

CITY REGENERATION DIRECTORATE

1. Directorate Overview

- 1.1 Financial performance within City Regeneration overall is favourable with adverse outturns in City Development and Housing and Property being more than offset by increased rental income from the Council's commercial property portfolio.
- 1.2 For the Directorate as a whole 12 (71%) of performance measures were on target with 5 (29%) off target.
- 1.3 There is one red risk for the Directorate.

2. Directorate Financial Performance

- 2.1 The Directorate has a favourable outturn position of £0.515 million after £0.444 million of carry forward requests.

City Development

- 2.2 City Development has a net adverse variance to budget of £0.216 million primarily as a result of additional consultancy costs in connection with planning work. £0.097 million was spent on planning appeals; £0.075 million consultancy on developing land south of Grenoble Road; £0.033 million additional staffing costs and £0.013 million on consultancy on bio-diversity. An adverse variance of £0.122 million in Building Control fees was mitigated by a £0.124 million favourable variance in major planning application fees.

Housing and Property

- 2.3 Housing and Property has a net adverse variance of £0.053 million arising from:
 - 0.070 million from Employee costs in Building Design & Construction team, relates to work on Capital projects.
 - 0.038 million from increased activity of work in final quarter, namely in Civil Engineering, Community Centres and Cemeteries.
 - 0.025 million under achieved income from Garages.

This is offset by...

- (0.012) million from Employee costs in Tenants Participation - vacant post for half the year.
- (0.066) million from additional recharges to Capital.

Regeneration and Major Projects

- 2.4 Regeneration and Major Projects has a net favourable variance of £0.784 million mainly relating to favourable rent reviews as follows: -
 - (£0.660) million from rent reviews and new lettings across investment portfolio.
 - (£0.102) million from Covered Market rent review.
 - (£0.091) million quarterly rent on SAC not paid (according to our records) that we believe will not need to be paid – final settlement agreed.
 - (£0.063) million fee income, miscellaneous additional rent, service charges and interest on backdated rent
 - (£0.025) million increased service charges for the Golden Cross Shopping Centre.
 - (£0.007) million service charges for Ramsay House.

This is offset by

- £0.050 million consultancy relating to rent reviews.
- £0.055 million on Facilities Management charges to Bury Knowle House and the Barton Centre.
- £0.100 million repairs and services to Town Hall and St Aldates chambers.

Housing Revenue Account

2.5 The HRA has a net favourable variance of £2.565 million. This is primarily related to service variances as detailed below.

Income

2.6 Dwelling rents – the outturn is £0.132 million favourable variance despite RTB disposals in total being slightly higher than budgeted (46 compared to 40); this was more than offset by void re-let times being significantly lower than estimated (estimated 1.8% actual 0.7%).

2.7 Services Charges – the outturn is £0.198 million favourable variance relating principally to income received from sheltered schemes.

2.8 Furniture and Other Rent – the outturn is £0.176 million favourable variance. This scheme continues to be popular with tenants. Pressures with regards to expenditure budgets were experienced during the year but this was more than offset by increased income. The scheme's multiplier is being reduced from 2.1 to 1.76 for 2015/16 so surplus income levels should be reduced moving forward.

2.9 Major Project Team Fees – the outturn is £0.100 million adverse variance. There was reduced capital activity experienced during the financial year with the recharge of the team's costs to capital schemes being similarly reduced.

Expenditure

2.10 General Management – the outturn is a £0.736 million favourable variance to budget arising in three key areas:

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- Local Housing Management: (£0.466m) favourable variance predominately caused by reduced salary recharges from support activities ordinarily recharged to the HRA that didn't materialise due to vacancies.
- Rent Charges: (0.181m) favourable variance including (£0.090m) of ECO funding income that has subsequently been transferred to HRA earmarked reserves within the appropriations section of the HRA statement. In addition £0.100m of anticipated costs associated with Council Tax on void properties hasn't been required.
- Rent Accounting: (£0.077m) favourable variance arising from savings and efficiencies in stationary reflecting more on-line communication with tenants, together with savings realised for postages, bank charges, printing and legal fees contributed towards the year-end variance reported.

2.11 Special Services – the outturn is a £0.225 million favourable variance to budget arising in five areas: -

- General Overheads: (£0.081m) Favourable variance arising from general savings across the service area, predominately from budgets set aside for contracted activities that were not utilised.
- Sheltered Housing and Tower Blocks/Flats: (£0.100m) favourable variance relating to reductions of £0.115m in electricity, telephones and gas across all the sites offset by an increase in water and sewerage costs.
- Under Occupancy Initiative: (£0.014m) favourable variance due to an unused consultancy provision.
- Furnished Tenancy Scheme: £0.026m adverse variance on furniture and materials offset by the increase in income shown under "Furniture & Other Rent".
- AHP Site Preparation: (£0.023m) favourable variance due to the budgeted revenue costs associated with the 113 new build AHP properties provided during the year being slightly underspent at the end of the financial year

2.12 Other General Costs – the outturn is a £0.885 million favourable variance to budget arising from three main areas: -

- Favourable variance of £0.254m originally held to mitigate risks associated with non-delivery of efficiency targets, pay rises, cost of restructures and temporary staff; this has been used towards the transfer to earmarked reserves to pay for increased tower block contract costs.

- The HRA received £0.257m less recharges from Direct Services capital overheads for the year due to the reduced programme; this has been transferred to the Housing Capital Projects reserve to fund the increased spend now earmarked to take place in 2015/16.
- A repatriation of the HRA share of the Building Services surplus of £0.353m was received by the HRA at the end of the financial year which has been transferred to an appropriate reserve at year-end

2.11 Contribution to the Bad debts provision was lower, compared to budget, by (£0.073) million due to an improved debt position at the year end.

2.12 Interest paid and receivable is favourable to the budget by an overall (£0.092) million.

3. Directorate Performance – Exceptions

Red:

Housing and Property

3.1 Number of affordable homes delivered (gross) – There have been slippages in the affordable homes programme. As a result, end of year performance was 15 delivered against a target of 124.

Regeneration and Major Projects

3.2 Number of lease renewals /rent reviews reported – the end of year total of 20 reported reviews was below the target of 46. This reflects reflects some reviews still yet to be reported as they are waiting for completion of other reviews and also that the relevant team has had a vacant post for a significant proportion of year.

City Development

3.3 Processing of planning applications for minor applications - The drop in performance to 66% compared to the target of 72% is a result of a high number of planning cases, combined with extensive staff changes in Development Control in recent months. With replacement officers being in post and the caseload being actively managed to both clear out-of-time cases and maximise the number of on-time decisions, performance improved in March to 70%, but the average over the year still reflected issues from earlier months.

3.3 Processing of planning applications for other application types – Performance for the year as a whole dropped to 78% against a target of 85%, for the same reasons as outlined for minor applications

4. Risk Performance- Exceptions

4.1 One red risk has been recorded by the Regeneration and Major Projects team. It relates to an inability to recruit two suitably qualified permanent staff for the team.

City Development

4.2 No red risks have been recorded for this service area. There are seven amber risks relating to Service failure, non-achievement of income targets changes in legislation and delays in projects impacted by outside bodies and workloads

Housing and Property

4.3 No red risks have been recorded for this service area. There are three amber risks relating increased costs of homelessness, backlogs in repairs and maintenance, and failure of the HRA Business Plan.

Regeneration and Major Projects

4.4 One red risk as detailed above plus four amber risks relating to impact of property market conditions on disposal values and income, delays on major projects, budget overruns in service.