


Board of Directors 18 December 2017	
Report authorised by: Susmita Sen Report Author: Neil Isaac	Report type: For information For decision (delete as appropriate)
Title Budget Monitor Period 7	

1. Introduction

- 1.1 The attached Budget Monitor report was considered by Finance and Audit Committee on the 7th of December.
- 1.2 The focus on budget preparation for 2018/19 and issues with the budget managers' returns not being automatically uploaded into Agresso meant that the budget monitoring position was not finalised until the despatch date of the papers.
- 1.3 This summary report therefore highlights the key points from the Finance and Audit Committee.

2. Recommendation

- 2.1 That the Board notes the budget monitor position at Period 7.

3. Background

- 3.1 The Finance and Audit Committee monitors the budget on behalf of the Board and receives a detailed report to every meeting. Updates are submitted to the Board on a regular basis.

4. THH Management Accounts

- 4.1 The THH budget shows a projected overspend of £594,000 at period 7. This is a deterioration of £61,000 from the position reported in period 6. The reasons for the overspend are set out in the Audit and Finance Report and were discussed in detail by the Committee.
- 4.2 The business contingency has unallocated resources of £498,000 which could be used to offset the overspend. However we would prefer to use this to meet

any further redundancy costs this year or to add to reserves to meet such costs in the future.

- 4.3 Although significant the projected overspend has not significantly changed from period 6. EMT are keeping the situation under review and are meeting budget managers who are overspending or who spent significantly in the final quarter of last year. The end of November position will be subject to a high level of scrutiny to assess the likely outturn. If necessary EMT will then take further steps to contain expenditure by looking at discretionary spend in the final quarter.

5. Delegated Budget

- 5.1 This is set out in detail in the report. There is a projected underspend of £1,273,000 on expenditure and a projected under recovery of income of £721,000 resulting in a net underspend of £552,000.
- 5.2 The reduction in income is largely due to the lower actual leasehold service charges for 2016/17 (which are calculated in September 2017) being posted to 2017/18. The rent income is slightly lower due to the delays at Watts Grove and RTB sales. Tenant service charges are also impacted by apparently lower electricity costs.
- 5.3 There is a projected underspend on repairs of £849,000. The Board may recall that there have been issues with the end of year accrual on repairs. Finance and Asset Management are working together on revising the methodology for this work, which could have an impact on the year end projection.

6. Capital

- 6.1 The capital programme has been subject to a mid-year review to assess commitments, progress on site, the impact of fire safety works on procurement and the incorporation into better neighbourhood projects.
- 6.2 In addition the review has allowed the removal of a number of provisional sums and contingencies in live contracts and an up to date assessment of the likely final account position for a number of decent homes projects.
- 6.3 This review has reduced the likely spend for 2017/18 to £25m but will allow an enhanced fire safety programme to be undertaken over the next three years alongside the existing better neighbourhoods programme. Any resources not spent in 2017/18 will be rolled forward into 2018/19.

7. Financial Implications

As set out in the attached report.