

Budget Monitoring Position – July 2017

Regeneration, Investment & Housing

OVERALL NET POSITION	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)	-	9,194	9,194	9,194	9,194	9,194	9,194	9,194	9,194	9,194	9,194	9,194
Forecast (£'000)	-	9,614	9,263	9,692	9,692	9,692	9,692	9,692	9,692	9,692	9,692	9,692
Variance (£'000)	-	420	69	498	498	498	498	498	498	498	498	498





Key Elements of Budget Variances:

STAFFING	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Budget (£'000)	-	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006
Forecast (£'000)	-	4,920	4,867	4,841	4,841	4,841	4,841	4,841	4,841	4,841	4,841	4,841
Variance (£'000)	-	-86	-139	-165	-165	-165	-165	-165	-165	-165	-165	-165

DELIVERY OF MTRP SAVINGS	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
MTRP Target (£'000)	409	409	409	409	409	409	409	409	409	409	409	409
Savings Realised (£'000)	298	298	303	297	297	297	297	297	297	297	297	297
Variance (£'000)	111	111	111	111	111	111	111	111	111	111	111	111
MTRP Target underachieved from previous year (£'000)	53	53	53	53	53	53	53	53	53	53	53	53
Savings Realised (£'000)	0	0	0	0	0	0	0	0	0	0	0	0
Variance (£'000)	53	53	53	53	53	53	53	53	53	53	53	53
FIP Reconciliation period	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR




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Change since last month	Current & Emerging Risks / Opportunities (Including non delivery of MTRP savings)
	<p>Homelessness – Current Overspend £52K - recent changes to the Housing Benefit subsidy arrangements are expected to put additional pressure on the homelessness budgets; whilst the shortfall is expected to be in the region of £103k per annum this has been off set in part by additional short term revenue and reduced rental payments across the leased properties portfolio.</p>
	<p>Work & Skills - the current Work Programme contract with Working Links is due to end in December and be replaced by the new Work and Health contract. The DWP are currently in the process of deciding who will deliver this programme across Wales and this has various potential impacts on Newport CC, namely an expansion of the current work and skills budget; a stand still position, or a worst case scenario where the programme is awarded externally. These forecasts will be amended when the Work and Health contract is awarded and the future funding position is confirmed.</p>
	<p>Communities First – The current budget on BMS reflects the reduced funding available in 2017/18. There is a risk of further redundancies at the end of March 2017/18. Community Regeneration are seeking to mitigate this potential cost by identifying new funding opportunities that could accommodate as many of these staff as possible .</p>
	<p>Centralised Properties – Current Overspend £725k – includes £159k underachieved MTRP savings. An additional £340k for 17/18 is required to meet the pension costs following the triennial valuation. Backdated Living Wage supplement of £35k. Certain supplies and services costs have been reduced to offset some of this pressure.</p>

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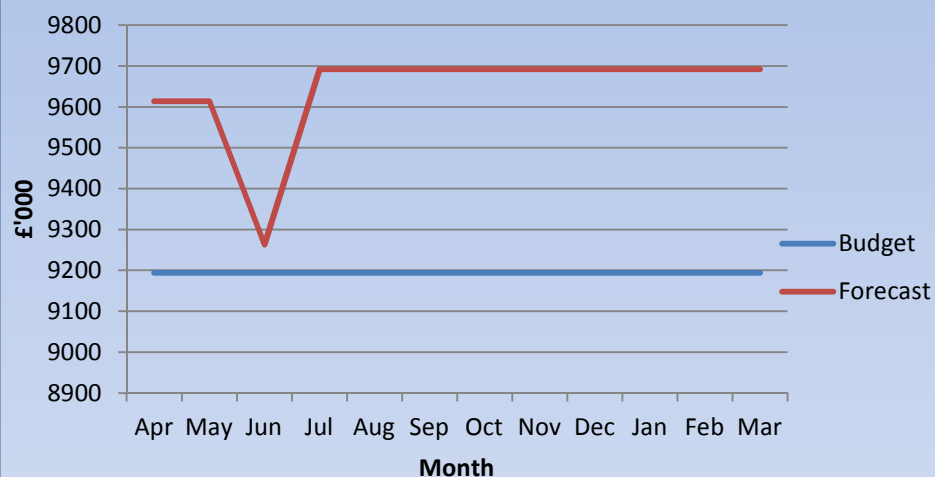
Regeneration, Investment & Housing

Change since last month	Current & Emerging Risks / Opportunities <i>(Including non delivery of MTRP savings)</i>
	Vacant Properties – Current Underspend -£54k A dispute with a supplier over the payment of security costs following the demolition of the Mary Dunn Community Centre has resulted in a credit being forecast for the reimbursement of invoice payments £40k
	Facilities Management – Current Overspend £45k . Reduction to the forecast of the utilities across the 3 main sites has resulted in a £70k reduction for 17/18
	Commercial & Industrial Portfolio – Current Underspend £119k . Further work is being undertaken with our property partners Newport Norse to carry detailed analysis of the C&I portfolio. Current indications show an over achievement of £92k for rental income. This figure is inclusive of any repairs costs. This needs to be monitored closely to ensure accuracy.

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Regeneration, Investment & Housing 2017/18 Forecast History



BMS Submission Data	%
% of cost centres submitted by budget holder deadline	98

Head of Service Commentary

Management actions to address position:

Key Budget Variances

IPU - £580k overspend. This is based on a number of factors including:-

£360k – Norse Pension Strain

£160k – Profit share

£15k – Underachieved Market Income

£25k – Additional works within Market – “dragons den” units plus increased costs from last year’s works programme within Market.

£55k – Civic Centre red-dec, catering, grounds maintenance. All various increase on expenditure for both internal and external areas.

(£30k) – Reduction in Carbon

Mitigation to those pressures

200k underspends mitigating the above pressures

Acceleration of the Norse commercial strategy is being developed in order to mitigate Norse profit share issues

Review of capital maintenance budget spend

A spending freeze of all non essential items has been put in place

Non Delivery of MTRP Savings

As per profile

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Head of Service Commentary

Head of Service comments/ summary:

Mitigation measures - All non essential spend has been suspended until the overspend is brought back to sensible levels.

The current overspend in the main relates to the non achievement of the Norse profit share and the costs payable as a result of changes to the triennial superannuation valuation. The property and asset budget is being reviewed to consider all maintenance spending in 17/18 .

With the mitigation in place RIH would expect to see improvement month on month from the current position

Strategic Director Commentary

Strategic Director comments:

There has been an increase in the overspend forecast for RIH since the last budget monitor. This is as a result of issues arising within the IPU budget line. Colleagues in RIH and Finance are currently reviewing the detail underpinning this increase, to enable mitigation measures to be implemented, additional to those already in place for the IPU (i.e. A spending freeze across RIH and the development of an accelerated commercial strategy by Newport Norse).