>Capital Programme, as reported to Corporate Services Scrutiny Committee, 28 March 2019</b>	<b>1,275,260</b>	
Budget Deferred to 2019/20 & Beyond at Quarter 3	(594,000)	Approved by Council 16 April 2019
<b>Revised Capital Programme</b>	<b>681,260</b>	

## 10.2 Performance

The People Capital Programme is detailed in Appendix 2. The appendix shows a total spend of £470,294 in 2018/19 with £120,454 of the programme deferred until 2019/20.

## 10.3 Capital Variances from Budget

No issues concerning expenditure have arisen since 31 December.

## 10.4 Capital Budgets Deferred to 2019/20

Schemes which have been identified as being wholly or partly deferred to 2019/20 and beyond are:

Scheme	18/19 Budget £	Budget to be Deferred £	Reason
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Disabled Facility Grants	401,180	86,942	A variety of awareness activities have taken place, including articles in the Citizen to increase accessibility to these grants. Work has also been undertaken to reduce end to end time with respect to stair lift applications and to remove barriers to people having such adaptations made. A communications plan has been drafted to increase awareness further and it is anticipated that grant take up will be higher in 2019/20.
Temporary Accommodation Purchase	108,670	89,203	Final refurbishment works will take place in 2019/20.

**11. How does the decision contribute to the Council's Corporate Plan?**

People Services contribute to three key priorities, as set out in the Corporate Plan: providing value-for-money services, leading a well-run council and building great neighbourhoods.

**12. What risks are there and how can they be reduced?**

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

**13. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

The revenue service costs reported to this Committee help support the provision of temporary accommodation, housing advice, licensing of houses of multiple occupation, new affordable housing within the City and the administration of housing benefits. All these services have a positive impact on the health and wellbeing of residents, in particular those in housing need.

In terms of capital expenditure, the 2018/19 capital programme helps facilitate disabled adaptations and provide loans to return properties to a habitable standard. The capital schemes have a positive impact of the health and wellbeing of residents.

**14. Are there any other options?**

No

**DAVE HODGSON**  
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**Local Government (Access to Information) Act 1972 (as amended)**

**Background papers used in compiling this report:**

None

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