



**GREAT YARMOUTH**  
BOROUGH COUNCIL

# Cabinet

**Date:** Wednesday, 10 February 2016  
**Time:** 18:30  
**Venue:** Supper Room  
**Address:** Town Hall, Hall Plain, Great Yarmouth, NR30 2QF

## AGENDA

Open to Public and Press

### 1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

### 2 DECLARATIONS OF INTEREST

You have a Disclosable Pecuniary Interest in a matter to be discussed if it relates to something on your Register of Interests form. You must declare the interest and leave the room while the matter is dealt with.

You have a Personal Interest in a matter to be discussed if it affects

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

You must declare a personal interest but can speak and vote on the matter.

Whenever you declare an interest you must say why the interest arises, so that it can be included in the minutes.

<b>3</b>	<b><u>MINUTES</u></b>	<b>3 - 8</b>
	To confirm the public Minutes of meeting held 9 Dec 2015	
<b>4</b>	<b><u>2016/17 BUDGET REPORT</u></b>	
	To Follow	
<b>5</b>	<b><u>HRA BUDGET REPORTS</u></b>	
<b>a</b>	<b><u>HRA CAPITAL BUDGET REPORT</u></b>	<b>9 - 20</b>
	Report Attached	
<b>b</b>	<b><u>HRA REVENUE BUDGET REPORT</u></b>	<b>21 - 42</b>
	Report Attached	
<b>6</b>	<b><u>TREASURY MANAGEMENT STRATEGY</u></b>	
	To Follow	
<b>7</b>	<b><u>BUDGET MONITORING PERIOD 9</u></b>	<b>43 - 56</b>
	Report Attached	
<b>8</b>	<b><u>ANY OTHER BUSINESS</u></b>	
	To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration.	

# Cabinet

## Minutes

Wednesday, 09 December 2015 at 18:30

Present :

Councillor Plant (In the Chair), Councillors Carpenter, B Coleman, Hanton, Smith and Thirtle.

Councillors T Wainwright, Walker, Williamson and Reynolds attended as observers.

Mrs S Oxtoby (Interim Chief Executive Officer), Ms K Sly ( Section 151 Officer), Mrs J Beck (Director of Customer Services), Mr R Read (Director of Housing and Neighbourhoods), Mrs K Watts (Transformation Programme Manager), Mr D Glason (Group Manager - Growth), Mr R Hodds (Cabinet Secretary), Mr A Dyson (Group Manager - Property and Construction) and Mr D Wiles (Communications Officer)

### **1 DECLARATIONS OF INTEREST**

Councillors B Coleman and Plant declared a Personal Interest in the item relating to Arts, Culture and Heritage Investment but were allowed to speak and vote on the item.

Councillors Williamson and B Coleman declared a Personal Interest in the item relating to the St Georges Theatre Trust in their capacity as Members of SeaChange Arts but were allowed to speak and vote on the item.

### **2 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **3 MINUTES**

The minutes of the meeting held on the 11th November 2015 were confirmed.

### **4 LOCAL PLAN - CORE STRATEGY ADOPTION**

Cabinet considered the Group Manager (Growth's) report in respect of the Local Plan - Core Strategy Adoption.

The Group Manager (Growth) reported that Core Strategy is the first document of the new Local Plan which sets out the overarching Development Strategy and Core Planning Policies for the Borough to 2030. It also allocates two key strategic sites,

one in the heart of Great Yarmouth on the riverside and one at land south of Bradwell. The Local Core Plan Strategy has been published for several rounds of Consultation with the Public and Statutory Consultees which have informed the content of the Plan. The Council had submitted the Local Plan Core Strategy to the Secretary of State in April 2014 for an examination in public. A number of changes called the main modifications were recommended by the Inspector following the hearing sessions and were published with public consultation from the 11th May to 23rd June 2015. On the 30th November 2015 the Council received the Planning Inspector's final report on the Local Plan Core Strategy.

RESOLVED :-

(1) That Council be recommended to note Appendix 1, the Conclusions of the Planning Inspector's final report and accept all the recommendations as detailed in Appendix 1.

(2) That Council be recommended to adopt the Local Plan Core Strategy (Appendix 2) which incorporates all the "main modifications" as recommended by the Planning Inspector and all the "additional (minor) modifications" (listed in Appendix 3) and, further delegates to Officers prior to the publication of the Local Plan Core Strategy, the correction of any further grammatical errors together with any improvements from a presentational perspective.

## **5 NORTHERN PARISH TOILET REVIEW**

Cabinet considered the Director of Customer Services report which identified and outlined the potential savings in delivering a hybrid service throughout the Northern Parish Public Toilet and North Drive for the 2016/17 season. The Cabinet Secretary advised Cabinet that this matter would be subject to the Call In Procedure.

RESOLVED :

That approval be given to the management solutions for the operation of the Northern Parish Toilets and North Drive for the 2016/17 financial year as detailed in the Director of Customer Service's report.

## **6 ARTS, CULTURE AND HERITAGE INVESTMENT 2015-16**

Cabinet considered the Director of Housing and Neighbourhood's report which asked Members to consider the current investment in Arts, Culture and Heritage and also recommended approval of a further one year's grant to St Georges Theatre for 2016/17.

The Director of Housing and Neighbourhoods reported that the St Georges Theatre Trust was requesting a grant from the Council of £40,000 for a further year. The Arts Council for England had expressed an interest in match funding Council investment in the Theatre through a bid in Grants for the Arts Programme and a commitment from the Borough Council would enable a discussion about the level and type of support that they are able to provide. The Arts Council expertise would help to support St George's in developing into a more sustainable business model.

Cabinet also discussed the Council's representation on the St George's Theatre Trust which was currently restricted to one Member appointment. Cabinet discussed the possibility of the Trust increasing the number of representatives allowed to sit on the

Trust from the Borough Council. Members were advised that this would be a matter for the Trust to determine themselves.

RESOLVED :

(1) That the current investment profile for Arts, Culture and Heritage within the Council's Budget as detailed in the Director of Housing and Neighbourhoods report be noted.

(2) That Council be recommended to agree to a further year's grant of £40,000 for the St Georges Theatre Trust to support the development of a Business Plan and that this be included in the Council's Budget for 2016/17, and that £32,000 of the funding to be drawn from the savings on Northern Parish Public Toilets with a further £8000 of saving being sought from within the Service, subject to the following conditions :-

- A bid to Arts Council England is submitted but the Business Plan must ensure that the Theatre Trust can financially break even by 2017/18 at the latest and no further funding is required from the Council, and the Arts Council must not compromise this aim with conditions associated with the type of "offer" the venue can provide.
- That the Board of Trustees secures external support in reviewing their own effectiveness and ensuring they have the right mix of skills and experience moving forward.
- That the Board of Trustees explore all possible avenues to secure future funding including more commercial uses for the assets (e.g. through franchises or similar).

## **7 COUNCIL TAX - TAX BASE**

Cabinet considered the Revenues Manager's report with regard to the Council Tax - Tax Base.

Members were advised that the Council Tax Base is a technical calculation that has to be formally set each year and is the first stage of the Council Tax setting process that will be finalised once the budget has been agreed. The report asked Cabinet to approve the calculation of the 2016/17 Tax Base totalling £26,722. This is the total number of Domestic Properties in the Borough using Band D as the average property band.

The Cabinet Secretary advised Members that this matter would be subject to the Call In Procedure.

RESOLVED :

That the estimated Tax Bases for the Borough and for each Parish as detailed in the Revenue Managers report be approved.

## **8 APPOINTMENT OF MAYOR FOR THE MUNICIPAL YEAR 2016-17**

Cabinet was asked to recommend to Council that Councillor Malcolm Bird be appointed as Mayor of the Borough of Great Yarmouth for the Municipal Year 2016/17.

RESOLVED :

That Council be recommended to approve that Councillor Malcolm Bird be appointed as Mayor of the Borough of Great Yarmouth for the Municipal Year 2016/17.

## **9 GREAT YARMOUTH TRANSPORT STEERING GROUP**

Cabinet was asked to consider the report from the County Council's Director of Community and Environmental Services with regard to the proposed new Constitution and Terms of Reference for the Great Yarmouth Transport Steering Group (formally the Car Parking Strategy Steering Group). The Cabinet Secretary advised Members that this matter would be subject to the Call In Procedure. Members were also advised that appointments to the Steering Group would be a matter for Council to determine.

RESOLVED :

That the Constitution and Terms of Reference for the Great Yarmouth Transport Steering Group (formally the Car Parking Strategy Steering Group) be agreed, as detailed in the County Council's Director of Community and Environmental Services report.

## **10 CAR PARK AT BEACONSFIELD ROAD GREAT YARMOUTH**

Cabinet was reminded that at its meeting on the 12th August 2015 Members had considered and approved a reference from the Car Parking Strategy Steering Group to agree in principle to Norse taking over part of the Beaconsfield Road car park. At the meeting in August the representative from GYB Services had reported in detail on the proposal of GYB services to utilise part of the Beaconsfield Road car park and on the issue of the surfacing that would be used at this location.

Members expressed their concern that it had been understood that GYB Services would be undertaking a consultation with local residents in this area prior to any work commencing on site. It was understood that GYB Services had not carried out the consultation separately but Members were advised that a pre planning application consultation could be carried out on this matter. The Director of Customer Services also confirmed that the area to be used by GYB Services was that as detailed at the meeting on the 12th August.

## **11 EXCLUSION OF PUBLIC**

RESOLVED :

That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 1 of Part I of Schedule 12(A) of the said Act.

## **12 PROPOSAL FOR DEVELOPMENT OF A 31,000 SQUARE FOOT OFFICE ON SITE 4 BEACON PARK**

There is a confidential Minute on this item.

## **SITE 4 BEACON PARK**

The meeting ended at: 20:00





**Subject: HOUSING MAJOR WORKS CAPITAL PROGRAMME:  
BUDGET ESTIMATES (2016-2017 to 2020-2021)**

<b>Report to:</b>	<b>EMT</b>	<b>13<sup>th</sup> January 2016</b>
	<b>Community Housing Board</b>	<b>25<sup>th</sup> January 2016</b>
	<b>Cabinet</b>	<b>10<sup>th</sup> February 2016</b>
	<b>Council</b>	<b>24<sup>th</sup> February 2016</b>

**Report by: Robert Read, Director of Housing & Neighbourhoods**

**Subject matter and recommendations:**

This report provides estimates in respect of the Housing Revenue Account (HRA) Major Works Capital Programme 2016-2017 to 2020-2021.

**Recommendations:**

Cabinet is asked to recommend:

- The proposed Housing Major Works Capital Programme budget and programme for 2016- 2017 and the provisional programme for 2017-2018 to 2020-2021.
- The revised forecast programme for 2015-2016.

## **1.1. Background**

- 1.2. Local authorities' housing capital expenditure programmes cover both Housing Revenue Account (HRA) related expenditure (which is largely stock related) and non HRA (support for private sector housing) expenditure. The focus is mainly in relation to the authority's own stock but the programme should reflect the specific needs and priorities of the area as set out in the housing strategy.
- 1.3. The size of an authority's housing capital expenditure programme is a matter for it to determine in the light of its assessment of the resources available to finance capital expenditure for the authority as a whole and the proportion of that which is to be spent on housing.
- 1.4. The local government capital finance system, introduced in Part 1 of the Local Government Act 2003 together with the various regulations made under that Part, applies to all local authority capital expenditure with no specific reference to housing. There is no ring fence arrangement applicable to capital but the GYCH capital programme as it relates to the HRA is separately monitored. The rules governing the way in which the revenue consequences of capital expenditure and capital receipts relating to HRA property are recorded in the HRA build on these rules and are set out in the 'Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2012'.

## **2.1. Housing Major Works Capital Programme (HMWCP)**

- 2.2. The HMWCP is subject to ongoing review and continues to be refined to take into account the priorities and objectives which have been derived from our understanding of the stock; the needs of current and future tenants; the opportunities presented by funding streams and; options for procurement and delivery of our investment plans.
- 2.3. There are two key strands to our investment plans:
- Maintaining and improving our housing stock;
  - New Affordable Council housing, including new housing to replace sales under RTB in line with Government guidance.
- 2.4. Our plans are prepared over the medium term and are reviewed and updated annually. Future investment decisions will be based on local decision making and local knowledge of the condition of the stock and the components within the stock.

2.5. Drawing upon information derived from the stock condition surveys a programme has been drawn together which addresses known replacement issues of components from the stock condition data.

2.6. The programme includes the continuation of the kitchen and bathroom programme, an enhancement to the boiler and heating replacement schemes and the delivery of external wall insulation. Major Roofing works and loft insulation works have also been added to the budget in 2016-17.

2.7. These schemes offer both the opportunity to modernise properties, sustain them for the future and increase the thermal comfort of tenants. They also bring about potential savings from future revenue repairs budgets.

2.8. The programme is summarised in the table below:

**Draft Housing Major Works Capital Programme (Further detail in Appendix A)**

	<b>Original Budget 2015-16</b>	<b>Revised Forecast 2015-16</b>	<b>Draft Budget 2016- 2017</b>	<b>Plan 2017-18</b>	<b>Plan 2018-19</b>	<b>Plan 2019-20</b>	<b>Plan 2020-21</b>
	£000	£000	£000	£000	£000	£000	£000
<b>Expenditure</b>							
<b>Kitchens &amp; Bathrooms</b>	3,781	2,374	1,734	1,734	1,734	1,734	1,479
<b>Windows &amp; Doors</b>	175	205	185	125	125	450	450
<b>Planned Maintenance</b>	1,050	793	1,543	1,420	1,420	1,420	1,220
<b>Energy Efficiency Improvements</b>	2,573	1,255	1,390	1,315	1,215	515	515
<b>Specific Planned Projects</b>	275	406	489	315	313	305	305
<b>Estate Improvements</b>	422	515	620	390	390	340	340
<b>Empty Properties</b>	545	406	500	300	300	300	300
<b>New Affordable Housing</b>	2,000	0	2,100	2,052	1,000	1,000	0
<b>Total Expenditure</b>	<b>10,821</b>	<b>5,954</b>	<b>8,561</b>	<b>7,651</b>	<b>6,497</b>	<b>6,064</b>	<b>4,609</b>

### **3.1. Forecast 2015-16**

- 3.2. An updated forecast of expenditure for 2015-2016 was prepared in Qtr 3 of the financial year 2015-2016 to account for changes known at that time. The budget for 2015-2016 has been revised to provide clearer expenditure categorisation and to take account of the reduction in spending in year.
- 3.3. The reductions in the 2015-16 programme are mainly in relation to a New Affordable Housing Programme not starting in 15/16 and being moved into 16/17; the delay of the External Wall insulation project into 2016/17 due to changes in available external funding through the Green Deal; the loft insulation budget being moved into 2016/17 to be in line with roofing works and the stock condition survey starting in Qtr. 4 of 15/16 and continuing into 16/17. The Kitchens and Bathrooms project was put on hold in quarter 3 due to the current contract ending and the need to review budgets in light of the legislative changes identified in the revenue report. This provides revenue contribution savings to carry forward into 16/17 of £1m.
- 3.4. This reduction in capital expenditure does not generally create any accounting problems as the expenditure can be incurred in the following year using: resources from the Major Repairs Reserve, which can be carried forward from one year to the next (and will attract interest to the HRA); capital receipts unapplied, which can be carried forward (although any interest is paid to the General Fund); and revenue balances, which can be retained in the HRA. The draft programme for 2016-17 includes expenditure in relation to schemes that have slipped from 2015-2016.
- 3.5. Further detail of the programme of works is appended to this report.

### **4.1. 2016-17 Draft Budget and Future Expenditure Plans**

- 4.2. The Council's future investment in its housing stock will be determined by its Asset Management Strategy, subject to the constraints of available resources. The development of the HRA Major Works Capital Programme is on-going and the plans for 2016-2017 and later years have been prepared using the HRA Business Plan model
- 4.3. The HRA Business model has incorporated the rent decrease of 1% per year for the next four years. After that it assumes a rent increase of CPI + 1% each year

following. The HRA business model provides an overview of availability of resources for future investments into Capital Programmes.

4.4. It is expected that the capital budgets will continue to be refined and re-aligned over the coming months and years, as plans for the future are further developed. These future plans will be reviewed as part of the annual budget setting process.

### **5.1. Resources and Links to the HRA**

5.2. Financing of the Housing Programme has changed as a result of the move to self-financing. The HRA does not receive any support for borrowing but can still do so, subject to certain limits where this can be supported from future income. There are also significant changes to the retention and use of capital receipts.

5.3. Capital expenditure within the HMWCP is anticipated to be financed as follows.

#### **Housing Major Works Capital Programme**

	<b>Original Budget 2015- 2016</b>	<b>Revised Forecast 2015- 2016</b>	<b>Draft Budget 2016- 2017</b>	<b>Plan 2017- 2018</b>	<b>Plan 2018- 2019</b>	<b>Plan 2019- 2020</b>	<b>Plan 2020- 2021</b>
	£000	£000	£000	£000	£000	£000	£000
<b>Financing</b>							
<b>Borrowing</b>	959	0	2,100	2,052	1,000	1,000	0
<b>Capital Receipts</b>	877	877	890	877	569	433	279
<b>Major Repairs Reserve</b>	2,980	3,039	3,039	3,124	3,212	3,302	3,394
<b>Revenue</b>	6,005	2,038	2,532	1,598	1,716	1,329	935
<b>Total Financing</b>	10,821	5,954	8,561	7,651	6,497	6,064	4,608

5.4. Explanations of the sources of finance and the links to the HRA are given below.

### **6.1. Borrowing**

6.2. Borrowing can be undertaken by the Council to support the HMWCP subject to the constraints imposed by the “cap” imposed in relation to the HRA through the Limit on Indebtedness Determination 2012. This cap currently restricts housing debt for Great Yarmouth to just under £90m (giving borrowing capacity of about £12.5m). The costs associated with borrowing are charged to the HRA as calculated by the Council in accordance with the ‘Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2012’.

6.3. The draft budget uses borrowing to support the programme where required resources exceed the other sources of finance. It should be noted that where borrowing is undertaken the costs of borrowing are met by the HRA and revenue resources applied to the capital programme are reduced accordingly. The planned borrowing for future years is indicative at this stage. It is anticipated that there will still be borrowing capacity of about £6.3m in addition to the current borrowing plans.

6.4. If required the Council could also consider bidding to any future bidding rounds, announced by the Government, for increasing the debt cap. Our future borrowing therefore, will be reviewed and updated annually to reflect this and any other changes to our capital and revenue programmes.

### **7.1. Capital Receipts**

7.2. Increases to the maximum discount available for the Right to Buy (RTB) scheme is currently leading to a high amount of RTB sales. The latest estimate for 2015-2016 is for 40 sales, however this will be held under continual review. For

7.3. The apportionment of receipts from these sales is complex and is set out in recent statutory instruments amending the Local Authorities (Capital Finance and Accounting) Regulations 2003. We have undertaken separate detailed analysis to determine the receipts applicable to the programme. In order to retain all of these receipts expenditure on new building to replace sales must meet certain requirements or repayments of the receipts are required to be made. The table below sets out the required expenditure necessary to retain all the anticipated receipts:

#### **Apportionment of RTB Receipts and Required New Build Expenditure**

<b>Year</b>	<b>RTB Receipts</b>	<b>RTB Admin</b>	<b>Allowable Debt</b>	<b>Authority Income</b>	<b>Government Income</b>	<b>Retained Receipts</b>	<b>New Build Expenditure Required</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>2012-2013</b>	927,795	27,300	288,746	107,097	256,856	247,797	0
<b>2013-2014</b>	2,087,490	61,100	768,052	125,318	295,848	837,172	0
<b>2014-2015</b>	1,825,920	53,300	691,650	140,536	324,852	615,583	0
<b>2015-2016</b>	1,152,718	35,100	445,932	146,641	371,611	153,434	0
<b>2016-2017</b>	925,428	26,000	266,896	148,112	368,632	115,788	2,096,712
<b>2017-2018</b>	948,564	26,000	271,832	153,339	381,639	115,754	2,051,942
<b>2018-2019</b>	972,278	26,000	276,836	158,744	395,092	115,606	511,959

<b>2019-2020</b>	996,585	26,000	281,903	164,340	409,019	115,323	385,959
<b>2020-2021</b>	1,021,500	26,000	287,030	170,133	423,437	114,899	385,959

7.4. The planned expenditure on new build schemes ensures that there is sufficient spend to meet the Government requirements for the retention of RTB receipts. If changes are made to reduce spending (and the timing of that spend) on new building to less than indicated in the table above this could result in the Council having to repay retained RTB receipts and interest to the Government.

### **8.1 New Affordable Housing – RTB retained receipt options**

8.2 From 2016/17 onwards, the Council will continue to look at options for new build sites and as well as the opportunity for an element of the Beacon Park development to become affordable Council Housing, a further in-fill site in Gorleston is currently being prepared for a planning application.

8.3 In addition to the funding of new build properties, it is proposed to increase the availability of affordable housing in order to help to meet the needs of those on the Council's allocations pool, with a combination of three options.

### **9.1 Grant contribution to Housing Association development**

9.2 RTB Receipts can be offered as grant funding to other registered providers (Housing Associations) operating in the borough in order to make potential development schemes viable. The maximum contribution would be 30% of any scheme costs. This form of financial assistance cannot be offered in addition to any grant in place from the Homes & Communities Agency (HCA). GYBC would receive nomination rights to these properties under our allocation scheme.

9.3 There are potential schemes available in the borough, which are not currently being developed due to a lack of grant funding. Once an agreement to provide funding had been approved, planning permission would be required.

### **10.1 Purchasing 'empty homes' on the open market**

10.2 There are currently around 500 empty homes within the borough. A property is classified as an empty home if it has been unoccupied for 6 months or more. These homes are empty for various reasons including awaiting renovation, subject to probate or the owner has not been able to dispose of the property.

10.3 GYBC operated a part HCA funded project between 2012 to 2015 where we purchased 9 empty homes. The HCA provided a grant of £17,000 per property. It is possible to replicate this project using RTB receipts to contribute up to 30% of the costs.

10.4 Our experience of this project is that the number of properties that are suitable for purchase are limited due to historic features e.g. steep stairs, bedroom off another



bedroom etc., price or overall condition, however, the scheme would provide a positive contribution to the provision of affordable housing.

- 10.5 Any properties considered for purchase would be checked to ensure that they meet the housing needs of residents in our 'housing pool'. They will be surveyed to assess any costs involved in ensuring they are ready for letting and a calculation will be undertaken of the full costs and payback period from rent in the same way that a new build schemes are assessed for viability. This will ensure that there is no adverse impact long term on the HRA Business Plan. The purchase price will be negotiated by the Property Services team.

#### **11.1 Purchase of a limited number of suitable properties on the open market**

- 11.2 This option mirrors the empty homes option above, including the criteria to ensure that the RTB receipts are spent appropriately. Properties would not be limited to properties classified as 'empty', however, a condition that the properties were of a type that would meet the high housing need of applicants within the allocation pool would apply. This would enable properties to be identified and purchased in a timely manner. A maximum of 6 properties would be purchased under this option.

#### **12.1 Major Repairs Reserve**

- 12.2 In accordance with proper accounting practice depreciation must be charged to the HRA on an annual basis. This charge is then applied as resources for the capital programme through the Major Repairs Reserve. The expectation of the Government is that this will be based on component lifecycles i.e. the cost of maintaining the properties in their existing condition.

#### **13.1 Revenue**

- 13.2 For 2016-17 we have used £2.1m of borrowing, £2.5 m of revenue, £3m from the depreciation charge and £0.9m from in year Capital Receipts.

#### **14.1 HRA Business Model**

- 14.2 Appendix B has been produced by the HRA Business Model and provides an overview of how the Capital Programme will be funded over the next 30 years.

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[1. GYCH HRA Budget Report 2016-17 Revenue 130116.docx](#)  
[1A. Appendix A Housing Revenue Account Budget 2016-2021 & Revised Draft 2015-16.xlsx](#)  
[2. GYCH HMWCP Budget Report 2016-17 130116.docx](#)  
[2A. Appendix A HMWCP - Capital Programme 2016-2021 & Revised Draft 2015-16.xlsx](#)  
[..3. Capital programme 1617 130116.xlsx](#)  
[..4. RTB Capital Budgets - to avoid repayment of RTBs.xlsx](#)  
[..\2. Monitoring - HRA Capital Programme 1516\Qtr 3\Capital monitoring sheet P9 - Qtr3 updated by GYN.xlsx](#)

Prepared by: Jane Bowgen - Housing Business and Finance Manager  
 Date: 13/01/16

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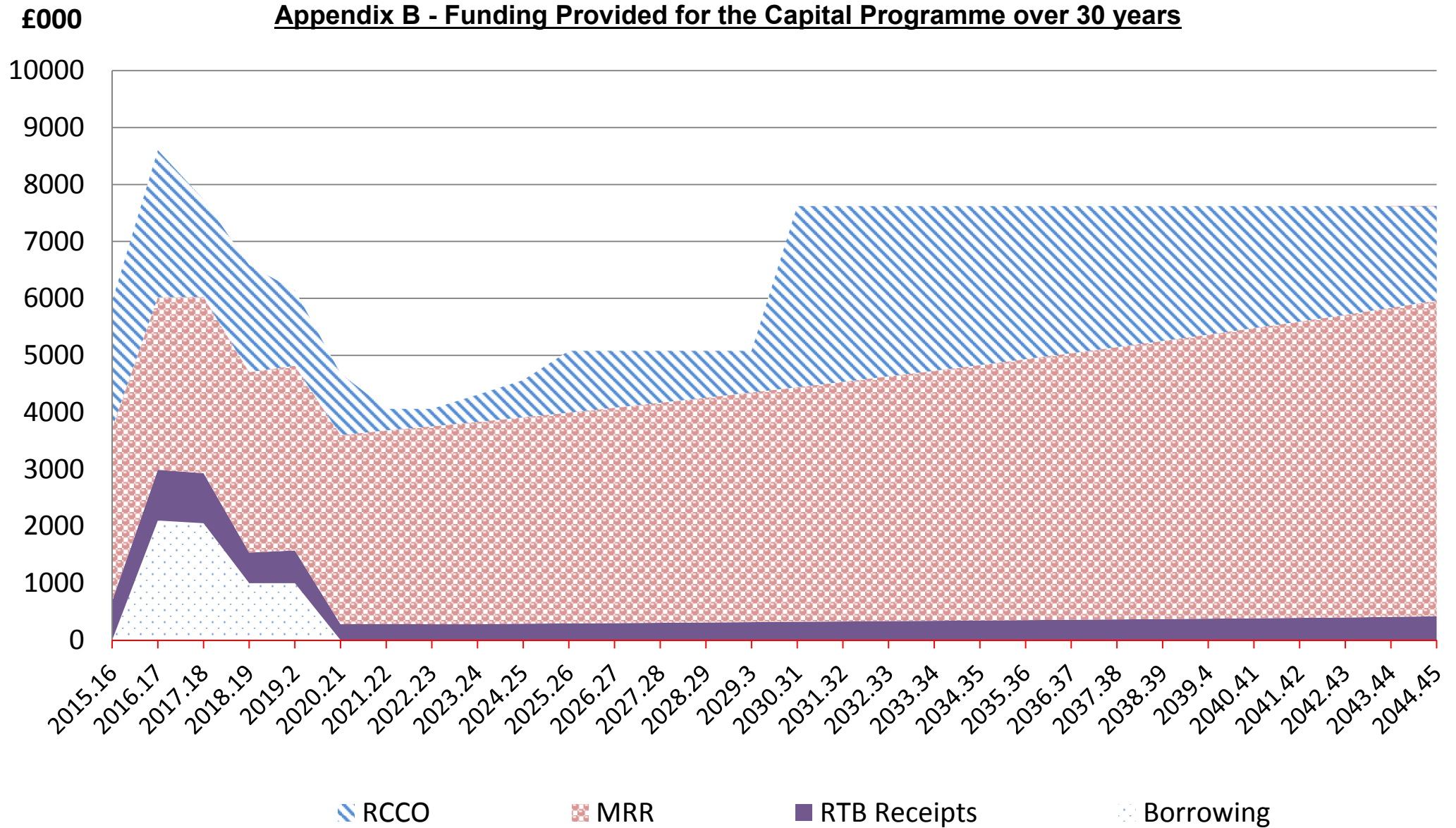
Does this report raise any legal, financial, sustainability, equality and diversity, crime and disorder, human rights or Every Child Matters issues, and, if so, have they been considered?	Issues	
	Legal	No
	Financial	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Equality and Diversity	No
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No

## Appendix A

### Revised HRA Capital Programme 2015-2016 & Draft HRA Capital Programme 2016-2017 to 2020-2021.

HRA Capital Programme	Original Budget 1516	Revised Forecast Budget 1516	Budget 1617	Budget 1718	Budget 1819	Budget 1920	Budget 2021
Improvement Programme	3,956,200	2,579,000	1,919,000	1,859,000	1,859,000	2,184,000	1,928,938
Kitchens & Bathrooms	3,781,200	2,374,000	1,734,000	1,734,000	1,734,000	1,734,000	1,478,938
Windows & Doors	175,000	205,000	185,000	125,000	125,000	450,000	450,000
Energy Efficiency Improvements	2,557,000	1,271,358	1,390,000	1,315,000	1,215,000	515,000	515,000
300mm Loft Insulation	195,000	5,000	100,000	100,000	100,000	100,000	100,000
Green Deal/Eco Works - Northern Parishes	897,000	-	400,000	400,000	400,000	-	-
Insulated Coved Ceilings	-	16,000	-	-	-	-	-
Heating contract one off replacements	430,000	430,000	315,000	315,000	315,000	315,000	315,000
Replace Inefficient and Partial Heating Systems	320,000	155,000	225,000	200,000	200,000	-	-
Replace Open Flue Boilers	320,000	287,116	33,000	-	-	-	-
Boiler Replacements	-	-	200,000	200,000	100,000	-	-
Air Source Heat Pumps	-	-	-	100,000	100,000	100,000	100,000
Communal Heating	395,000	378,242	117,000	-	-	-	-
Estate Improvements	422,000	515,000	620,000	390,000	390,000	340,000	340,000
New Car Parking spaces	82,000	140,000	140,000	140,000	140,000	140,000	140,000
Upgrade Stair Enclosures	250,000	250,000	300,000	150,000	150,000	100,000	100,000
First Time Installation Sewerage Schemes	90,000	125,000	80,000	-	-	-	-
Concrete Works	-	-	100,000	100,000	100,000	100,000	100,000
Planned Maintenance	1,050,000	792,611	1,543,000	1,420,000	1,420,000	1,420,000	1,220,000
Rewiring Dwellings	350,000	215,611	320,000	320,000	320,000	320,000	320,000
Roofing	115,000	60,000	455,000	400,000	400,000	400,000	300,000
MRA	200,000	200,000	50,000	50,000	50,000	50,000	50,000
Capital Adaptation works	75,000	75,000	50,000	50,000	50,000	50,000	50,000
Neighbourhood plans	150,000	150,000	250,000	250,000	250,000	250,000	250,000
Firewalls in roof space	18,000	-	18,000	-	-	-	-
Flat Roofs	75,000	25,000	350,000	300,000	300,000	300,000	200,000
Reline Finlock Gutters	67,000	67,000	50,000	50,000	50,000	50,000	50,000
Specific Planned Projects	291,000	390,584	489,460	315,080	313,080	304,580	304,580
Jontek update	25,000	25,000	-	-	-	-	-
Heat Leasing Final Payment	-	18,575	-	-	-	-	-
Wherry Way Office remodelling	-	47,000	-	-	-	-	-
Stock Condition Survey	250,000	150,000	150,000	-	-	-	-
Oil Tanks	16,000	16,000	16,000	-	-	-	-
Whole House works	-	-	250,000	250,000	250,000	250,000	250,000
Other	-	134,009	73,460	65,080	63,080	54,580	54,580
New Affordability Housing	2,000,000	-	2,100,000	2,052,000	1,000,000	1,000,000	-
Empty Properties	545,000	406,000	500,000	300,000	300,000	300,000	300,000
Grand Total	10,821,200	5,954,553	8,564,460	7,651,080	6,497,080	6,063,580	4,608,518

## Appendix B - Funding Provided for the Capital Programme over 30 years



**Subject:** **HOUSING REVENUE ACCOUNT:  
BUDGET ESTIMATES (2016-2017 to 2020-2021)**

<b>Report to:</b>	<b>EMT</b>	<b>21<sup>st</sup> January 2016</b>
	<b>Community Housing Board</b>	<b>25<sup>th</sup> January 2016</b>
	<b>Cabinet</b>	<b>10<sup>th</sup> February 2016</b>
	<b>Council</b>	<b>24<sup>th</sup> February 2016</b>

**Report by:** **Robert Read, Director of Housing & Neighbourhoods**

## Subject matter and recommendations

This report sets out the Housing Revenue Account (HRA) budget, rent and service charge proposal for 2016-2017 and the revised HRA forecast for 2015-2016.

### **Recommendations:**

Cabinet is asked to:

Review the government proposals set out in the Welfare Reform and Work Bill 2015 & Housing Planning Bill - which include the 1% rent decrease per year for 4 years. (*Section 2-9*)

Review and recommend budget estimates 2016-17 to 2020-21 (*Section 7-9*)

Review the Revised Forecast for 2015-16 (*Section 7-9*)

Recommend the proposed Fees and Charges for 2016-17 (*Section 10*)

## **1.0. Summary**

**1.1. Appendix A** shows the five year budget for the Housing Revenue Account (HRA) and a revised 2015/16 budget

**1.2.** A rent decrease of 1% has been incorporated into the 2016/17 budget and the following 3 year budgets as a result of the Welfare Reform & work Bill 2015. Further details of the 1% rent decrease are explained below.

**1.3. Appendix B** details our proposals in relation to service and agreement charges. A 2.8% (RPI plus 2%) increase has been proposed, as per council wide policy, to service charges in 2016-17 where income does not meet the cost of the service.

**1.4. Appendix C & D–** show the Housing revenue account over 30 years as per the Housing Revenue Account Business Planning models.

## **2.0. Rent - 1% Reduction over 4 years – Welfare and Work Bill 2015.**

**2.1.** In 2015, the Government introduced the Welfare and Work Bill. This Bill introduces a 1% reduction to social housing rents, per year, over 4 years. This replaces the government's rent policy, which commenced in April 2015 to limit rent increases to CPI + 1%.

**2.2.** The government has said that 1% reduction will 'reset the levels of rents in the social housing sector', which over the recent years have become out of kilter with private rents. This will help protect taxpayers from the rising costs of subsidising rents through housing benefit, and protect tenants from rising housing costs. This will reduce average rents for households in the social housing sector by around 12% by 2020 compared to current forecasts.

**2.3.** Great Yarmouth Borough Council rents have historically been very low compared to housing association rents and other neighbouring Local authority landlords. Despite generally raising rents each year by the maximum amount, they are still well below the formula rent.

**2.4.** The impact of the rent decrease will be to further reduce the amount of money available to manage, maintain and improve the housing stock. The modelled reduction in resources amounts to £9.6m over four years and £142m over the course of the 30 year business plan.

## **2.5. GYBC Current rent charges for 2015/16 are on average**

<b>Property type</b>	<b>Current Rent £ (52 Wk)</b>
Bedsit	58.22
1 Bedroom	66.67
2 Bedroom	74.09
3 Bedroom	80.21
4 Bedroom	88.89
5 Bedroom	96.81
Average for all properties	73.79

## **3.0. Housing and Planning Bill 2015**

- 3.1.** The Housing and Planning Bill 2015 introduces measures which will further impact on the HRA, possibly part way through the financial year. These are the 'disposal of high value properties' and 'pay to stay.'

### **4.0 Disposal of 'high value' properties**

- 4.1** The Housing and Planning Bill makes provision for grants to be made to private registered providers in respect of Right to Buy (RTB) discounts. The grants may be made by the Secretary of the State, the Homes and Communities Agency (HCA) and, in relation to dwellings in London, the Greater London Authority
- 4.2** To meet the costs of providing discounts, a determination may be made requiring a local authority in England with an HRA to make a payment to the government for a financial year reflecting the market value of high value housing likely to become vacant during the year, less costs, whether or not receipts are realised. Regulations will determine 'high value' as applicable to different areas. The detail of how this will work in practice is still to be finalised. However, current understanding and assumptions are set out below. Without the full detail, it is not possible to model the financial impact. However, it is possible that the timing of enactment may require 'in year' adjustment to the HRA revenue and capital budgets.



- 4.3** The determination may make different provisions by area, a particular description of a local authority or by individual housing authority. Like the pre Self-financing subsidy determinations they will be consulted upon before the commencement of the applicable financial year(s). However, were enactment of the housing and planning bill occurs part way through a financial year the consultation for the first determination may take place before the enactment of the Bill and the determination maybe introduced part way through a year. The determination will set out a payment schedule and details of interest payments that will become due in the event of late payments.
- 4.4** The secretary of state may enter into an agreement with a local authority to reduce the amount that the authority is required to pay. The agreement will include a condition requiring the local housing authority to use the amount by which the payment is reduced for the provision of housing or for things that facilitate the provision of housing.
- 4.5** The local authority must consider selling its interest (Freehold or leasehold) in high value housing but it is assumed that it could fund the payment by other means.
- 4.6** All the payments will be based on assumptions about receipts from voids sales; it may be the case that actual receipts fall short of the payments due. In this case local authorities will need to fund the payments from other sources or face interest charges on late payments.
- 4.7** As a result of this policy, the Council will lose rental streams from any high value properties that are sold, along with any marginal costs of managing and maintaining those units. It would be equitable for authorities to receive some form of compensation for the loss of net rent income.
- 4.8** The bill does not address the applicability of this policy to properties provided under the new build schemes, which may be among the top third of property values in an area. However, it provides the government with the power to make an agreement with a local authority which reduces the amount it is required to pay under the determination. The agreement will contain terms and conditions specifying what the local authority must do with the retained money.
- 4.9** The explanatory notes accompanying the bill state that if a local authority wanted to lead on a programme to build new housing then the secretary of state could decide to enter into an agreement with the authority which would reduce the amount it had to pay under the determination. The local authority would then use that money to fund building of new housing in accordance with terms and conditions set out in the agreement.
- 4.10** There is potential for DCLG to administer the scheme through self-determination, which set the contribution required from each authority. This

suggests a return to a similar mechanism that existed under HRA Subsidy, albeit one where contributions are retained by Government for repayment to RP's, instead of being redistributed to local authorities.

## **5.0 Pay to Stay**

- 5.1** The Housing and Planning Bill makes provision for the charging of rent with reference to the market rate or other factors based on income and housing area. Although the original announcement referred to relevant income levels of households in London and outside of London (£30k pa) the reference in the Bill to 'different areas' could mean further local valuations.
- 5.2** Regulations will define how income is calculated and what constitutes 'high income' and 'household'. In addition there may be regulation to require tenants to provide information and evidence of income and/or this may be provided through HMRC tax records. Registered providers may be required to charge rent at the market rate to a tenant who has failed to comply with the requirement to provide information.
- 5.3** The previous guidance for the optional 'pay to stay' scheme was as follows:
- 5.4** A 'household' relates to the tenant(s) named on the tenancy agreement and their named spouse, civil partner (where they reside in the accommodation.)
- 5.5** 'Income' is that taxable income for the tax year ending in the year prior to the rent year (i.e. for 2017/18 this would be 2015/16 taxable income)
- 5.6** Rents would be reviewed if the household experiences a sudden and ongoing reduction in income.
- 5.7** Regulations are likely to require local authorities to make payment to the government in respect of estimated increases in rent and may include provision for administration costs. In addition the local authority may be required to provide information to the Secretary of State, presumably for audit or checking that regulations have been followed.
- 5.8** High income social tenants will be exempt from the 1% rent reduction laid out in the welfare and Reform Bill.
- 5.9** Although not referred to in the bill, it is understood that the government is considering the introduction of a taper so that tenants earning just above the high income threshold may not have to pay market or near market rents. Instead, rent will be gradually increased as household income rises further above the threshold.
- 5.10** Currently local authorities have a lack of information on household income, which makes it difficult to quantify the amount of additional income that will be raised through the pay to stay proposals. However, implementation of the policy will undoubtedly increase the administrative burden on local

authorities, requiring them to identify (with advice from HMRC) which households have income in excess of the threshold, maintain additional records and process any change in circumstances. It is likely that the associated regulations will be adjusted from time to time, for example to reflect changes in national average income levels, the application of any taper system or the introduction of exceptions, and this will again increase the administrative burden associated with managing the scheme.

## **6.0 Impact of the changes on the HRA**

- 6.1** Although a number of details are still to emerge, it is clear that the Council needs to prepare for significant reduction in resource available to manage, maintain, improve and add to its housing stock. In addition, it is likely that additional costs will be incurred through administration of the new regulations.
- 6.2** To mitigate this loss of revenue, Community Housing has carried out a review of all revenue spending to look at where savings can be made. We have also reviewed the Capital programme, which is funded in large part by contributions from revenue, and reduced or slowed down certain areas of works. Careful consideration has been made not to reduce capital spend where this would have a detrimental impact on revenue costs.
- 6.3** We have reviewed new build plans and the amount of money in the capital programme for new build is limited to the amount of money that needs to be spent in order to use available RTB receipts.
- 6.4** Consideration will be given to selling empty properties where this makes best use of the stock and the economic option.
- 6.5** Service charges have been proposed to raise in line with councils Policy in order to close the gap between cost and income.

## 7.0 Budget and Revised Forecast

7.1 The table below summarises the revised forecast 2015-16 and the draft 2016-17 budget for the Housing Revenue Account. More detail is shown at Appendix A.

### HRA Revised Forecast 2015-16 & HRA Draft Budget 2016-17

	2015-16 Original Budget	2015-16 Revised Forecast	2016-17 Draft Budget (Rent -1%)	Variance
	£000	£000	£000	£000
<b>Income:</b>				
Dwelling Rents	(22,490)	(22,490)	(22,175)	315
Other Income	(1,736)	(1,730)	(1,642)	88
<b>Total Income:</b>	<b>(24,226)</b>	<b>(24,220)</b>	<b>(23,817)</b>	<b>403</b>
<b>Expenditure:</b>				
Repairs and Maintenance	10,928	10,419	11,435	1,016
General Management	4,474	4,494	4,682	188
Interest and repayment of borrowing	2,693	2,821	2,901	80
Revenue contribution to capital	9,449	5,077	5,571	494
Other expenditure	485	487	427	(60)
<b>Total Expenditure:</b>	<b>28,029</b>	<b>23,298</b>	<b>25,016</b>	<b>1,718</b>
<b>Net (Surplus) / Deficit for the year</b>	<b>3,803</b>	<b>(921)</b>	<b>1,199</b>	<b>2,121</b>
Forecast Balance B/Fwd.	(6,584)	(6,584)	(7,505)	
<b>Budget Balance C/Fwd.</b>	<b>(2,781)</b>	<b>(7,505)</b>	<b>(6,306)</b>	

## 8.0 Explanation of variances between revised 15/16 and 16/17 budgets:

8.1 The Repairs & Maintenance budget in 2016-17 has increased by £1m due to an increase to the electrical testing and remedial budgets to move our electrical testing to a 5 year rolling programme from a 10 year programme. This brings Great Yarmouth Borough Council in line with recommended regulations for electrical testing and inspections. There are also inflationary increases on maintenance contracts.

8.2 The General Management budget includes identified savings within the 16/17 Establishment budgets, however short-term IT development

requirements, in conjunction with the Council's digital by design programme, have meant these savings will be used to contribute to financing improvements to the IT systems within Housing Services. A pay rise of 1% has also been incorporated into the salary estimates within the general management budgets.

- 8.3** A rent decrease of -1% in 2016/17, shows a decrease in our rental income between 15/16 and 16/17 of £315k in year 1. The full cost to the Business Plan, when assumed rent increases under the government's previous rent guidance scheme are taken in into consideration, there is a decrease of £9.6m in rental income in years 1-4 (2016-2019).
- 8.4** The decrease in Contributions to Income is due to the removal of the budget for tenant contributions to Adaptations works to council properties.

**9.0 Revised 2015-16 budgets:**

- 9.1** HRA spending and resources were reviewed in Qtr. 3 of 2015-16. Outputs from this review have been included in the 2015-16 budget forecast. Subsequently, the revenue contribution to capital, which is used to meet any shortfall in resources to meet the capital programme, has been reduced to reflect the latest changes to the major works and new build programme for 2015-16 and actual progress on some of the capital projects. More details of our plans are shown separately in the Housing Major Works Capital Programme report.
- 9.2** The forecast surplus for 2015-16 is £921k, which will increase the reserves balance carried forward to £7.505m.
- 9.3** The draft budget has been prepared using this revised 2015-16 budget forecast. Inflation has been applied where it is known to be built into existing contracts.
- 9.4** A detailed 5 year budget plan can be seen in Appendix A.

**10.0 Service Agreement Charges**

- 10.1** Our proposals in relation to service and agreement charges are set out in Appendix B. The increases proposed are summarised in the table below and follow the corporate formula adopted by the Council of being set at least at RPI (0.8) + 2% to close the gap in terms of recovery of costs:

## 10.2 Proposed Service and Agreement Charges 2016-17

Service	Proposal
Garden Maintenance Charges	2.8% increase – RPI + 2% - to improve cost recovery
Garages	2.8% increase – RPI + 2% - to improve cost recovery
Caretaking service charges	2.8% increase – RPI + 2% - to improve cost recovery
Communal heating	13.6% Decrease – in line with reduction to heating costs as a result of investment in new communal boilers
Communal water	2.8% increase – RPI + 2% - to improve cost recovery
Digital TV aerials	2.8% increase – RPI + 2% - to improve cost recovery
Sewerage charges	2.8% increase – RPI + 2% - to improve cost recovery
Alarm Charge	2.8% increase – RPI + 2% - to improve cost recovery
Supporting People charges	2.8% increase – RPI + 2% - to improve cost recovery

**10.3** The Government's "Supporting People" programme has been in place since April 2003 and under this regime, the costs of housing related support services provided to tenants in sheltered housing are met from the Supporting People Budget, managed by the Norfolk County Council through the Supporting People Commissioning Body.

**10.4** Supporting People currently meet the support charge of those sheltered housing tenants receiving housing benefit. On average the grant pays the charges of around 621 tenants. Tenants not receiving housing benefit pay the support charge themselves.

### **11.0 Other Income**

**11.1** Leaseholder recharges, in respect of service and agreement charges, are charged at actual cost of provision. Non-service and agreement charges, i.e. those for repairs, are unknown as these only arise when a failure occurs. Therefore, the 2016-17 budgets exclude any income in relation to these costs. For planned or cyclical works these again are currently unknown and will depend upon the works undertaken in line with the maintenance and investment programme

### **12.0 Maintenance and Investment**

**12.1** A new Asset Management strategy has been agreed between Great Yarmouth Norse (GYN) and the Council and known changes to our revenue maintenance plans have been reflected in the forecast and our draft budget.

There are a number of detailed changes to the budgets that will be applied for 2016-17, which include an increase in the revenue planned maintenance costs due to a carry forward of the budget for the neighbourhood plans.

**12.2** As part of the Asset management strategy, a refreshed stock condition survey will start at the end of 2015-16 financial year and continue into 2016/17, to gather updated information about the stock we hold.

**12.3** The impact of the latest forecasts and changes to our investment plans are reported separately in the Housing Major Works Capital Programme 2016-17.

### **13.0 Management and Central Support Costs**

**13.1** As part of the review of HRA resources, there has been some restructuring within the HRA. The implications of this restructure and an allowance for a pay award are reflected in the latest forecasts and the draft budget.

**13.2** The costs of central support services are recovered by internal charging mechanisms. The introduction of self-financing retained the principles of the HRA ring-fence which aims to protect rental income for the provision of landlord services.

**13.3** A review of central support service charges has been undertaken during 2015-16 and is reflected in the draft budget. This has resulted in some reallocation of charges to the HRA but no significant adjustments to the overall charge. These charges will continue to be monitored and reviewed, to ensure that they remain transparent to both tenants, and council tax payers, in the future.

### **14.0 Capital Financing Costs**

**14.1** As a result of the introduction of self-financing the Council paid the Government £58.4m on behalf of the HRA. The implications of interest payable on borrowing and debt repayments are built into the draft HRA budget.

**14.2** The existing debt attributable to both the HRA and GF has been split (nominally) into two separate pools. The self-financing settlement debt was aggregated within the new HRA debt pool from 1 April 2012.

**14.3** The financing costs charged to the HRA will continue to be monitored and reviewed, to ensure that the implications of treasury management decisions are recognised corporately and reflected in budgeting and forecasting.

### **15.0 Depreciation and Revenue Financing**

**15.1** In accordance with proper accounting practice, depreciation must be charged to the HRA on an annual basis. This charge is then applied as resources for the capital programme through the Major Repairs Reserve.



The expectation of the Government is that this will be based on component lifecycles i.e. the cost of maintaining the properties in their existing condition.

- 15.2** For 2016-17, component methodology has been used for the draft budget. The depreciation charge takes the form of a revenue contribution to capital expenditure.
- 15.3** There is a minimum level of revenue balance identified as necessary to protect the HRA against unforeseen circumstances. Once this level is budgeted, any surplus resources can be made available to support capital expenditure if required. For 2016-2017 it is proposed that the requirements for the capital programme are met from HRA reserves. Additional borrowing will only be undertaken for the new build programme.
- 15.4** The financing of the capital programme is reported separately in the Housing Major Works Capital Programme 2016-17.
- 16.0** **Right to Buy Receipts and other Capital Resources**
- 16.1** The latest estimate for sales in 2015-16 is for 40 sales and current projections for 2016-17 onwards is 20 sales.
- 16.2** The latest regulations governing the apportionment of RTB receipts are split, according to a formula as follows:
- Transaction Costs of £1,300 per sale;
  - Allowable Debt for sales above those assumed in the self-financing settlement;
  - Local Authority Income in line with pre self-financing receipt assumptions;
  - Government Income also in line with pre self-financing pooling assumptions;
  - Buy Back Allowance to support the costs of buying back ex Council property; and
  - Retained Receipts, which can support up to 30% of the cost of replacement homes if incurred in a 3 year period and where a retention agreement is in place.
- 16.3** If retained receipts are not used, the Council is liable to repayment of the receipt plus interest, so It is important to monitor and project RTB sales and RTB receipts in order to plan for their appropriate use. The latest draft budget incorporates the sales (and lost rental income of approximately £3,800 for a full year) and the receipts arising from this analysis.
- 16.4** The 1 for 1 replacement programme which began in 2013/2014 has retained £2.1m receipts for the Council (up to Qtr.3 15/16). £456k of these retained receipts has been used to finance the build of 12 new properties for the



council, which were completed in 2014/15. Further increases in affordable housing are being put in place to ensure the continued retention of the remaining receipts.

- 16.5** The planned resourcing of our investment programme is reported separately in the Housing Major Works Capital Programme 2016-17. Where these plans extend to additional borrowing requirements, the revenue costs of the additional borrowing are included in the interest and repayment of borrowing budget.

**17.0 New Affordable Housing – RTB retained receipt options**

- 17.1** The Council will continue to look at options for new build sites and as well as the opportunity for an element of the Beacon Park development to become affordable Council Housing, a further in-fill site in Gorleston is currently being prepared for a planning application.

- 17.2** In addition to the funding of new build properties, it is proposed to increase the availability of affordable housing with a combination of three options.

**18.0 Grant contribution to Housing Association development**

- 18.1** RTB Receipts can be offered as grant funding to other registered providers (Housing Associations) operating in the borough in order to make potential development schemes viable. The maximum contribution would be 30% of any scheme costs. This form of financial assistance cannot be offered in addition to any grant in place from the Homes & Communities Agency (HCA). GYBC would receive nomination rights to these properties under our allocation scheme.

- 18.2** There are potential schemes available in the borough, which are not currently being developed due to a lack of grant funding. Once an agreement to provide funding had been approved, planning permission would be required.

**19.0 Purchasing empty homes on the open market**

- 19.1** There are currently around 500 empty homes within the borough. A property is classified as an empty home if it has been unoccupied for 6 months or more. These homes are empty for various reasons including awaiting renovation, subject to probate or the owner has not been able to dispose of the property.

- 19.2** GYBC operated a part HCA funded project between 2012 to 2015 where we purchased 9 empty homes. The HCA provided a grant of £17,000 per property. It is possible to replicate this project using RTB receipts to contribute up to 30% of the costs.

- 19.3** Our experience of this project is that the number of properties that are suitable for purchase are limited due to historic features e.g. steep stairs, bedroom off another bedroom etc., price or overall condition, however, the scheme would provide a positive contribution to the provision of affordable housing.
- 19.4** Any properties considered for purchase would be checked to ensure that they meet the housing needs of residents in our 'housing pool'. They will be surveyed to assess any costs involved in ensuring they are ready for letting and a calculation will be undertaken of the full costs and payback period from rent in the same way that a new build schemes are assessed for viability. This will ensure that there is no adverse impact long term on the HRA Business Plan. The purchase price will be negotiated by the Property Services team.

**20.0 Purchase of a limited number of suitable properties on the open market**

- 20.1** This option mirrors the empty homes option above, including the criteria to ensure that the RTB receipts are spent appropriately. Properties would not be limited to properties classified as 'empty', however, a condition that the properties were of a type that would meet the high housing need of applicants within the allocation pool would apply. This would enable properties to be identified and purchased in a timely manner. A maximum of 6 properties would be purchased under this option.

**21.0 Balances**

- 21.1** In the light of the statutory requirement to keep an HRA that does not have an end of year deficit, it is prudent to maintain a working balance on the HRA to protect against unforeseen events. The revised forecast surplus for 2015-16 of £921k will be added back to the HRA reserves. The level of prudent HRA reserve from 2016-17 has been assessed in the short term at between £2m and £3m.
- 21.2** The forecast balance brought forward from 2015-16 is £7.505m. It is planned to utilise reserves of £1.199m to support the capital programme in 2016-17 as opposed to increasing borrowing, thereby reducing the reserves to £6.305m.
- 21.3** Appendix A indicates HRA reserves above the minimum level. Further analysis of the longer term HRA will be considered as part of the business planning process (see Future Plans below).

**22.0 Future Plans**

- 22.1** There are two key strands to our investment plans:
- Maintaining and improving our housing stock;

- New build council housing, including new housing to replace sales under RTB in line with Government guidance.

**22.2** The next stage of our HRA review will be the preparation of the revised HRA 30 year business plan incorporating our long term spending plans and the resourcing of those plans including the impact of RTB sales and social rent policy.

### **23.0 HRA Business Model – 30 year plan**

**23.1** The HRA Business plan sets out the purpose and objectives that Great Yarmouth Borough Council will adopt in managing and maintaining its housing stock. It demonstrates that continued management by the council will achieve and maintain good quality homes for tenants. The Business Plan has been prepared as part of the reform of social housing finance and the introduction of self-financing of Council homes.

**23.2** The Business Plan operates alongside the HRA Asset Strategy and shows the main areas of income and expenditure on the housing stock and housing services that are within the HRA, projected over a thirty year timeframe.

**23.3** The management of the housing stock and the Councils assets is a corporate and service priority. There is an emphasis on asset management recognising that Council homes are valuable resources and that they need to be properly managed and maintained. We will continue to look to reduce our spend on responsive repairs and maintenance, enabling us to move resources to planned and capital expenditure in order to ensure greatest value for money and impact for tenants and neighbourhoods.

**23.4** There will not be sufficient resources available in the HRA to do all we want in terms of investment into services and the housing stock immediately, so it is important that this Business Plan sets out priorities for investment based upon our stock condition and resources available at that specific time.

**23.5** The Business Plan is reviewed at regular intervals to ensure that it reflects as accurately as possible the known condition of the housing stock and funding available to achieve objectives and targets set.

**23.6** All councils had an obligation to prepare a 30 year business plan and a financial model to ensure that the business plan was viable and that they are able to repay the debt taken on at the time of settlement.

**23.7** However, there is no requirement within the self-financing regime for any of the debt to be repaid over the 30 year period of the business plan.

**23.8** We have taken the approach to review two options for the 30 year business plan. This has enabled us to decide whether we should seek to repay the majority (£44m) of the self-financing settlement debt over the period of the

financial model; specifically between years 14 and 26 of the model, or refinance the debt as it becomes due for repayment.

- 23.9** We have also excluded the redemption of existing debt where this matures during the lifetime of the model. There is further debt which has a maturity beyond the lifetime of the model and we have provided for the interest payments on this debt.
- 23.10** Appendices C & D show two versions our debt profile over the 30 year life of the Business Model. Both show the exact same availability of Revenue and Capital expenditure up to year 20 of the plan. After that, the HRA is able to reinvest £113m compared to £75m, if the Self-financing debt is refinanced.

## Glossary:

CHMT	Community Housing Management Team
CLG	Department for Communities and Local Government
CPI	Consumer Price Index
DCLG	Department for Communities and Local Government
GF	General Fund
GYBC	Great Yarmouth Borough Council
GYCH	Great Yarmouth Community Housing (department)
HRA	Housing Revenue Account
HRAS	Housing Revenue Account Subsidy
PWLB	Public Works Loan Board
RPI	Retail Price Index
RTB	Right to Buy

Departmental reference: JB version – Community Board 07/01/2016

[..1.HRA Full Budget Master File V7 130116.xlsx](#)

[GYCH HMWCP Budget Report 2016-17 130116.docx](#)

[..3. Capital programme 1617 130116.xlsx](#)

[..4. RTB Capital Budgets - to avoid repayment of RTBs.xlsx](#)

[..1.HRA Full Budget Master File V7 130116.xlsx](#)

[..2. Monitoring - HRA Capital Programme 1516\Qtr 3\Capital monitoring sheet P9 - Qtr3 updated by GYN.xlsx](#)

[..RTB and Quarterly Pooling Returns 1516\Qtr 3\6. R15 Q3 Great Yarmouth RTB Model v14.xlsm](#)

Prepared by: Jane Bowgen – Housing Business and Finance Manager

Date: 13/01/2016

Does this report raise any legal, financial, risk, sustainability, equality, crime and disorder, human rights or every child matters issues and, if so, have they been considered?	Issues	
	Legal	Yes, and taken into account
	Financial	Yes, and taken into account
	Risk	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Equality	Yes, and taken into account
	Crime and Disorder	Yes, and taken into account
	Human Rights	N/A
	Every Child Matters	N/A

# Appendix A

## Housing Revenue Account Budget 2016/17 - 2020/21 & Revised 2015/16 Budget.

Income / Expenditure		Original Budget	Revised	Budget	Budget	Budget	Budget	Budget
		2015-16	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Income	Charges for Services and Facilities	(1,256,627)	(1,250,782)	(1,261,545)	(1,287,868)	(1,314,838)	(1,342,473)	(1,370,789)
	Contributions towards Expenditure	(247,888)	(247,888)	(148,948)	(150,445)	(151,966)	(153,510)	(155,079)
	Dwelling Rents	(22,490,000)	(22,490,000)	(22,174,805)	(21,954,000)	(21,761,000)	(21,997,000)	(22,233,000)
	Interest and Investment Income	(12,500)	(12,500)	(5,000)	(5,140)	(5,284)	(5,432)	(5,584)
	Non Dwelling Rents	(218,719)	(218,719)	(227,154)	(233,515)	(240,053)	(246,774)	(253,684)
Income Total		(24,225,734)	(24,219,889)	(23,817,452)	(23,630,967)	(23,473,141)	(23,745,189)	(24,018,136)
Expenditure	Capital Expenditure funded by the HRA	6,464,200	2,038,553	2,532,414	1,597,941	1,716,465	1,329,040	935,534
	Debt Management Cost	540	540	0	0	0	0	0
	Depreciation and Impairment of Fixed Assets: Dwellings	2,854,000	2,920,098	2,920,098	3,001,861	3,085,913	3,172,318	3,261,143
	Depreciation and Impairment of Fixed Assets: Non - Dwellings	131,000	118,948	118,948	122,279	125,702	129,222	132,840
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Interest Payable and Similar Charges	2,692,577	2,821,000	2,901,216	3,021,888	3,062,622	3,124,398	3,123,210
	Provision for bad and doubtful debts	150,000	150,000	150,000	154,200	158,518	162,956	167,519
	Rents, Rates, Taxes & Other charges	162,181	163,590	147,256	151,379	155,618	159,975	164,454
	Repairs and Maintenance	10,934,637	10,425,830	11,434,495	11,676,823	11,500,352	11,776,643	12,100,677
	Supervision and Management	4,469,322	4,489,096	4,682,040	4,425,776	4,478,848	4,567,521	4,655,501
Expenditure Total		27,858,457	23,127,655	24,886,467	24,152,146	24,284,038	24,422,073	24,540,879
Below The Line	(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	0	0
	Employer's Contributions Payable to or from Norfolk County.	591,000	591,000	555,475	571,028	587,017	603,454	620,350
	Impairment of Fixed Assets	0	0	0	0	0	0	0
	Net Charges made for Retirement Benefits in accordance with IAS 19	(420,000)	(420,000)	(425,000)	(436,900)	(449,133)	(461,709)	(474,637)
Below The Line Total		171,000	171,000	130,475	134,128	137,884	141,745	145,713
Grand Total		3,803,723	(921,234)	1,199,490	655,307	948,781	818,629	668,456

Housing Revenue Account Reserves summary	Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Bwfd	6,584,000	7,505,234	6,305,743	5,650,436	4,701,655	3,883,027
	In year	(921,234)	1,199,490	655,307	948,781	818,629	668,456
	Cfwd	7,505,234	6,305,743	5,650,436	4,701,655	3,883,027	3,214,570

# Appendix C

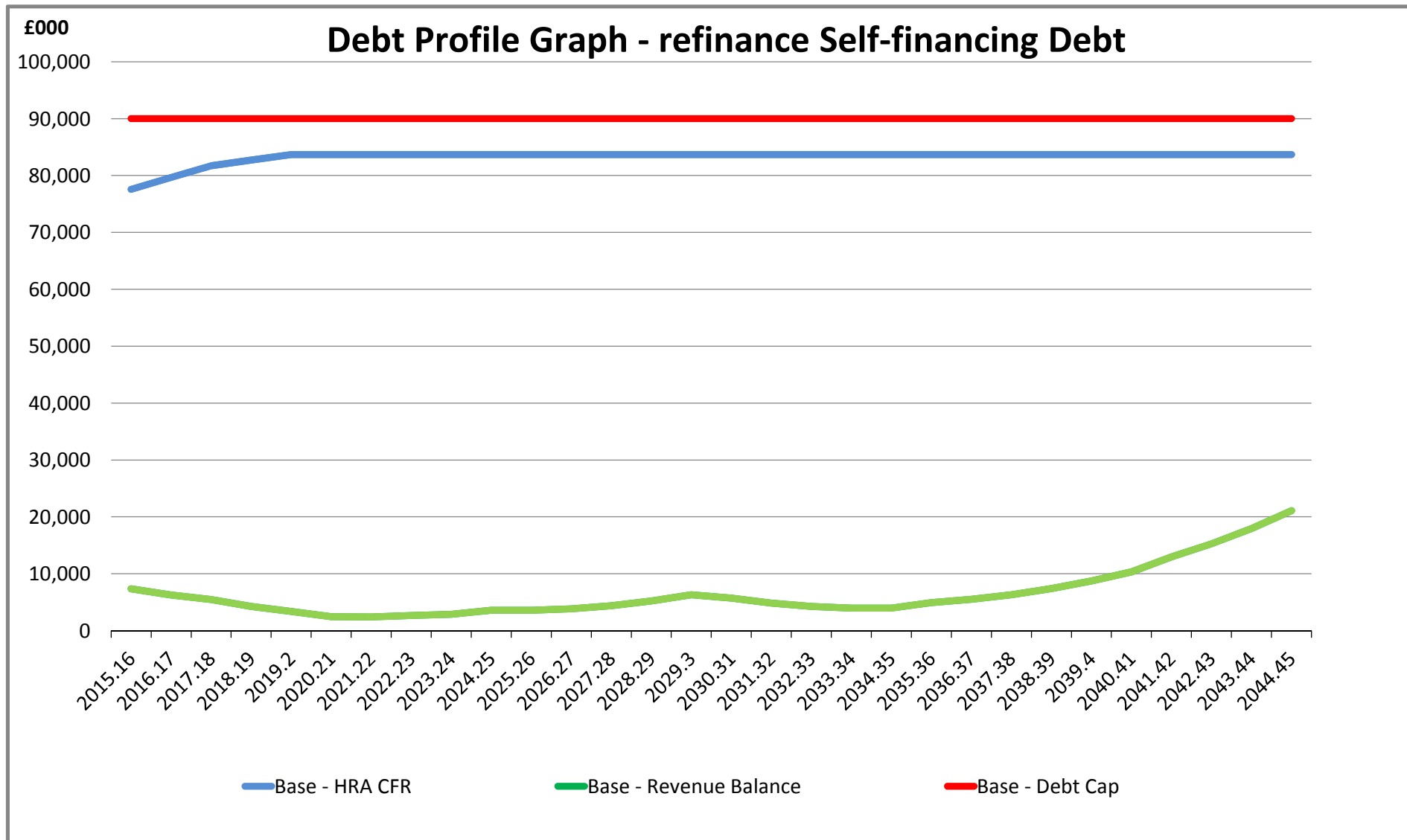
## Housing Revenue Account 2016-17 Service Charges

2015-2016 Rent increase and Service Charges	2015/16	2016/17	2016/17	2016/17
	Average Charge	Average Charge	% Average Increase/decrease	% Average Increase/decrease
	50wks	50 wks	per wk	per wk
Rent Decrease (-1%)	£76.74	£75.84	-£0.90	1.2%
Garages Basic - Tenants	£9.21	£9.47	£0.26	2.8%
Garages Premium - Tenants plus Town Centre Surcharge	£12.29	£12.63	£0.34	2.8%
Town Centre Surcharge	£3.08	£3.16	£0.08	2.8%
Caretaking charge - Basic	£0.82	£0.84	£0.02	2.8%
Caretaking charge - Enhanced	£0.82	£0.84	£0.02	2.8%
Maintenance of Aged Persons gardens	£4.16	£4.28	£0.12	2.8%
Communal Heating	£10.99	£9.49	-£1.50	-13.6%
Communal Water	£3.65	£3.75	£0.10	2.8%
Digital Communal TV Aerials	£0.64	£0.66	£0.02	2.8%
Sewerage charge	£5.70	£5.86	£0.16	2.8%

Sheltered Housing Support Charges 2015-2016	2015/16	2016/17	2015/16	2015/16
	Average Charge	Average Charge	Average Increase	% Average Increase
	50wks	50wks	per wk	per wk
Protected tenancies (pre 01/04/03)	£8.24	£8.47	£0.35	2.8%
plus Alarm Charge	£1.22	£1.25	£0.05	2.8%
Protected tenancies (pre 01/04/03)	£9.46	£9.72	£0.40	
Standard Tenancies (starting from 01/04/03)	£11.52	£11.85	£0.48	2.8%
plus Alarm Charge	£1.22	£1.25	£0.05	2.8%
Standard Tenancies (starting from 01/04/03)	£12.21	£13.10	£0.53	
Alarm Charge only	£1.22	£1.25	£0.05	2.8%
Alarm Unit Rental (plus VAT)	£2.80	£2.87	£0.07	2.8%
Alarm Unit - purchase (plus VAT) - One -off payment	£135.00	£135.00	£0.00	0.00%

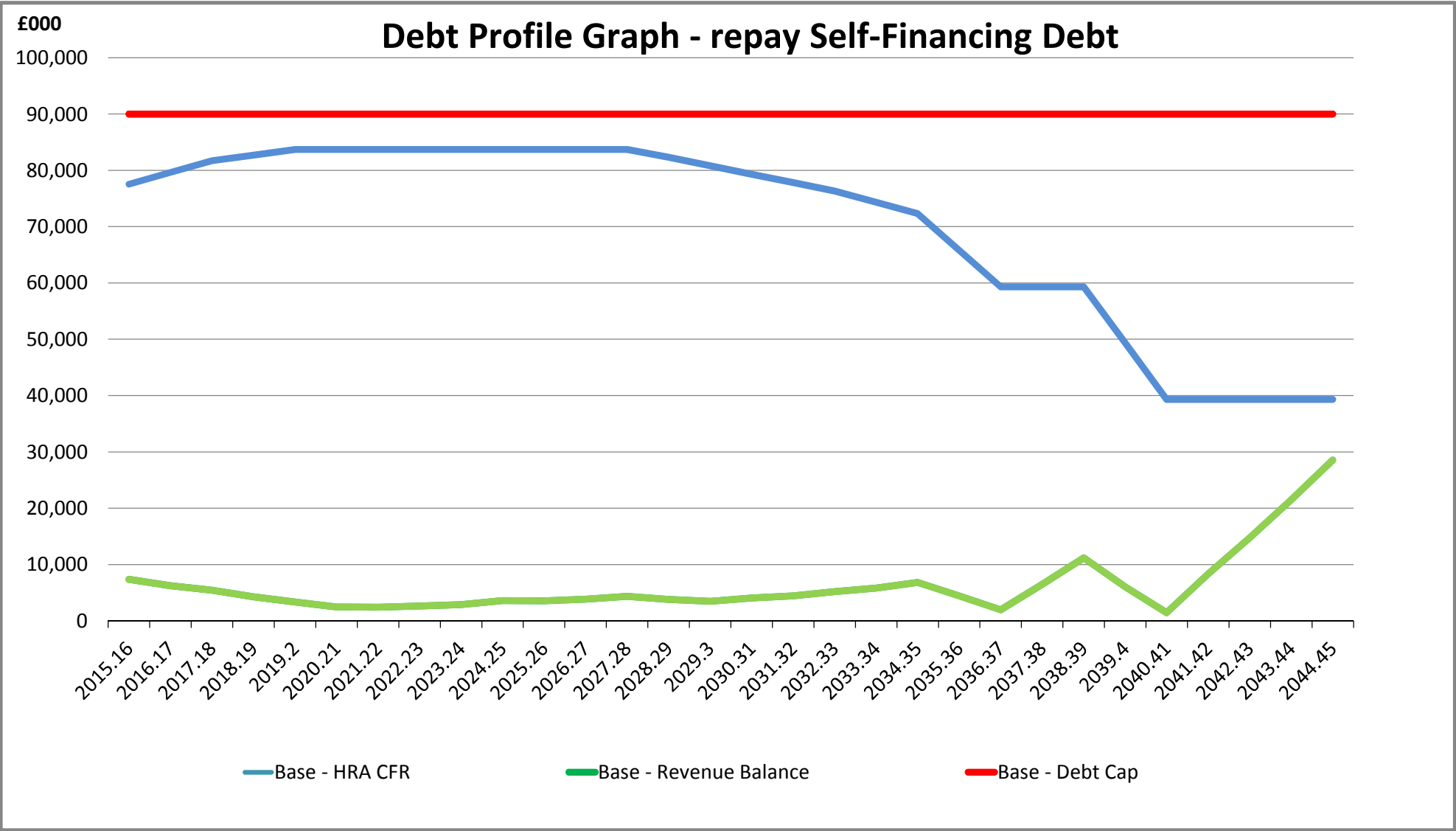
YARE CARE CHARGES	Weekly Charge	
	2016/17 Exc VAT	2016/17 Inc VAT
<i>52 Week Calculation for Private users</i>		
Private - Rental + Monitoring	£2.76	£3.31
Private - Monitoring	£1.20	£1.44
<i>50 week calculation for Community Housing Tenants</i>		
Council - Rental + Monitoring	£2.87	£4.03
Council - Monitoring	£1.25	£1.76

## Appendix C





Appendix D





Subject: 2015/16 Period 9 Budget Monitoring Report

Report to: Cabinet

Report by: Interim S 151 Officer

## **SUBJECT MATTER/RECOMMENDATIONS**

**To consider the 2015/16 budget monitoring position.**

### **1. Introduction**

- 1.1 This report compares the actual expenditure and income position at the end of December 2015 to the Updated budget for 2015/16. The Original Base Budget as agreed by Full Council in February 2015 has been updated for in-year virements and where costs are planned to be funded from earmarked reserves.
- 1.2 The Base Budget for 2015/16 set a target surplus of £1.061m, this was subsequently reduced following the approval of the ward budgets for 2015/16 of £78k. This report gives the position year to date and forecast outturn against this target.
- 1.3 As part of the work on the budget monitoring position and budget for 2016/17 some amendments to the budget that was presented for approval in February 2015 have been highlighted. The base budget included a number of assumptions around funding and service delivery for which some of the target savings and costs were not factored into the service cost centres. Where applicable these have been updated in the current year and also within the 2016/17 budget and future financial forecasts as applicable.

### **2. Budget Monitoring Position – Revenue Services**

- 2.1 The General Fund Summary at Appendix A shows the high level budget monitoring position at 31 December 2015 which shows a year to date variance of the actual compared to the profiled budget to date of £363,246. The full year forecast shows and underspend against the budget of £309,924. Of the forecast full year underspend against the budget, a net £54,818 overspend is in relation to service variances and £364,742 underspend is in relation to the Non Service Variances. Details of these variances are included within sections 2.3 and 3 respectively in this report. Appendix B provides further details of the individual service variances.
- 2.2 The following table provides commentary on the more significant variances from the budget monitoring process carried out between finance and services for the position at the end of period 9 and where there is anticipated to be a full year under/overspend.

<b>Service Variances</b>	<b>Over/(under) spend against Period 9 Profiled Budget</b>	<b>Estimated full year variance</b>
<b>EXECUTIVE</b>		
<b>ESG</b> - The variance to date reflects one off costs which are being funded from the earmarked reserve.	436,868	0
<p><b>Executive Team</b> – Despite showing an overspend to date, there are a number of variances within this budget heading, which is currently forecasting a year end underspend of £103,851. The following commentary focuses on the areas that are anticipated to deliver a full year effect:</p> <ul style="list-style-type: none"> <li>£80,000 of the transformation base budget is not expected to be used in full, this will be offset by a reduction in transfers from reserves in the year;</li> <li>There is expected to be a full year underspend on employee related expenditure within the service heading of £22,322, this after allowing for the agency and secondment costs incurred to date and forecast for the remainder of the year;</li> <li>Town centre initiative expenditure and income incurred to date to be funded from earmarked reserves.</li> </ul>	247,652	(103,851)
<b>Transformation Team</b> - Base budgets reflect in year savings due to Transformation but these are unlikely to be transferred from departments this financial year. Have left savings targets therefore as over spends	289,484	386,000
<b>Executive Sub total</b>	974,000	282,149
<b>RESOURCES, GROWTH AND GOVERNANCE</b>		
<b>Economic Development</b> – Of the variance to date and full year variance £100,000 relates to the base budget for Coastal Communities Fund no longer being required as grant funding has since been received. The balance of the variance relates to an overspend in relation to employee costs, although the full year impact has been mitigated in the current year from additional income	(118,306)	(100,999)
<b>Enterprise GY</b> – The service includes a number of variances including an overspend on employee costs due to an extension of the contract, although this has been mitigated by a secondment which is no longer taking place. In the forecast, income of £325,117 has been estimated to bring the total expenditure on Enterprise GY to nil. This has released the base budget of £298,542 as under spend. The effect on the funding for 2016-17 (the last year of the project) is that £49.9k will be left from this year's allocation to carry forward to add to next year's base budget of £275k. This will therefore give total funding in 2016/17 of £325k but this will also need to 'cover' any one-off costs incurred.	(19,870)	(298,542)
<b>Strategic Planning</b> – The main reason for the variance to date and	(53,362)	(115,843)

<b>Service Variances</b>	<b>Over/(under) spend against Period 9 Profiled Budget</b>	<b>Estimated full year variance</b>
projected full year underspend is due to a number of vacancies within the team of which two posts have now been appointed to.		
<b>Construction Services</b> – Within this service heading there are a number of variances for which the major ones include a forecast underspend in the year on repairs and maintenance of £32,760, income generated for the rent of the Novus centre which commenced during the year of £34,125. The remaining variances relate to a number of supplies and services budgets including equipment, vending and grounds maintenance of £13,613 and additional costs in relation to Refuse collection £5k & cleaning £10.3k in Catalyst and Novus Centre, although this will be partly offset by a recharge to Enterprise GY.	(51,035)	(56,801)
<b>Markets</b> – The main reason for the forecast underspend is due to income projected being below the base budget from the two day market by £24,500, the six day market by £28,600 and also a reduction in the forecast income from site rents by £6,000. The balance of the variance is mainly due to other expenses being above the base budget and relate to the various fayres during the year.	45,551	65,951
<b>Bretts</b> – The full year variance relates to the loss of profit sharing income in relation to the basement area, vacant suites has made this unlikely to be achieved. The variance to date includes costs incurred for painting & decorating although part may be rechargeable to mitigate this cost.	16,637	40,317
<b>Factory Units</b> – The variance to date and full year forecast is due to empty units therefore increased costs have been incurred for rates £3.4k, insurance £2.1k, electric £4.4k and repairs £6.6k and also a loss of rental income.	32769	38137
<b>Corporate Estates</b> – Of the full year variance £28,000 is in relation to a compensation claim payment, £15,100 is in relation to storm damage to the Winter Garden although this will be funded by a virement from the central maintenance contingency fund. Of the remaining variance £35,000 is due to rental income not collectable due to vacant sites.	(10,019)	81,077
<b>Minerva House</b> – The major variances within this service heading are in relation to the number of void suites which has increased the net cost to the Council of £12,640 and also reduced the income receivable. In addition an accrual for service charges made in 2014/15 was less than the actual incurred resulting in an overspend in the current year.	44,506	51,907
<b>Property Services</b> – Variance to date and full year overspend includes two fifths of the salary costs of the Senior Estates Surveyor for part of the year. The variance also includes costs of £33,049 for	52,445	42,320

<b>Service Variances</b>	<b>Over/(under) spend against Period 9 Profiled Budget</b>	<b>Estimated full year variance</b>
valuation costs incurred earlier in the year.		
<p><b>Beacon Park</b> – The variance to date and full year forecast are made up of a number of variances within the service, the major ones are as follows:</p> <ul style="list-style-type: none"> <li>property consultancy costs being incurred above the budget resulting in a variance of £33,400;</li> <li>the impact of vacant properties causing a reduction in income of £19,600 and costs falling to the Council of £86,145;</li> <li>the variance to date includes an outstanding 2014/15 year-end service charge accrual, and charges for this financial year are expected to be low due to empty properties resulting in a shortfall of £45,000;</li> <li>a number of smaller budget variances resulting in an overspend of £17,686.</li> </ul>	165,966	209,954
<p><b>Finance</b> – The service has had a number of vacancies in the year although some of these have been covered by agency staffing, resulting in a projected net full year underspend of £23,540. There is currently forecast to be an overspend on audit fees (internal and external) totalling £10,600 for the year. The 2015/16 budget had a number of ICT related budgets omitted from the base budget, these have now been corrected in the current years forecast and include charges for Norfolk County Council, the finance system upgrade and associated project management fees. The forecast overspends have been reduced partly by income receivable in relation to insurance.</p>	(21,157)	58,583
<p><b>HR</b> – Within the service there has been a number of vacancies although these have been offset by the use of agency, a secondment and recruitment costs in the year resulting in a small forecast overspend.</p>	(19,065)	2,175
<b>CUSTOMER SERVICES</b>		
<p><b>Benefits</b> – Of the variance to date £125k related to subsidy although this is expected to net to nil by the end of year. The full year effect mainly related to DCLG grant income received for new burdens.</p>	(145,479)	(35,461)
<p><b>Car Parks General</b> – The full year variance reflects a forecast £100k underspend from establishment restructure savings and vacancies. This has been partly offset by £7k Tourism Improvement Districts costs; £13k credit card processing costs for P&amp;D machines; £33k loss on income, although town centre losses will be reimbursed from Town Centre Initiative for free parking up to £76k. The forecast also reflects the 2015/16 base budget correction which overstated income from retaining income that relates to NCC services.</p>	(74,383)	(27,606)
<p><b>Cemeteries and Crematorium</b> – The variance to date and full year</p>	143,340	130,574

<b>Service Variances</b>	<b>Over/(under) spend against Period 9 Profiled Budget</b>	<b>Estimated full year variance</b>
effect largely reflects a reduction in income of £96,000 from fewer cremations and internment of ashes over the third quarter in the year; £40k additional repairs to cremators during year		
<b>Customer Services</b> – The variance reflect (£33k) establishment saving as post seconded to ESG, this is partly reduced by additional postage and translation costs of £13k.	(19,897)	(25,319)
<b>IT</b> – The variances to date and full year reflects an overspend of £100k against the base budget as the posts within a team were not included in the restructure costs in Revenues last year. This has been offset in the year by a net saving on the NCC contract following renegotiation of the contract costs in 2014/15 which is anticipated to be delivered in the future years. The forecast also now reflects £54k for new purchases and software, mainly Civica.	62,568	(34,524)
<b>Revenues</b> – Within the service there are a number of variance including £30k net establishment saving as Fraud posts moved to DWP in June offsetting cost of missing posts in restructure; £66k IT software contracts not in budget; £6k PayPoint costs as cash office closed during year and (£150k cost of NDR collection omitted from budget.	(168,281)	(129,181)
<b>Public Toilets</b> - £7k contribution for parishes managing own toilets; £11k GYBS contract difference to budget; £5k hardwired testing 5 yearly cost	21,981	21,215
<b>Repairs and Maintenance</b> – Anticipated profit share of £80k from GYN and GYBS for the year.	85	(80,703)
<b>Waste</b> – The period 9 position is made up of a number of variances including: <ul style="list-style-type: none"> <li>• (£14k) establishment saving as post not being refilled;</li> <li>• (£16k) saving on bottle banks and clinical waste collections;</li> <li>• NEWS disposal costs based on quantity (£52k);</li> <li>• Contamination costs estimated to be an additional £45k for the year;</li> <li>• £118k loss in tonnage rebate as no profit currently being made;</li> <li>• (£17k) bulky items collection income as now included fridges/freezers;</li> <li>• (£12k) additional income in excess travel reimbursements to waste sites</li> </ul>	(53,313)	50,352
<b>Environmental Health</b> – The significant variance is in relation to a forecast full year saving of £125k from employee budgets due to vacant posts and secondment to ESG. Other variances include £7k	(144,594)	(167,647)

<b>Service Variances</b>	<b>Over/(under) spend against Period 9 Profiled Budget</b>	<b>Estimated full year variance</b>
out of hours call centre recharges not included in the budget; £20k less funeral costs than budgeted and £7k pest control income not included in budget.		
<b>Elections</b> – The variance reflect an establishment saving due to a vacancy in the service.	(5,741)	(37,555)
<b>Building Control</b> - £35k reduction in fee income as less work this year.	14,931	32,176
<b>Development Control</b> - £15k consultant costs relating to an appeal which may be partly recovered, this is currently offset by an increase in fee income of £20k due to a greater number of applications being received.	(43,400)	(2,512)
<b>Land Charges</b> – New burdens funding of £95k has been received from the DCLG relating to search fee legal costs in 2014/15. Additional income of £15k from more searches has also been reflected in the full year forecast.	(123,887)	(114,120)
<b>Events</b> - £38k reduction in events income due to growth in business less than predicted	11,122	39,603
<b>HOUSING AND NEIGHBOURHOODS</b>		
<b>Housing Needs</b> – The variance to date and full year effect are mainly due to the increase in net income of approximately £76k due to improved income on GYBC purchased properties, and landlord costs being below the level budgeted due to over estimated inflation in the base budget. There are also some smaller underspend against the budget for the current year.	(121,964)	(98,456)
<b>Leisure &amp; Culture</b> – The variance to date and full year forecast reflects a number of movements against the base budget. The main ones are a net underspend of £28k from a secondment to Sport England after allowing for cover of the post and reduced income from Ice-Cream Van Sales Concession of £6,025.	6,262	(17,932)
<b>Indoor Leisure</b> - The variances to date reflect the current position on the Marina & Phoenix pool management fee. The budget was incorrectly reduced for 2015/16 below the contracted £115k. In addition the full position now includes allowance for the under recovery of income of approximately £37k for use of Phoenix pool by schools.	45,253	161,125



<b>Service Variances</b>	<b>Over/(under) spend against Period 9 Profiled Budget</b>	<b>Estimated full year variance</b>
<b>Neighbourhood Management</b> – The variances reflect dilapidation costs for Kings street £9,294 and costs in relation to the Rural Development Officer.	(56,422)	36,799

### 3. Non Service Variances

- 3.1 **Interest Payable** – Savings of £100k have been achieved against interest on loans as although there is an underlying need to borrow, a decision was taken to take advantage of very low short term rates. Longer term the Council will commit to long term borrowing to cover this need, but it will continue with this option for the next year at least.
- 3.2 The capital programme committed to significant borrowing, but due to delays in spend this has not materialised.
- 3.3 **Contingency** – A contingency budget of £300k was included in the base budget to be used for examples to fund unbudgeted repair costs. To date only a small allocation from this contingency has been utilised and therefore this is currently anticipated to deliver a full year under spend of £265k.
- 3.4 **Earmarked Reserves** – During the year further transfers from reserves have been agreed to match the profile of spend, for example £600k has been transferred from earmarked reserves for ESG which has covered spend for transformation projects; a further £100k was transferred for Waste Management, £50k for the Local Plan Consultation and £50k for Coastal Communities Grant Projects.
- 3.5 The Council has been successful in pursuing a VAT refund in relation to prior years VAT on building control fees. The total refund due totals £310,500 and is made up of income and interest. This is not currently shown in the figures included in the above position.

### 4. Budget Monitoring Position – Summary

- 4.1 The following table provides a summary of the full year projections for the service areas along with an updated use of reserves figure where applicable.

<b>Table – Summary of Full Year Effects 2015/16</b>	<b>Estimated Movement from Original Base Budget £</b>
Service Areas (section 2)	54,818
Non Service Areas (Section 3)	(364,742)
<b>Total Surplus</b>	<b>(309,924)</b>

- 4.2 The overall position will continue to be monitored in the current financial year and will be reported to EMT and members accordingly.

## 5. Budget Monitoring Position – Capital

Directorate	Original Approved Budget 2015-16	Revised Budget 2015-16	Revised Budget for 9 months	Actual Expenditure to 31 <sup>st</sup> Dec 2015
	£'000	£'000	£'000	£'000
Housing & Neighbourhoods	11,601	3,264	2,448	888
Customer Services	601	1,364	1,023	427
Resources, Governance & Growth	10,419	8,736	6,552	3,842
<b>Total</b>	<b>22,621</b>	<b>13,364</b>	<b>10,023</b>	<b>5,157</b>

- 5.1 As at the end of December 2015, £5.157m had been spent against the nine month budget of £10.023m.
- 5.2 The Housing & Neighbourhoods budget includes £1.27m for the improvement works at the Phoenix Pool, which commenced only recently.
- 5.3 The Customer Services expenditure looks relatively low for the year to date, but this is because several of the projects within this directorate have either just begun e.g. the coast protection project at Scratby (which is due to be completed by April 2016), or have yet to commence e.g. the extension to Euston Road car park (budget of £231k included in 2015-16).
- 5.4 The Budget for Resources, Governance and Growth is made up predominantly of the Beacon Park budget (£7.275m in total). This budget has been revised downwards during this year's budget process to more accurately reflect work that will be carried out before year end.
- 5.5 Improvements to office buildings as part of the Flexible Workforce project remain ongoing and by the end of December £182k had been spent against the budget of £590k.
- 5.6 There has been little expenditure against the South Denes project for the year to date, but this budget (£400k) has been left in the Programme to cover any acquisitions that may take place before year-end.

## 6. Conclusion

- 6.1 The revenue budget is showing an forecast full year saving of £1,292,981 against a budgeted saving of £983,027 resulting in a surplus of £309,224. The overall financial position will continue to be closely monitored and where appropriate the timing of the use of reserves in the year will be considered as part of consideration of the overall outturn position to be reported to members later in the year.

## **7. Financial Implications and Risks**

- 7.1 The detail within section 2 of the report highlights the significant variances including those that are estimated to result in a full year impact.
- 7.2 This year has seen significant support from earmarked reserves for transformation projects from ESG and the Council has also received grants which were not originally within budget. These include funding for two years for Enterprise GY, saving £300k from this year's original budget and £95k for legal costs of searches.
- 7.3 Although there are significant vacancies resulting in savings within the establishment, this is neutralised by the current forecast spend on agency costs.
- 7.4 The estimated outturn shown in Appendix A will continue to be monitored during the year and where applicable will be transferred to earmarked reserves. In addition further review of the service budgets and savings targets will be considered as part of early work on the future financial strategy.
- 7.5 The Council is dependant upon a number of income streams including business rates income which are subject to factors outside of the Council's control. Where applicable assumptions have been around these income streams based on the current year to date along with input from services around future projections.

### **FINANCIAL IMPLICATIONS:**

Included within the detail of the report

### **LEGAL IMPLICATIONS:**

N/A

### **EXECUTIVE BOARD OR DIRECTOR CONSULTATION:**

EMT

Does this report raise any legal, financial, sustainability, equality, crime and disorder or human rights issues and, if so, have they been considered?	Issues	
	Legal	N/A
	Financial	Included within the detail of the report
	Risk	Included within the detail of the report
	Sustainability	N/A
	Equality	N/A
	Crime and Disorder	N/A
	Human Rights	N/A
	Every Child Matters	N/A

## General Fund Summary P9 2015-16

	YTD Budget £	YTD Actuals £	YTD Variance £	Full Year Budget £	Full Year Forecast £	Full Year Variance £
<b>Net Cost of Services</b>						
Customer Services	3,701,999	3,220,525	(481,475)	7,574,906	7,207,636	(367,270)
Executive Team	589,897	1,563,901	974,004	327,381	609,530	282,149
Housing and Neighbourhoods	2,639,919	2,482,312	(157,606)	4,193,865	4,289,460	95,595
Resources, Governance & Growth	1,282,183	1,325,830	43,647	(345,177)	(300,833)	44,344
<b>Net Cost of Services</b>	<b>8,213,998</b>	<b>8,592,568</b>	<b>378,570</b>	<b>11,750,975</b>	<b>11,805,793</b>	<b>54,818</b>
<b>Non Service Expenditure/Income</b>						
Loan Interest Payable	520,830	393,040	(127,790)	694,440	592,362	(102,078)
Interest Receivable	(15,000)	(29,784)	(14,784)	(20,000)	(30,000)	(10,000)
Capital Charges Reversal	0	0	0	(1,565,000)	(1,565,000)	0
Transfers To/From Earmarked Reserves	(667,423)	(373,141)	294,282	(1,236,542)	(1,246,316)	(9,774)
Pension Back Funding	727,875	1,223,311	495,436	970,500	970,500	0
Contingency	225,000	90	(224,910)	300,000	35,000	(265,000)
Parish Precepts & Concurrent Grants	354,756	355,886	1,130	354,756	354,756	0
Provision for Load Repayment (MRP)	0	0	0	1,351,525	1,373,635	22,110
Other Non Service	0	0	0	18,311	18,311	0
<b>Non Service Expenditure/Income</b>	<b>1,146,039</b>	<b>1,569,402</b>	<b>423,363</b>	<b>867,990</b>	<b>503,248</b>	<b>(364,742)</b>
<b>Income</b>						
Collection Fund Parish	(156,095)	(156,095)	0	(312,190)	(312,190)	0
Collection Fund District	(2,873,411)	(2,873,411)	0	(3,831,214)	(3,831,214)	0
Business Rates	(2,786,909)	(2,786,909)	0	(3,715,878)	(3,715,878)	0
Revenue Support Grant	(3,346,480)	(3,775,197)	(428,717)	(4,538,641)	(4,538,641)	0
New Homes Bonus	(867,485)	(867,485)	0	(1,156,647)	(1,156,647)	0
Council Tax Freeze Grant		(9,970)	(9,970)	(47,452)	(47,452)	0
<b>Income</b>	<b>(10,030,379)</b>	<b>(10,469,066)</b>	<b>(438,687)</b>	<b>(13,602,022)</b>	<b>(13,602,022)</b>	<b>0</b>
<b>Surplus/Deficit</b>	<b>(670,342)</b>	<b>(307,096)</b>	<b>363,246</b>	<b>(983,057)</b>	<b>(1,292,981)</b>	<b>(309,924)</b>

## Service Area Summaries P9 2015-16

<u>Cost Centre</u>	<u>Description</u>	<u>Actual to Date</u>	<u>Year to Date Budget</u>	<u>Variance (YTD)</u>	<u>Full Year Budget</u>	<u>Full Year Forecast</u>	<u>Variance</u>
		£	£	£	£	£	£
<b>Customer Services</b>							
CCBE	Benefits	(721,572)	(576,093)	(145,479)	37,393	1,932	(35,461)
CCCE	Cemetries	167,914	143,758	24,156	194,781	217,168	22,387
CCCG	Car Parks - General	(818,046)	(804,896)	(13,150)	(713,556)	(787,514)	(73,958)
CCCL	Car Parks -	(4,817)	(10,500)	5,683	(4,790)	(4,790)	0
CCCN	NCC Car Parking	(1,236)	38,607	(39,842)	(55,939)	0	55,939
CCCO	SNDC Fines	14	(8,610)	8,624	980	0	(980)
CCCP	Palmer's Car Parks	(114,377)	(77,852)	(36,525)	(36,482)	(45,089)	(8,607)
CCCR	Crematorium	(506,240)	(625,424)	119,184	(684,201)	(576,017)	108,184
CCCS	Customer Services	315,544	335,441	(19,897)	5,968	(19,351)	(25,319)
CCCT	Preservation Trust Car Park	(5,252)	(6,079)	827	(4,015)	(4,015)	0
CCIC	ICT (Client)	190,048	127,480	62,568	(2,277)	(36,801)	(34,524)
CCSS	Support Services	175,696	181,315	(5,619)	(16,047)	(30,246)	(14,199)
CEEH	Environmental Health	923,593	1,068,186	(144,594)	1,710,132	1,542,485	(167,647)
CEPC	Planning Control	1,558	0	1,558	0	0	0
CGGM	Grounds Maintenance	222,247	215,832	6,415	444,902	450,328	5,426
CGPC	Public Toilets	275,673	253,692	21,981	406,670	427,885	21,215
CGRM	Repairs and Maintenance	790,237	790,152	85	1,085,610	1,004,907	(80,703)
CGSC	Street Cleaning	738,411	738,066	344	971,791	971,951	160
CGSF	Footway Lighting	335,005	334,258	747	564,557	564,314	(243)
CGWA	Waste	814,454	867,768	(53,313)	1,572,722	1,623,074	50,352
CPBC	Building Control	15,423	492	14,931	111,612	143,788	32,176
CPCP	Coastal Protection	51,057	42,034	9,024	383,480	392,528	9,048
CPDC	Development Control	(43,962)	(562)	(43,400)	101,302	98,790	(2,512)
CPLC	Land Charges	(160,101)	(36,214)	(123,887)	65,777	(48,343)	(114,120)
CTCO	Communications	48,505	49,597	(1,091)	(438)	(2,840)	(2,402)
CTCP	Civic & Portering	116,937	101,173	15,764	(1,263)	10,905	12,168
CTMA	Mayor	487	0	487	31,980	31,980	0
CTRE	Print & Design	93,826	95,989	(2,163)	(1,209)	(7,117)	(5,908)
CTTO	Tourism	309,547	286,890	22,657	564,279	574,043	9,764
CTVE	Events	7,860	(3,262)	11,122	91,668	131,271	39,603
ROEL	Elections	129,602	135,343	(5,741)	215,502	177,947	(37,555)
ROLI	Licensing	(208,522)	(203,872)	(4,651)	(141,008)	(141,381)	(373)
RRRE	Revenues	81,012	249,293	(168,281)	675,025	545,844	(129,181)
<b>Total Customer Services</b>		<b>3,220,525</b>	<b>3,701,999</b>	<b>(481,475)</b>	<b>7,574,906</b>	<b>7,207,636</b>	<b>(367,270)</b>
<b>Executive Team</b>							
EXEG	ESG	887,920	451,052	436,868	601,402	601,402	0
EXTE	Executive Team	675,981	428,329	247,652	111,979	8,128	(103,851)
EXTT	Transformation Team	0	(289,484)	289,484	(386,000)	0	386,000
<b>Total Executive Team</b>		<b>1,563,901</b>	<b>589,897</b>	<b>974,004</b>	<b>327,381</b>	<b>609,530</b>	<b>282,149</b>
<b>Housing &amp; Neighbourhoods</b>							
CGGP	Parks	420,219	411,441	8,777	507,089	518,067	10,978
CGOS	Outdoor Sports	154,139	146,307	7,832	252,671	255,426	2,755
GHHN	Housing Needs	587,992	709,956	(121,964)	1,172,285	1,073,829	(98,456)
GHHS	Housing Strategy	70,972	101,810	(30,838)	165,586	163,413	(2,173)
GNCC	CCTV	99,545	92,966	6,579	166,990	174,992	8,002
GNCL	Leisure & Culture	186,013	179,751	6,262	286,220	268,288	(17,932)
GNGV	Grants	108,500	132,800	(24,300)	206,796	206,796	0
GNMP	Indoor Leisure	359,616	314,363	45,253	614,088	775,213	161,125
GNNM	Neighbourhood Management	231,207	287,629	(56,422)	182,760	219,559	36,799
GWPS	Private Sector Housing	36,692	39,624	(2,932)	144,336	141,843	(2,493)
GWSH	Safe at Home	72,875	64,620	8,255	205,623	215,492	9,869
RPCO	Conservation	154,543	158,653	(4,109)	289,421	276,542	(12,879)
<b>Total Housing &amp; Neighbourhoods</b>		<b>2,482,312</b>	<b>2,639,919</b>	<b>(157,606)</b>	<b>4,193,865</b>	<b>4,289,460</b>	<b>95,595</b>

## Service Area Summaries P9 2015-16

<u>Cost Centre</u>	<u>Description</u>	<u>Actual to Date</u>	<u>Year to Date Budget</u>	<u>Variance (YTD)</u>	<u>Full Year Budget</u>	<u>Full Year Forecast</u>	<u>Variance</u>
		£	£	£	£	£	£
<b>Resources, Governance &amp; Growth</b>							
CGDC	Churchill Depot	5,113	(5,938)	11,051	0	0	0
RGED	Economic Development	175,819	294,125	(118,306)	432,952	331,953	(100,999)
RGEG	Enterprise GY	142,670	162,540	(19,870)	298,542	0	(298,542)
RGEZ	Enterprise Zone	(0)	0	(0)	0	0	0
RGSP	Strategic Planning	302,993	356,355	(53,362)	561,188	445,345	(115,843)
ROCS	Corporate Strategy	125,295	121,705	3,589	(30,139)	(29,516)	623
ROLE	Legal (Client)	161,202	162,905	(1,703)	(19,994)	(17,084)	2,910
ROMS	Member Services	359,023	378,733	(19,709)	160,407	169,428	9,021
RPCC	Community Centres	6,935	6,104	832	5,925	7,866	1,941
RPCS	Construction Services	434,100	485,135	(51,035)	(26,147)	(82,948)	(56,801)
RPMA	Markets	(58,751)	(104,302)	45,551	(15,115)	50,836	65,951
RPMT	Modernisation Team	58,191	60,429	(2,238)	108,002	104,429	(3,573)
RPPB	Bretts	876	(15,491)	16,367	(40,409)	(92)	40,317
RPPC	Courts	10,349	3,431	6,919	(2,961)	11,309	14,270
RPPF	Factory Units	(35,472)	(68,241)	32,769	(82,871)	(44,734)	38,137
RPPG	Corporate Estates	(1,793,689)	(1,783,670)	(10,019)	(1,775,436)	(1,694,359)	81,077
RPPM	Minerva House	58,088	13,582	44,506	11,646	63,553	51,907
RPPO	Onians	(12,488)	(3,602)	(8,886)	(8,122)	(7,260)	862
RPPP	Property Services	313,309	260,864	52,445	(3,070)	39,250	42,320
RPPS	Beacon Park	196,767	30,801	165,966	37,197	247,151	209,954
RPPW	Waterways	54	0	54	430	484	54
RRFI	Finance	643,909	665,066	(21,157)	(5,101)	53,482	58,583
RRHR	HR	236,651	255,716	(19,065)	47,899	50,074	2,175
<b>Total Resources, Governance &amp; Growth</b>		<b>1,325,830</b>	<b>1,282,183</b>	<b>43,647</b>	<b>(345,177)</b>	<b>(300,833)</b>	<b>44,344</b>
<b>BIDS</b>							
BIDS	Business Investment District	0	0	0	0	0	0
TIDS	Tourism Improvement District	(0)	0	(0)	0	0	0
		<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>		<b>8,592,568</b>	<b>8,213,998</b>	<b>378,570</b>	<b>11,750,975</b>	<b>11,805,793</b>	<b>54,818</b>

