



Haringey Council

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| Report for: | Environment and Housing Scrutiny Panel, 26 th September 2013 | Item Number: | |
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| Title: | Budget Report |
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| Report Authorised by: | Lyn Garner Director of Place and Sustainability Mun Thong Phung Director of Adults and Housing |
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| Ward(s) affected: All | Report for Key/Non Key Decisions: |
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1 Describe the issue under consideration

1.1 The Environment and Housing Scrutiny Panel have requested information on the following items:

- Budget Monitoring report on service areas covered by E&HSP;
- Update on the recommendations of Budget Scrutiny;
- Directorate update on progress in achieving savings in the last MTFP.

The following report provides an update on these items.

2 Recommendations

2.1 That the Environment and Housing Scrutiny Panel note the contents of this report.

3 Other options considered

3.1 N/A

4 Background information

4.1 The terms of reference for the Environment and Housing panel define its areas of interest as

- Recycling and waste management
- Highways
- Sustainable transport
- Parking
- Parks and Open spaces
- Planning & Licensing
- Enforcement
- Strategic housing policy, social housing, housing allocations

4.2 The Panel contributes to the Council's financial planning and management by scrutinising budget proposals and financial performance and making recommendations.

4.3 The panel met as part of the Medium Term Financial Planning process for 2013-16 and made a number of recommendations. The response and subsequent action are outlined below.

4.4 Financial performance including any forecast variation against agreed budgets is monitored regularly by Council officers and reported quarterly to Cabinet. The most recent such report was made based on the position at the end of period four (July) and reported to Cabinet at the meeting of the 10th September.

5 Revenue Budget Monitoring Position

5.1 The relevant paragraphs of the Cabinet report relating to services within the Panel's Terms of Reference are quoted below:

Community Housing Services (paragraphs 5.3 to 5.9)

A pressure of £2.7m has been highlighted within the community housing service, relating to temporary accommodation costs.

A number of changes were introduced by the Welfare Reform Act 2012 that have had an impact on the Temporary Accommodation budget.

Although the most significant of these was the introduction of the Benefit Cap in April 2013, the extension of the Shared Room Rate to include claimants aged 26-35 and the lowering of the Local Housing Allowance (LHA) to the 30 percentile (together with limitations placed on the up rating of LHA rates) have also reduced the financial support for housing costs.

There is evidence of an increase in homelessness across London and increasing pressure on the market for temporary accommodation.

Adults self contained accommodation (Annexes) are showing a projected overspend of £2.6m. The number of households in nightly-purchased Annexes is increasing as the

availability of other types of temporary accommodation reduces. As London boroughs compete with one another for the same limited supply, there has been sustained upward pressure on the prices paid for Annexes, resulting in a price increase of 16% per annum over the last six months. There has been a 34% rise in prices since January 2011, when prices were fixed with Haringey's suppliers at LHA rates.

Private Sector Leases (PSL) are also projecting a £100k overspend; as leases expire in 2013/14 these leases are increasing by an average of 10%.

A management action plan is being developed to address the budget gap.

Place and Sustainability (paragraphs 5.13 to 5.15)

Operations and Community Safety is reporting a £288k overspend which incorporates a Traffic Management underspend due to increased fees income which is offsetting overspends in Leisure due to slippage in the granting of a long term lease for the White Hart Lane Community Sports Centre (which is dealt with in the corresponding Communities Scrutiny Report)

There is currently an overspend on the staffing costs of the Tottenham Team of £300k within the Directorate which is being offset by an underspend within Strategy and Regeneration of £100k. Plans for future funding of the Tottenham Team will be developed, which should reduce the overall overspend being reported by the year end.

There is a forecast overspend in Planning of £292k which includes a shortfall against Building Control income targets and additional casework support largely within Planning. Work is ongoing to determine whether the budget pressure within Planning is a short-term issue or will replicate in later years.

5.2 The relevant paragraphs concerning the Housing Revenue Account are reproduced below:

The forecast outturn position on the HRA is an overall £600k overspend as set out below.

Company Account

The Company Account is showing a forecast overspend of £90k and the main variances are as follows.

There is a £90k forecast overspend in Property Services which mostly relates to the repairs contract. This budget overspent significantly last year but action was taken to address this. The full year effect of changes to operatives pay and other management action have reduced costs significantly. A new Repairs Service Improvement plan is now being put into place to reduce this overspend. A lower income figure is however expected to be generated from work carried out on the Council's Private Sector Leasing properties and Hostels.

The Repairs Service overspend is mitigated to some extent by additional income expected to be generated in New Business fees and reduced expenditure on disrepair and compensation costs.

Housing Management is forecasting a £126k overspend. The service has been restructured and this has resulted in £1.5m savings this year. This overspend reflects the transitional phase.

It is estimated that the entire contingency budget for the company will not be required, resulting in an £124k underspend.

Managed Account

The managed account is showing a forecast over-spend of £468k.

The variance mainly consists of an overachievement of miscellaneous income of £122k and the bad debt provision shows a projected overspend of £539k. This provision is being reviewed on a monthly basis and normally improves as the year progresses. However there are known issues arising from Welfare Reform that may mean this normal recovery does not happen so the forecast has been made on a prudent basis.

Other minor variances account for the remainder of the forecast.

Retained Account

The current forecast for the retained account is an overspend of £18k. There are strong pressures on the Community Alarms budget that is showing an overspend of £97k while sheltered housing is showing a projected underspend of £79k.

6 Capital Programme Monitoring

The relevant paragraphs from the Cabinet report are reproduced below:

The developing delivery programme for Tottenham regeneration is unlikely to require support from the Council's capital resources until 14/15, so a virement is proposed to re-profile £4m of budgetary provision into the following financial year.

The Place and Sustainability Directorate has reported a potential capital overspend of £500k on the Lordship Recreation Ground scheme. The final account is currently being determined with the contractor.

At present the 2013/14 Decent Homes programme is projected to achieve full spend however, the majority of the spend is due to occur in the last quarter of the financial year and there is, therefore, a risk of slippage which we are working closely with the contractors to manage.

7 Update on the Recommendations of Scrutiny

7.1 The Environment and Housing Panel made three recommendations. There are no issues to report concerning their implementation. Comments on each are presented below:

8 Update on Progress in Making Savings

8.1 There are no issues to report concerning progress in making savings. All savings continue to be monitored as part of the ongoing budget monitoring process.

9. Comments of the Chief Financial Officer and Financial Implications

9.1 This report is largely based on information presented by Corporate Finance and the Chief Financial Officer's comments are included throughout.

10. Head of Legal Services and Legal Implications

10.1 Not applicable:

11. Equalities and Community Cohesion Comments

11.1 Equalities issues are a core part of the Council's financial and business planning process.

12. Head of Procurement Comments

12.1 Not applicable.

13. Policy Implications

13.1 There are no specific legal implications in this report

14. Use of Appendices

14.1 The latest budget monitoring report to the Cabinet is included as an appendix.

14.2 A table showing progress against the Panel's budget recommendations is provided as appendix 2.

15. Local Government (Access to Information) Act 1985

ENVIRONMENT AND HOUSING SCRUTINY PANEL RECOMMENDATIONS:

| | ENVIRONMENT AND HOUSING SCRUTINY PANEL RECOMMENDATIONS: | | |
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| | Recommendation | Cabinet Response | Update |
| 1 | <p>a) The allotments service should be revenue neutral and any increase should only be considered with the full consultation and involvement of all relevant stakeholders. (P6)</p> <p>b) Any future revenue surplus made within the allotment service should be ring fenced and reinvested in allotments.</p> | <p>It is not possible to make a saving from this area whilst maintaining the existing revenue neutral position. The Council will seek to engage and involve relevant stakeholders on developing and implementing the related changes.</p> <p>The Directorate will explore the scope to use some of the surplus to support reinvestment in allotments site infrastructure renewal.</p> | <p>The Allotments Forum is consulted on any proposed changes to allotment management.</p> <p>The proposed saving in the 2013/14 MTFP to increase allotment charges was withdrawn. The allotment service is not generating a revenue surplus and hence is not currently in a position to support infrastructure renewal.</p> <p>A capital bid that covers all Parks and Open space infrastructure maintenance is currently being developed for 2014/15 onwards. This will include the infrastructure requirements on Allotments.</p> |
| 2 | <p>a) Consideration should be given to whether enough is charged for the set up and break down of events at Finsbury</p> | <p>The Council already seeks to obtain the maximum possible fee from holding events in Finsbury Park and will continue to do so - the</p> | <p>A report is due to go to Cabinet in December on the Finsbury Park Outdoor</p> |

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| | <p>Park, based on comparators.</p> <p>Any increase in revenue should be from an increase in the cost of holding events at Finsbury Park and not an increase in the number of events held. (P8)</p> | <p>'market' for Concerts is very competitive and this has been increased by the availability of the Olympic Park for concerts and events.</p> | <p>Events Policy.</p> <p>The report will cover benchmarking of charging policies and will recommend changes to the charging policy to ensure the income from each event is maximised. The report will include recommendations on the number of events to be held each year in the Park.</p> |
| 3 | <p>That there be an increase in the number of well designed loft conversions to help to alleviate housing pressures in the borough. (Capital programme 56)</p> | <p>It would be attractive to consider doing more of this if possible, but the Council needs to take into account the impact of Welfare Reform. If the number of bedrooms is increased the rent would need to go up which may have benefit cap implications for larger families. Also the "bedroom tax" – a penalty for under occupying council housing will restrict the number of suitable properties. In particular it will mean that it would not be appropriate to undertake this kind of work on a whole block or row of houses at a time since this might mean that some families amongst the row could be disadvantaged or the properties could be harder to find tenants for.</p> | <p>The considerations outlined in the original response still apply.</p> |